

***CITY OF OREGON***

**LUCAS COUNTY, OHIO**

**AUDIT REPORT**

**For the Year Ended December 31, 2009**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





Mary Taylor, CPA  
Auditor of State

Members of Council  
City of Oregon  
5330 Seaman Road  
Oregon, Ohio 43616

We have reviewed the *Report of Independent Accountants* of the City of Oregon, Lucas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. 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 Oregon is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 22, 2010

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**CITY OF OREGON  
LUCAS COUNTY, OHIO  
Audit Report  
For the year ended December 31, 2009**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

City of Oregon  
Lucas County  
5330 Seaman Road  
Oregon, Ohio 43616

To the City Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Oregon, Lucas County, Ohio, (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

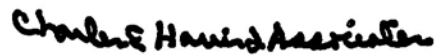
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

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 Oregon, Lucas County, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund, the Street Construction, Maintenance and Repair Fund, and the Storm Sewer Repair Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oregon's basic financial statements. The accompanying schedule of federal awards expenditures is presented for the purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Charles E. Harris" in a cursive, slightly slanted script.

**Charles E. Harris & Associates, Inc.**

June 9, 2010

# **CITY OF OREGON, OHIO**

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## ***Management's Discussion and Analysis For the Year Ended December 31, 2009***

***Unaudited***

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The discussion and analysis of the City of Oregon's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2009 are as follows:

- ❑ In total, net assets decreased \$133,150. Net assets of governmental activities decreased \$2,033,323, which represents a 3.5% decrease from 2008. Net assets of business-type activities increased \$1,900,173, from 2008.
- ❑ General revenues accounted for \$20.1 million in revenue or 56% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 44% of total revenues of \$36,126,278.
- ❑ The City had \$26.5 million in expenses related to governmental activities; only \$5.4 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$20.1 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$18.2 million in revenues and \$15.9 million in expenditures. The general fund's fund balance decreased \$635,413 to \$17,726,800.
- ❑ Net assets for enterprise funds increased by \$1,831,068.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.



# **CITY OF OREGON, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2009***

***Unaudited***

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## **Government-wide Statements**

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's infrastructure and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- 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's water and sewer services are reported as business-type activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

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

# CITY OF OREGON, OHIO

## Management's Discussion and Analysis For the Year Ended December 31, 2009

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets.

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net assets between 2009 and 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$46,878,355	\$47,486,101	\$7,371,206	\$6,503,966	\$54,249,561	\$53,990,067
Capital assets, Net	36,044,432	35,374,353	54,095,348	53,817,767	90,139,780	89,192,120
Total assets	82,922,787	82,860,454	61,466,554	60,321,733	144,389,341	143,182,187
Long-term debt outstanding	17,235,257	15,683,831	11,033,332	11,789,332	28,268,589	27,473,163
Other liabilities	8,864,503	8,320,273	247,506	246,858	9,112,009	8,567,131
Total liabilities	26,099,760	24,004,104	11,280,838	12,036,190	37,380,598	36,040,294
Net assets						
Invested in capital assets, net of related debt	15,093,790	16,838,672	43,723,802	42,600,105	58,817,592	59,438,777
Restricted	17,703,554	19,735,515	0	0	17,703,554	19,735,515
Unrestricted	24,025,683	22,282,163	6,461,914	5,685,438	30,487,597	27,967,601
Total net assets	\$56,823,027	\$58,856,350	\$50,185,716	\$48,285,543	\$107,008,743	\$107,141,893

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# CITY OF OREGON, OHIO

## Management's Discussion and Analysis For the Year Ended December 31, 2009

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2009 and 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues:						
Charges for Services and Sales	\$3,089,214	\$3,138,082	\$8,118,048	\$8,104,775	\$11,207,262	\$11,242,857
Operating Grants and Contributions	1,908,334	1,088,375	0	0	1,908,334	1,088,375
Capital Grants and Contributions	441,197	773,918	2,447,657	7,189	2,888,854	781,107
General revenues:			0	0	0	0
Property Taxes	1,744,997	1,842,428	0	0	1,744,997	1,842,428
Income Taxes	15,326,778	18,823,184	0	0	15,326,778	18,823,184
Shared Revenues	1,956,227	2,049,802	0	0	1,956,227	2,049,802
Investment Earnings	1,026,240	1,670,490	0	0	1,026,240	1,670,490
Miscellaneous	67,586	145,953	0	0	67,586	145,953
Total Revenues	<u>25,560,573</u>	<u>29,532,232</u>	<u>10,565,705</u>	<u>8,111,964</u>	<u>36,126,278</u>	<u>37,644,196</u>
Program Expenses						
Security of Persons and Property	11,051,735	10,566,440	0	0	11,051,735	10,566,440
Public Health and Welfare Services	485,365	516,043	0	0	485,365	516,043
Leisure Time Activities	945,192	951,118	0	0	945,192	951,118
Community Environment	1,052,592	1,513,838	0	0	1,052,592	1,513,838
Basic Utility Services	618,414	862,876	0	0	618,414	862,876
Transportation	6,461,841	4,365,197	0	0	6,461,841	4,365,197
General Government	5,395,466	5,675,109	0	0	5,395,466	5,675,109
Interest and Fiscal Charges	522,069	571,951	0	0	522,069	571,951
Water	0	0	4,767,580	4,267,251	4,767,580	4,267,251
Sewer	0	0	4,959,174	4,433,605	4,959,174	4,433,605
Total Expenses	<u>26,532,674</u>	<u>25,022,572</u>	<u>9,726,754</u>	<u>8,700,856</u>	<u>36,259,428</u>	<u>33,723,428</u>
Excess (Deficiency) Before Transfers	(972,101)	4,509,660	838,951	(588,892)	(133,150)	3,920,768
Transfers In (Out)	<u>(1,061,222)</u>	<u>(1,117,836)</u>	<u>1,061,222</u>	<u>1,117,836</u>	<u>0</u>	<u>0</u>
Total Change in Net Assets	<u>(2,033,323)</u>	<u>3,391,824</u>	<u>1,900,173</u>	<u>528,944</u>	<u>(133,150)</u>	<u>3,920,768</u>
Beginning Net Assets - Restated	<u>58,856,350</u>	<u>55,464,526</u>	<u>48,285,543</u>	<u>47,756,599</u>	<u>107,141,893</u>	<u>103,221,125</u>
Ending Net Assets	<u>\$56,823,027</u>	<u>\$58,856,350</u>	<u>\$50,185,716</u>	<u>\$48,285,543</u>	<u>\$107,008,743</u>	<u>\$107,141,893</u>

# CITY OF OREGON, OHIO

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2009*

*Unaudited*

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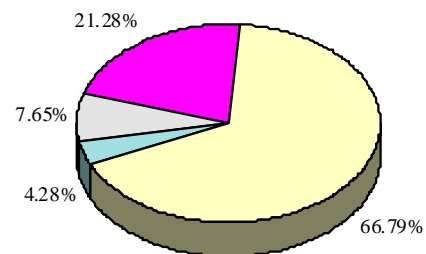
## **Governmental Activities**

Net assets of the City's governmental activities decreased by \$2,033,323. This was due primarily to the fact that the City is using storm sewer funds for construction costs related to the Big Ditch Project.

The City also receives an income tax, which is based on 2.25% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work or services performed or rendered in the City.

Property taxes and income taxes made up 6.83% and 59.96% respectively of revenues for governmental activities for the City in fiscal year 2009. The City's reliance upon tax revenues is demonstrated by the following graph indicating 66.79% of total revenues from general tax revenues:

<u>Revenue Sources</u>	<u>2009</u>	<u>Percent of Total</u>
General Shared Revenues	\$1,956,227	7.65%
Program Revenues	5,438,745	21.28%
General Tax Revenues	17,071,775	66.79%
General Other	1,093,826	4.28%
Total Revenue	<u>\$25,560,573</u>	<u>100.00%</u>



## **Business-Type Activities**

Net assets of the business-type activities increased by \$1,900,733. This increase was due to an increase in capital contributions in the form of capital assets.

# CITY OF OREGON, OHIO

## Management's Discussion and Analysis For the Year Ended December 31, 2009

Unaudited

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$29,018,452, which is a decrease from last year's balance of \$30,046,228. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2009 and 2008:

	Fund Balance December 31, 2009	Fund Balance December 31, 2008	Increase (Decrease)
General	\$16,726,800	\$17,362,213	(\$635,413)
Special Assessment Bond			
Retirement	4,988	40	4,948
Street Construction			
Maintenance and Repair	461,304	547,669	(86,365)
Storm Sewer Project	546,506	2,610,992	(2,064,486)
Street Construction	(1,564,925)	(678,947)	(885,978)
Other Governmental	12,843,779	10,204,261	2,639,518
<b>Total</b>	<b>\$29,018,452</b>	<b>\$30,046,228</b>	<b>(\$1,027,776)</b>

General Fund – The City's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2009 Revenues	2008 Revenues	Increase (Decrease)
Taxes	\$13,276,122	\$16,600,767	(\$3,324,645)
Intergovernmental Revenue	1,356,550	1,711,399	(354,849)
Charges for Services	1,972,158	1,572,271	399,887
Fines, Licenses and Permits	543,815	571,934	(28,119)
Investment Earnings	835,814	1,666,919	(831,105)
Special Assessments	11,877	5,776	6,101
All Other Revenue	167,945	494,670	(326,725)
<b>Total</b>	<b>\$18,164,281</b>	<b>\$22,623,736</b>	<b>(\$4,459,455)</b>

General Fund revenues in 2009 decreased approximately 19.7% compared to revenues in fiscal year 2008. The most significant factor contributing to this decrease was a decrease in income taxes.

	2009 Expenditures	2008 Expenditures	Increase (Decrease)
Security of Persons and Property	\$8,296,922	\$8,250,249	\$46,673
Public Health and Welfare Services	433,521	518,685	(85,164)
Leisure Time Activities	37,100	7,100	30,000
Community Environment	640,286	626,242	14,044
Transportation	2,702,082	3,292,649	(590,567)
General Government	3,756,129	3,504,367	251,762
<b>Total</b>	<b>\$15,866,040</b>	<b>\$16,199,292</b>	<b>(\$333,252)</b>

General Fund expenditures decreased by \$333,252 or 2.1% compared to the prior year mostly due to a decrease in transportation costs.

# CITY OF OREGON, OHIO

*Management's Discussion and Analysis  
For the Year Ended December 31, 2009*

*Unaudited*

## GENERAL FUND BUDGETARY INFORMATION

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2009 the City amended its General Fund budget several times.

For the General Fund, final budget basis revenue of \$15 million changed over the original budget estimates of \$16.1 million. The General Fund had an adequate fund balance to cover expenditures.

## CHANGE IN FUND BALANCES

The decrease in fund balance for the Storm Sewer Project Fund can be attributed to the increase in costs associated with the planning and acquisition phase of the Big Ditch Project.

The decrease in fund balance for the Street Construction Fund can be attributed to an increase in street construction activities for the Wheeling Street Project during 2009.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of fiscal 2009 the City had \$90,139,780 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$36,044,432 was related to governmental activities and \$54,095,348 to business-type activities. The following table shows fiscal year 2009 and 2008 balances:

	Governmental Activities		Increase (Decrease)
	2009	2008	
Land and Improvements	\$7,069,149	\$7,024,286	\$44,863
Construction in Progress	3,157,680	2,566,591	591,089
Buildings and Improvements	7,607,318	7,689,224	(81,906)
Machinery and Equipment	4,086,555	4,224,335	(137,780)
Vehicles	6,945,060	7,346,444	(401,384)
Infrastructure	42,125,842	40,801,729	1,324,113
Less: Accumulated Depreciation	(34,947,172)	(34,278,256)	(668,916)
<b>Totals</b>	<b>\$36,044,432</b>	<b>\$35,374,353</b>	<b>\$670,079</b>

	Business-Type Activities		Increase (Decrease)
	2009	2008	
Land and Improvements	\$1,737,645	\$1,737,645	\$0
Construction in Progress	21,409,675	19,149,798	2,259,877
Buildings and Distribution	57,731,859	57,731,859	0
Machinery and Equipment	23,950,376	23,737,920	212,456
Vehicles	842,397	842,397	0
Less: Accumulated Depreciation	(51,576,604)	(49,381,852)	(2,194,752)
<b>Totals</b>	<b>\$54,095,348</b>	<b>\$53,817,767</b>	<b>\$277,581</b>

# **CITY OF OREGON, OHIO**

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## **Management's Discussion and Analysis For the Year Ended December 31, 2009**

**Unaudited**

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The primary increases occurred in construction in progress and infrastructure. This was due to the planning and expenses for the Big Ditch, Elevated Storage Tank and Wheeling Street Projects.

As of December 31, 2009, the City has contractual commitments of \$19,792,459, as listed in Note 14, for various projects. Included in these projects are the street improvements, water and sanitary sewer trunk lines, intersection improvements, bikeways, ditch enclosures and relocation and construction of an additional elevated water tank. Additional information on the City's capital assets can be found in Note 8.

### **Debt**

At December 31, 2009, the City had \$4.1 million in bonds outstanding, \$416,257 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Governmental Activities:		
General Obligation Bonds	\$1,241,932	\$1,542,513
Special Assessment Bonds	1,074,159	1,079,414
Promissory Note	126,602	144,787
OWDA Loans Payable	10,633,464	8,989,785
OPWC Loans Payable	1,774,487	1,804,182
Pension Liability	51,373	52,477
Workers Compensation Liability	60,529	50,313
Compensated Absences	<u>2,272,711</u>	<u>2,020,360</u>
Total Governmental Activities	17,235,257	15,683,831
Business-Type Activities:		
General Obligation Bonds	\$1,820,000	\$1,980,000
OWDA Loans Payable	8,391,999	9,068,445
OPWC Loans Payable	159,547	169,217
Compensated Absences	<u>661,786</u>	<u>571,670</u>
Total Business-Type Activities	<u>11,033,332</u>	<u>11,789,332</u>
Totals	<u>\$28,268,589</u>	<u>\$27,473,163</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Oregon lies, is limited to ten mills. At December 31, 2009, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

# ***CITY OF OREGON, OHIO***

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2009***

***Unaudited***

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## **ECONOMIC FACTORS**

The City's original budget for 2009 utilized conservative revenue estimates with limited increases in base operating costs. The City was able to maintain current service levels without utilizing current fund balance reserves. Original General Fund revenues were projected to be at the same level as actual receipts for 2008. This was due to uncertainty in the amount of actual municipal income taxes to be collected because of uncertain economic conditions.

General Fund expenditures were originally budgeted at 1% more than 2009 actual expenditures. No additional personnel were added in the final approved budget. Department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were eliminated or reduced; and only those items that management and City Council determined necessary were appropriated.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 419-698-7000 or writing to City of Oregon Finance Department, 5330 Seaman Road, Oregon, Ohio 43616.



# CITY OF OREGON, OHIO

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## Statement of Net Assets December 31, 2009

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 4,678,883	\$ 579,075	\$ 5,257,958
Investments	28,210,994	4,785,901	32,996,895
Receivables:			
Taxes	3,940,248	0	3,940,248
Accounts	149,120	1,161,663	1,310,783
Intergovernmental	2,772,046	0	2,772,046
Interest	702,513	0	702,513
Special Assessments	5,756,009	0	5,756,009
Loans	190,055	0	190,055
Internal Balances	(157,731)	157,731	0
Inventory of Supplies at Cost	527,216	628,000	1,155,216
Prepaid Items	109,002	58,836	167,838
Capital Assets:			
Capital Assets Not Being Depreciated	7,570,260	23,147,320	30,717,580
Capital Assets Being Depreciated, Net	<u>28,474,172</u>	<u>30,948,028</u>	<u>59,422,200</u>
<b>Total Assets</b>	<u>82,922,787</u>	<u>61,466,554</u>	<u>144,389,341</u>
<b>Liabilities:</b>			
Accounts Payable	549,518	72,999	622,517
Accrued Wages and Benefits	942,698	169,578	1,112,276
Intergovernmental Payable	41,520	0	41,520
Unearned Revenue	1,208,875	0	1,208,875
Accrued Interest Payable	21,892	4,929	26,821
General Obligation Notes Payable	6,100,000	0	6,100,000
Noncurrent liabilities:			
Due within one year	1,716,705	1,179,574	2,896,279
Due in more than one year	<u>15,518,552</u>	<u>9,853,758</u>	<u>25,372,310</u>
<b>Total Liabilities</b>	<u>26,099,760</u>	<u>11,280,838</u>	<u>37,380,598</u>

## ***CITY OF OREGON, OHIO***

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	15,093,790	43,723,802	58,817,592
Restricted For:			
Capital Projects	8,316,132	0	8,316,132
Debt Service	4,588,114	0	4,588,114
Street Construction, Maintenance and Repair	745,260	0	745,260
Court Special Projects	281,282	0	281,282
Housing Assistance	179,534	0	179,534
Solid Waste	1,074,837	0	1,074,837
Storm Sewer Project	569,428	0	569,428
Street Lighting	767,045	0	767,045
Hazardous Waste Landfill	38,879	0	38,879
Perpetual Care:			
Nonexpendable	86,538	0	86,538
Other Purposes	1,056,505	0	1,056,505
Unrestricted	24,025,683	6,461,914	30,487,597
<b>Total Net Assets</b>	<b>\$ 56,823,027</b>	<b>\$ 50,185,716</b>	<b>\$ 107,008,743</b>

See accompanying notes to the basic financial statements

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# CITY OF OREGON, OHIO

## Statement of Activities For the Year Ended December 31, 2009

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 11,051,735	\$ 378,033	\$ 250,812	\$ 237,250
Public Health and Welfare Services	485,365	58,103	0	0
Leisure Time Activities	945,192	216,208	0	0
Community Environment	1,052,592	247,203	548,467	0
Basic Utility Services	618,414	0	0	15,873
Transportation	6,461,841	40,939	1,080,840	167,433
General Government	5,395,466	2,148,728	28,215	20,641
Interest and Fiscal Charges	522,069	0	0	0
<b>Total Governmental Activities</b>	<b>26,532,674</b>	<b>3,089,214</b>	<b>1,908,334</b>	<b>441,197</b>
<b>Business-Type Activities:</b>				
Water	4,767,580	4,134,670	0	2,440,805
Sewer	4,959,174	3,983,378	0	6,852
<b>Total Business-Type Activities</b>	<b>9,726,754</b>	<b>8,118,048</b>	<b>0</b>	<b>2,447,657</b>
<b>Totals</b>	<b>\$ 36,259,428</b>	<b>\$ 11,207,262</b>	<b>\$ 1,908,334</b>	<b>\$ 2,888,854</b>

### General Revenues

Property Taxes  
 Municipal Income Taxes  
 Grants and Entitlements not Restricted to Specific Programs  
 Investment Earnings  
 Miscellaneous  
 Transfers  
 Total General Revenues and Transfers  
  
 Change in Net Assets  
  
 Net Assets Beginning of Year  
 Net Assets End of Year

See accompanying notes to the basic financial statements

# CITY OF OREGON, OHIO

## Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (10,185,640)	\$ 0	\$ (10,185,640)
(427,262)	0	(427,262)
(728,984)	0	(728,984)
(256,922)	0	(256,922)
(602,541)	0	(602,541)
(5,172,629)	0	(5,172,629)
(3,197,882)	0	(3,197,882)
(522,069)	0	(522,069)
<u>(21,093,929)</u>	<u>0</u>	<u>(21,093,929)</u>
0	1,807,895	1,807,895
<u>0</u>	<u>(968,944)</u>	<u>(968,944)</u>
<u>0</u>	<u>838,951</u>	<u>838,951</u>
<u>(21,093,929)</u>	<u>838,951</u>	<u>(20,254,978)</u>
1,744,997	0	1,744,997
15,326,778	0	15,326,778
1,956,227	0	1,956,227
1,026,240	0	1,026,240
67,586	0	67,586
<u>(1,061,222)</u>	<u>1,061,222</u>	<u>0</u>
<u>19,060,606</u>	<u>1,061,222</u>	<u>20,121,828</u>
(2,033,323)	1,900,173	(133,150)
<u>58,856,350</u>	<u>48,285,543</u>	<u>107,141,893</u>
<u>\$ 56,823,027</u>	<u>\$ 50,185,716</u>	<u>\$ 107,008,743</u>

# CITY OF OREGON, OHIO

## Balance Sheet Governmental Funds December 31, 2009

	General	Street Construction, Maintenance and Repair	Storm Sewer Project	Special Assessment Bond Retirement
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,584,704	\$ 198,702	\$ 317,533	\$ 4,988
Investments	13,031,606	1,642,223	2,624,325	0
Receivables:				
Taxes	3,061,186	0	140,913	0
Accounts	92,383	0	0	0
Intergovernmental	431,667	425,934	0	0
Interest	702,379	0	0	0
Special Assessments	47,630	0	0	4,583,381
Loans	0	0	0	0
Inventory of Supplies, at Cost	527,216	0	0	0
Prepaid Items	104,802	0	0	0
<b>Total Assets</b>	<b>\$ 19,583,573</b>	<b>\$ 2,266,859</b>	<b>\$ 3,082,771</b>	<b>\$ 4,588,369</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 74,278	\$ 2,666	\$ 1,659	\$ 0
Accrued Wages and Benefits Payable	680,830	4,000	3,517	0
Intergovernmental Payable	41,520	0	0	0
Deferred Revenue	2,060,145	283,956	22,922	4,583,381
Accrued Interest Payable	0	4,933	8,167	0
General Obligation Notes Payable	0	1,510,000	2,500,000	0
<b>Total Liabilities</b>	<b>2,856,773</b>	<b>1,805,555</b>	<b>2,536,265</b>	<b>4,583,381</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	352,551	143,978	250,400	0
Reserved for Prepaid Items	104,802	0	0	0
Reserved for Supplies Inventory	527,216	0	0	0
Reserved for Endowments	0	0	0	0
Undesignated/Unreserved in:				
General Fund	15,742,231	0	0	0
Special Revenue Funds	0	317,326	296,106	0
Debt Service Funds	0	0	0	4,988
Capital Projects Funds	0	0	0	0
<b>Total Fund Balances (Deficit)</b>	<b>16,726,800</b>	<b>461,304</b>	<b>546,506</b>	<b>4,988</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 19,583,573</b>	<b>\$ 2,266,859</b>	<b>\$ 3,082,771</b>	<b>\$ 4,588,369</b>

See accompanying notes to the basic financial statements

**CITY OF OREGON, OHIO**

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<u>Street Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 15,973	\$ 2,229,095	\$ 4,350,995
132,008	10,079,243	27,509,405
0	738,149	3,940,248
0	50,698	143,081
126,325	1,788,120	2,772,046
0	134	702,513
0	1,124,998	5,756,009
0	190,055	190,055
0	0	527,216
0	0	104,802
<u>\$ 274,306</u>	<u>\$ 16,200,492</u>	<u>\$ 45,996,370</u>
\$ 17,385	\$ 453,530	\$ 549,518
0	254,351	942,698
0	0	41,520
126,325	2,247,525	9,324,254
5,521	1,307	19,928
<u>1,690,000</u>	<u>400,000</u>	<u>6,100,000</u>
<u>1,839,231</u>	<u>3,356,713</u>	<u>16,977,918</u>
55,110	3,005,740	3,807,779
0	0	104,802
0	0	527,216
0	86,538	86,538
0	0	15,742,231
0	2,831,668	3,445,100
0	1,709	6,697
<u>(1,620,035)</u>	<u>6,918,124</u>	<u>5,298,089</u>
<u>(1,564,925)</u>	<u>12,843,779</u>	<u>29,018,452</u>
<u>\$ 274,306</u>	<u>\$ 16,200,492</u>	<u>\$ 45,996,370</u>

## **CITY OF OREGON, OHIO**

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### ***Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities December 31, 2009***

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<b>Total Governmental Fund Balances</b>	\$ 29,018,452
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	36,044,432
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	8,115,379
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	821,456
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(17,176,692)</u>
<b><i>Net Assets of Governmental Activities</i></b>	<b><u><u>\$ 56,823,027</u></u></b>

See accompanying notes to the basic financial statements



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# CITY OF OREGON, OHIO

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2009

	General	Street Construction, Maintenance and Repair	Storm Sewer Project	Special Assessment Bond Retirement
<b>Revenues:</b>				
Property Taxes	\$ 1,080,706	\$ 0	\$ 0	\$ 0
Municipal Income Taxes	12,195,416	0	936,981	0
Intergovernmental Revenues	1,356,550	847,064	0	0
Charges for Services	1,972,158	29,385	0	0
Licenses, Permits and Fees	203,805	0	0	0
Investment Earnings	835,814	731	0	0
Special Assessments	11,877	0	0	327,973
Fines and Forfeitures	340,010	0	0	0
All Other Revenue	167,945	0	0	0
<b>Total Revenue</b>	<b>18,164,281</b>	<b>877,180</b>	<b>936,981</b>	<b>327,973</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	8,296,922	0	0	0
Public Health and Welfare Services	433,521	0	0	0
Leisure Time Activities	37,100	0	0	0
Community Environment	640,286	0	0	0
Basic Utility Services	0	0	437,371	0
Transportation	2,702,082	958,612	0	0
General Government	3,756,129	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	662,111
Interest & Fiscal Charges	0	4,933	(1,183)	378,415
<b>Total Expenditures</b>	<b>15,866,040</b>	<b>963,545</b>	<b>436,188</b>	<b>1,040,526</b>
Excess (Deficiency) of Revenues Over Expenditures	2,298,241	(86,365)	500,793	(712,553)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	11,636	0	0	0
Special Assessment Bonds Issued	0	0	0	0
OPWC Loans Issued	0	0	0	0
OWDA Loans Issued	0	0	0	0
Transfers In	0	0	0	717,501
Transfers Out	(2,951,189)	0	(2,565,279)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,939,553)</b>	<b>0</b>	<b>(2,565,279)</b>	<b>717,501</b>
Net Change in Fund Balances	(641,312)	(86,365)	(2,064,486)	4,948
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>17,362,213</b>	<b>547,669</b>	<b>2,610,992</b>	<b>40</b>
Increase in Inventory Reserve	5,899	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 16,726,800</b>	<b>\$ 461,304</b>	<b>\$ 546,506</b>	<b>\$ 4,988</b>

See accompanying notes to the basic financial statements

**CITY OF OREGON, OHIO**

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Street Construction	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 661,562	\$ 1,742,268
333,125	1,872,276	15,337,798
0	1,475,145	3,678,759
0	357,738	2,359,281
0	0	203,805
0	3,107	839,652
0	547,391	887,241
0	225,022	565,032
0	145,984	313,929
<u>333,125</u>	<u>5,288,225</u>	<u>25,927,765</u>
0	2,096,661	10,393,583
0	3,570	437,091
0	726,497	763,597
0	394,183	1,034,469
0	181,043	618,414
0	234,710	3,895,404
0	1,501,571	5,257,700
1,179,431	3,099,074	4,278,505
0	465,554	1,127,665
<u>39,672</u>	<u>101,217</u>	<u>523,054</u>
<u>1,219,103</u>	<u>8,804,080</u>	<u>28,329,482</u>
(885,978)	(3,515,855)	(2,401,717)
0	0	11,636
0	127,132	127,132
0	117,093	117,093
0	2,173,403	2,173,403
0	6,517,101	7,234,602
0	(2,779,356)	(8,295,824)
<u>0</u>	<u>6,155,373</u>	<u>1,368,042</u>
(885,978)	2,639,518	(1,033,675)
(678,947)	10,204,261	30,046,228
0	0	5,899
<u>\$ (1,564,925)</u>	<u>\$ 12,843,779</u>	<u>\$ 29,018,452</u>

# CITY OF OREGON, OHIO

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## ***Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Fiscal Year Ended December 31, 2009***

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Net Change in Fund Balances - Total Governmental Funds \$ (1,033,675)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 744,919

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (74,840)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (378,828)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (1,288,859)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 985

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 the governmental funds. (246,452)

The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 243,427

***Change in Net Assets of Governmental Activities*** \$ (2,033,323)

See accompanying notes to the basic financial statements

# CITY OF OREGON, OHIO

## Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 1,000,200	\$ 1,000,200	\$ 1,080,706	\$ 80,506
Municipal Income Taxes	10,707,000	9,635,200	12,944,996	3,309,796
Intergovernmental Revenue	1,286,243	1,286,243	1,422,937	136,694
Charges for Services	1,410,876	1,410,876	1,958,474	547,598
Licenses, Permits and Fees	169,000	169,000	203,337	34,337
Investment Earnings	800,000	800,000	820,783	20,783
Special Assessments	15,388	15,388	11,877	(3,511)
Fines and Forfeitures	317,400	317,400	340,356	22,956
All Other Revenues	67,000	67,000	329,657	262,657
Total Revenues	<u>15,773,107</u>	<u>14,701,307</u>	<u>19,113,123</u>	<u>4,411,816</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	8,310,578	8,445,839	8,399,756	46,083
Public Health and Welfare Services	469,475	495,838	457,467	38,371
Leisure Time Activities	25,100	37,100	37,100	0
Community Environment	683,545	685,435	664,117	21,318
Transportation	2,832,491	2,991,746	2,830,188	161,558
General Government	3,944,533	4,080,117	3,843,955	236,162
Debt Service:				
Principal Retirement	325,000	325,000	325,000	0
Interest and Fiscal Charges	8,125	8,125	8,125	0
Total Expenditures	<u>16,598,847</u>	<u>17,069,200</u>	<u>16,565,708</u>	<u>503,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(825,740)	(2,367,893)	2,547,415	4,915,308
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	2,000	2,000	11,636	9,636
Transfers In	318,834	318,834	318,834	0
Transfers Out	(3,571,953)	(3,573,143)	(3,270,023)	303,120
Total Other Financing Sources (Uses):	<u>(3,251,119)</u>	<u>(3,252,309)</u>	<u>(2,939,553)</u>	<u>312,756</u>
Net Change In Fund Balance	(4,076,859)	(5,620,202)	(392,138)	5,228,064
Fund Balance at Beginning of Year	14,225,950	14,225,950	14,225,950	0
Prior Year Encumbrances	407,028	407,028	407,028	0
Fund Balance at End of Year	<u>\$ 10,556,119</u>	<u>\$ 9,012,776</u>	<u>\$ 14,240,840</u>	<u>\$ 5,228,064</u>

See accompanying notes to the basic financial statements

# CITY OF OREGON, OHIO

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund - Street Construction, Maintenance And Repair Fund  
For the Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 780,000	\$ 780,000	\$ 845,726	\$ 65,726
Charges for Services	20,000	20,000	29,385	9,385
Investment Earnings	10,000	10,000	731	(9,269)
Total Revenues	<u>810,000</u>	<u>810,000</u>	<u>875,842</u>	<u>65,842</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	234,900	234,900	232,000	2,900
Materials and Supplies	366,500	367,206	366,392	814
Contractual Services	117,500	129,903	113,269	16,634
Capital Outlay	279,000	448,757	447,986	771
Debt Service:				
Principal Retirement	1,650,000	1,650,000	1,650,000	0
Interest and Fiscal Charges	41,250	41,250	41,250	0
Total Expenditures	<u>2,689,150</u>	<u>2,872,016</u>	<u>2,850,897</u>	<u>21,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,879,150)	(2,062,016)	(1,975,055)	86,961
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	1,650,000	1,650,000	3,201,250	1,551,250
Total Other Financing Sources (Uses)	<u>1,650,000</u>	<u>1,650,000</u>	<u>3,201,250</u>	<u>1,551,250</u>
Net Change in Fund Balance	(229,150)	(412,016)	1,226,195	1,638,211
Fund Balance at Beginning of Year	379,708	379,708	379,708	0
Prior Year Encumbrances	90,028	90,028	90,028	0
Fund Balance at End of Year	<u>\$ 240,586</u>	<u>\$ 57,720</u>	<u>\$ 1,695,931</u>	<u>\$ 1,638,211</u>

# CITY OF OREGON, OHIO

## Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund - Storm Sewer Project Fund For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 746,000	\$ 746,000	\$ 966,338	\$ 220,338
Total Revenues	<u>746,000</u>	<u>746,000</u>	<u>966,338</u>	<u>220,338</u>
<b>Expenditures:</b>				
Basic Utility Services:				
Personal Services	213,175	213,175	213,175	0
Materials and Supplies	6,000	11,750	10,254	1,496
Contractual Services	87,500	127,012	115,680	11,332
Capital Outlay	550,000	379,655	374,651	5,004
Debt Service:				
Principal Retirement	2,500,000	2,500,000	2,500,000	0
Interest and Fiscal Charges	62,500	62,500	53,150	9,350
Total Expenditures	<u>3,419,175</u>	<u>3,294,092</u>	<u>3,266,910</u>	<u>27,182</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,673,175)	(2,548,092)	(2,300,572)	247,520
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	2,500,000	2,500,000	2,500,000	0
Transfers Out	(402,779)	(402,779)	(2,779)	400,000
Total Other Financing Sources (Uses)	<u>2,097,221</u>	<u>2,097,221</u>	<u>2,497,221</u>	<u>400,000</u>
Net Change in Fund Balance	(575,954)	(450,871)	196,649	647,520
Fund Balance at Beginning of Year	2,448,621	2,448,621	2,448,621	0
Prior Year Encumbrances	44,529	44,529	44,529	0
Fund Balance at End of Year	<u>\$ 1,917,196</u>	<u>\$ 2,042,279</u>	<u>\$ 2,689,799</u>	<u>\$ 647,520</u>

# CITY OF OREGON, OHIO

## Statement of Net Assets Proprietary Funds December 31, 2009

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
<b>ASSETS</b>				
Current assets:				
Cash and Cash Equivalents	\$ 305,024	\$ 274,051	\$ 579,075	\$ 327,888
Investments	2,520,939	2,264,962	4,785,901	701,589
Accounts receivable (net of allow for uncollectibles)	592,253	569,410	1,161,663	6,039
Inventory of Supplies at Cost	621,233	6,767	628,000	0
Prepaid Items	28,405	30,431	58,836	4,200
Total current assets	<u>4,067,854</u>	<u>3,145,621</u>	<u>7,213,475</u>	<u>1,039,716</u>
Noncurrent assets:				
Capital assets:				
Property, Plant and Equipment	28,302,990	55,959,287	84,262,277	0
Construction in Progress	3,763,788	17,645,887	21,409,675	0
Less accumulated depreciation	<u>(19,399,547)</u>	<u>(32,177,057)</u>	<u>(51,576,604)</u>	<u>0</u>
Total capital assets (net of accumulated depr)	<u>12,667,231</u>	<u>41,428,117</u>	<u>54,095,348</u>	<u>0</u>
Total noncurrent assets	<u>12,667,231</u>	<u>41,428,117</u>	<u>54,095,348</u>	<u>0</u>
Total assets	<u>16,735,085</u>	<u>44,573,738</u>	<u>61,308,823</u>	<u>1,039,716</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts Payable	50,955	22,044	72,999	0
Accrued Wages and Benefits	95,053	74,525	169,578	0
Accrued Interest Payable	0	4,929	4,929	0
General Obligation Bonds Payable - Current	0	170,000	170,000	0
OWDA Loans Payable - Current	0	778,927	778,927	0
OPWC Loans Payable - Current	0	9,670	9,670	0
Total Current Liabilities	<u>146,008</u>	<u>1,060,095</u>	<u>1,206,103</u>	<u>0</u>



# CITY OF OREGON, OHIO

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
<b>Noncurrent Liabilities:</b>				
General Obligation Bonds Payable	0	1,650,000	1,650,000	0
OWDA Loans Payable	0	7,613,072	7,613,072	0
OPWC Loans Payable	0	149,877	149,877	0
Workers Compensation Liability	0	0	0	60,529
Compensated Absences Payable	397,355	264,431	661,786	0
Total noncurrent liabilities	<u>397,355</u>	<u>9,677,380</u>	<u>10,074,735</u>	<u>60,529</u>
<b>Total Liabilities</b>	<u>543,363</u>	<u>10,737,475</u>	<u>11,280,838</u>	<u>60,529</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	12,667,231	31,056,571	43,723,802	0
Unrestricted	3,524,491	2,779,692	6,304,183	979,187
Total Net Assets	<u>\$ 16,191,722</u>	<u>\$ 33,836,263</u>	<u>50,027,985</u>	<u>\$ 979,187</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			157,731	
Net Assets of Business-type Activities			<u>\$ 50,185,716</u>	

See accompanying notes to the basic financial statements

# CITY OF OREGON, OHIO

## Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended December 31, 2009

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
<b>Operating Revenues:</b>				
Charges for Services	\$ 4,123,717	\$ 3,957,991	\$ 8,081,708	\$ 223,674
Other Operating Revenues	9,203	25,387	34,590	212,398
<b>Total Operating Revenues</b>	<b>4,132,920</b>	<b>3,983,378</b>	<b>8,116,298</b>	<b>436,072</b>
<b>Operating Expenses:</b>				
Personal Services	1,888,040	1,427,080	3,315,120	123,540
Contractual Services	1,622,117	978,365	2,600,482	0
Materials and Supplies	383,316	96,164	479,480	0
Utilities	295,632	397,356	692,988	0
Depreciation	617,841	1,663,568	2,281,409	0
<b>Total Operating Expenses</b>	<b>4,806,946</b>	<b>4,562,533</b>	<b>9,369,479</b>	<b>123,540</b>
<b>Operating Income (Loss)</b>	<b>(674,026)</b>	<b>(579,155)</b>	<b>(1,253,181)</b>	<b>312,532</b>
<b>Non-Operating Revenue (Expenses):</b>				
Interest and Fiscal Charges	0	(426,380)	(426,380)	0
Sale of Capital Assets	1,750	0	1,750	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,750</b>	<b>(426,380)</b>	<b>(424,630)</b>	<b>0</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(672,276)</b>	<b>(1,005,535)</b>	<b>(1,677,811)</b>	<b>312,532</b>
Capital Contributions	2,440,805	6,852	2,447,657	0
Transfers In	447,159	1,061,222	1,508,381	0
Transfers Out	0	(447,159)	(447,159)	0
<b>Change in Net Assets</b>	<b>2,215,688</b>	<b>(384,620)</b>	<b>1,831,068</b>	<b>312,532</b>
Net Assets Beginning of Year	13,976,034	34,220,883	48,196,917	666,655
<b>Net Assets End of Year</b>	<b>\$ 16,191,722</b>	<b>\$ 33,836,263</b>	<b>50,027,985</b>	<b>\$ 979,187</b>
Change in Net Assets - Total Enterprise Funds			1,831,068	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			69,105	
Change in Net Assets - Business-type Activities			<u>\$ 1,900,173</u>	

See accompanying notes to the basic financial statements

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# CITY OF OREGON, OHIO

## Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2009

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$4,109,352	\$3,910,947	\$8,020,299	\$430,033
Cash Payments for Goods and Services	(2,539,695)	(1,471,000)	(4,010,695)	0
Cash Payments to Employees	(1,807,564)	(1,395,444)	(3,203,008)	(117,524)
Net Cash Provided (Used) by Operating Activities	(237,907)	1,044,503	806,596	312,509
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	447,159	1,061,222	1,508,381	0
Transfers Out to Other Funds	0	(447,159)	(447,159)	0
Net Cash Provided by Noncapital Financing Activities	447,159	614,063	1,061,222	0
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(80,738)	(47,505)	(128,243)	0
Principal Paid on General Obligation Bonds	0	(160,000)	(160,000)	0
Principal Paid on Ohio Water Development Authority Loans	0	(676,446)	(676,446)	0
Principal Paid on Ohio Public Works Commission Loan	0	(9,670)	(9,670)	0
Interest Paid on All Debt	0	(426,814)	(426,814)	0
Net Cash Used for Capital and Related Financing Activities	(80,738)	(1,320,435)	(1,401,173)	0
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	(384,242)	(521,605)	(905,847)	(188,736)
Net Cash Used by Investing Activities	(384,242)	(521,605)	(905,847)	(188,736)
Net Increase (Decrease) in Cash and Cash Equivalents	(255,728)	(183,474)	(439,202)	123,773
Cash and Cash Equivalents at Beginning of Year	560,752	457,525	1,018,277	204,115
Cash and Cash Equivalents at End of Year	\$305,024	\$274,051	\$579,075	\$327,888

# CITY OF OREGON, OHIO

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income (Loss)	(\$674,026)	(\$579,155)	(\$1,253,181)	\$312,532
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Miscellaneous Nonoperating Income	1,750	0	1,750	0
Depreciation Expense	617,841	1,663,568	2,281,409	0
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(23,568)	(72,431)	(95,999)	(6,039)
Decrease (Increase) in Inventory	(253,451)	741	(252,710)	0
Decrease (Increase) in Prepaid Items	9,375	7,844	17,219	(4,200)
Increase (Decrease) in Accounts Payable	3,696	(7,700)	(4,004)	0
Increase in Accrued Wages and Benefits	14,170	7,826	21,996	0
Increase in Workers' Compensation Liability	0	0	0	10,216
Increase in Compensated Absences	66,306	23,810	90,116	0
Total Adjustments	436,119	1,623,658	2,059,777	(23)
Net Cash Provided (Used) by Operating Activities	(\$237,907)	\$1,044,503	\$806,596	\$312,509

## Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2009, the Water and the Sewer Funds received capital assets from various sources in the amounts of \$2,440,805 and \$6,852, respectively.

See accompanying notes to the basic financial statements

# **CITY OF OREGON, OHIO**

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## ***Statement of Assets and Liabilities Fiduciary Funds December 31, 2009***

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 90,396
<b>Total Assets</b>	<u>\$ 90,396</u>
<b>Liabilities:</b>	
Intergovernmental Payable	67,425
Due to Others	<u>22,971</u>
<b>Total Liabilities</b>	<u>\$ 90,396</u>

See accompanying notes to the basic financial statements

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Oregon, Ohio (the "City") is a home rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Mayor/Council form of government, was adopted in 1958 and has been amended several times, most recently in 2002.

#### **A. Reporting Entity**

The accompanying basic financial statements of the City present the financial position of the various fund types, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2009 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical, parks, recreation, cemetery, planning, zoning, street maintenance, judicial administration and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system, which are reported as enterprise funds.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

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

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **B. Basis of Presentation - Fund Accounting (Continued)**

***Governmental Funds*** - Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Assessment Bond Retirement Fund - This fund is used to accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment bonds.

Street Construction, Maintenance and Repair Fund - This fund is used to account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Storm Sewer Project Fund - This fund is used to account for revenues received from various sources to be used for storm sewer projects within the City.

Street Construction Fund - This fund is used to account for revenues and expenditures designated for the improvement of City streets.

#### ***Proprietary Funds***

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund - This fund is used to account for the operation of the City's water service.

Sewer Fund - This fund is used to account for the operation of the City's sanitary sewer service.



# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **B. Basis of Presentation - Fund Accounting (Continued)**

**Internal Service Funds** - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has three internal service funds, the Self Insurance Dental / Emergency Room Fund, the Workers' Compensation Fund and the Medical Spending Fund. These funds are used to account for monies received from city departments to cover the costs related to the self insurance program, potential liabilities for workers' compensation and for deposits from the employees into the medical cafeteria plan.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City's own programs. The City has no trust funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds operate on a full accrual basis of accounting. The City has five agency funds. These funds are used to account for monies received by the City in situations where the City's role is purely custodial in nature. The five funds are the Unclaimed Monies Fund, which is used to account for unclaimed monies, the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Ohio Board of Building Standards Assessment Fund, which accounts for assessed funds as required by the Ohio Revised Code, the Income Tax Joint District Fund, which accounts for income tax funds to be distributed between the City of Oregon and the City of Northwood and the Lucas County Water Collection Fund, which accounts for a portion of the revenue from Lucas County users of the City of Oregon's water.

#### **C. Basis of Presentation – Financial Statements**

**Government-wide Financial Statements** – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, 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 activity of the internal service funds is eliminated to avoid “doubling up” revenues and expenses, however, the interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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 statements for governmental funds.

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **C. Basis of Presentation – Financial Statements (Continued)**

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of 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 function is self-financing or draws from the general revenues of the City. Certain indirect costs are included in the program expenses reported for individual functions and activities.

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

#### **D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **D. Basis of Accounting (Continued)**

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments, special assessment, and state levied locally shared taxes (including motor vehicle license fees, and local government assistance). Other revenues, including licenses, permits, certain charges for services and miscellaneous revenues, are recorded as revenues when received in cash because generally these revenues are not measurable until actually received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2009, but which are not intended to finance 2009 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Government-Wide Statements are also prepared using the accrual basis of accounting.

Pursuant to GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its governmental activities, business-type activities and enterprise funds.

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the object level without the approval of City Council.

#### **1. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the first and final amended official certificate of estimated resources issued during 2009.

#### **2. Appropriations**

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by the finance director. During the year several supplemental appropriations were necessary to budget the use of contingency funds, major capital improvement projects and intergovernmental grant proceeds. Administrative control is maintained through the establishment of more detailed line-item budgets.

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. Budgetary Process** (Continued)

##### **3. Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying basic financial statements.

##### **4. Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

##### **5. Budgetary Basis of Accounting**

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

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# CITY OF OREGON, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Budgetary Process (Continued)

##### 5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and major special revenue funds:

	Net Change In Fund Balance		
	General Fund	Street Construction Maintenance and Repair Fund	Storm Sewer Project Fund
GAAP Basis (as reported)	(\$641,312)	(\$86,365)	(\$2,064,486)
Increase (Decrease):			
Accrued Revenues at December 31, 2009 received during 2010	(2,209,580)	(141,978)	(117,991)
Accrued Revenues at December 31, 2008 received during 2009	2,860,149	140,640	147,348
Accrued Expenditures at December 31, 2009 paid during 2010	796,628	11,599	13,343
Accrued Expenditures at December 31, 2008 paid during 2009	(758,050)	(62,707)	(29,506)
2008 Prepays for 2009	105,819	0	0
2009 Prepays for 2010	(104,802)	0	0
Fund Debt:			
Note Proceeds	0	1,510,000	2,500,000
Outstanding Encumbrances	(440,990)	(144,994)	(252,059)
Budget Basis	<u>(\$392,138)</u>	<u>\$1,226,195</u>	<u>\$196,649</u>

#### F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, short-term certificates of deposit and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements. The certificates of deposit are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less.

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **F. Cash and Cash Equivalents** (Continued)

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments."

#### **G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and the Oregon Municipal Code. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2009. STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

#### **H. Inventory**

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

#### **I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

# CITY OF OREGON, OHIO

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## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **J. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000.

##### **1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", has been reported.

##### **2. Property, Plant and Equipment – Business Type Activities**

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

##### **3. Depreciation**

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	20 - 40
Improvements other than Buildings/Infrastructure	10 - 50
Machinery, Equipment, Furniture and Fixtures	5 - 10



# **CITY OF OREGON, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **K. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Bond Retirement Fund Sewer Fund
Special Assessment Bonds	Special Assessment Bond Retirement Fund
Ohio Water Development Authority Loans	Special Assessment Bond Retirement Fund Sewer Fund
Ohio Public Works Commission Loan	General Obligation Bond Retirement Fund Sewer Fund
Workers Compensation Liability	Workers Compensation Fund
Promissory Notes	General Obligation Bond Retirement Fund
Police and Firemen's Pension Accrued Liability	General Fund
Compensated Absences	General Fund Emergency Medical Services Operating Fund Recreation Fund, Water Fund, Sewer Fund

#### **L. Compensated Absences**

All full-time City employees earn vacation at varying rates based upon length of service. Carryovers are allowed by contracts up to 40 hours for bargaining contracts and 120 hours for non-bargaining legislation. Any additions require legislative approval. Upon separation from the City, the employee (or his estate) is paid for his accumulated unused vacation leave balance.

All full-time City employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon retirement from the City's service, an employee receives one hour of monetary compensation for each two hours of unused sick leave. The monetary compensation is equal to the hourly rate of compensation of the employee at the time of retirement.

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined.

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **L. Compensated Absences** (Continued)

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

#### **M. Net Assets**

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

#### **N. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

#### **O. Interfund Activity**

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 financial statements.

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

# **CITY OF OREGON, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **P. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies and materials, prepaid expenditures, endowments and encumbered amounts which have not been accrued at year end.

#### **Q. Estimates**

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

#### **R. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment and maintenance of storm water collection systems. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **S. 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 the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

### **NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

***Fund Deficit*** - The fund deficit at December 31, 2009 of \$1,564,925 in the Street Construction Fund (capital projects fund) arose from the recording of general obligation notes payable within the individual fund. Deficits do not exist under the budgetary/cash basis of accounting. The general fund provides transfers when cash is required, not when accruals occur.

# CITY OF OREGON, OHIO

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## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

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### NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Other long-term assets not available to pay for current-period expenditures:*

Delinquent Income Tax Revenue	\$412,272
Delinquent Property Tax Revenue	233,714
Shared Revenues	972,251
Interest Revenues	501,592
All Other Revenue	190,055
Special Assessment Revenue	5,805,495
	<hr/>
	\$8,115,379

*Long-Term liabilities not reported in the funds:*

Special Assessment Bonds Payable	(\$1,074,160)
General Obligation Bonds Payable	(1,241,932)
OPWC Loans Payable	(1,774,485)
OWDA Loans Payable	(10,633,463)
Promissory Note Payable	(126,602)
Accrued Pension Liability	(51,373)
Accrued Interest on Long-Term Debt	(1,966)
Compensated Absences Payable	(2,272,711)
	<hr/>
	(\$17,176,692)

# CITY OF OREGON, OHIO

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## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

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### NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

#### **B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Amount by which capital outlay exceeded depreciation in the current period:*

Capital Outlay	\$2,675,232
Depreciation Expense	<u>(1,930,313)</u>
	\$744,919

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Income Tax Revenue	(\$11,020)
Increase in Delinquent Property Tax	2,729
Increase in Shared Revenue	347,944
Increase in All Other Revenues	190,055
Increase in Interest Revenue	186,588
Decrease in Special Assessment Revenue	<u>(1,095,124)</u>
	(\$378,828)

*Expenses not requiring the use of current financial resources:*

Increase in Compensated Absences Payable	(\$252,351)
Increase in supplies inventory	<u>5,899</u>
	(\$246,452)

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

# CITY OF OREGON, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

### NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

#### A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks. All deposits, except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Collateral permitted by Chapter 135 of the ORC is limited to obligations of the United States and its agencies, bonds of any state, and bonds and other obligations of any country, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Such collateral, as permitted by Chapter 135 of the ORC is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at a Federal Reserve Bank in the name of the City.

At year end the carrying amount of the City's deposits was \$18,241,107 and the bank balance was \$20,878,466. The Federal Deposit Insurance Corporation (FDIC) covered \$1,000,000 of the bank balance and \$19,878,466 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$19,878,466</u>
Total Balance	<u><u>\$19,878,466</u></u>

Investment earnings of \$503,965 earned by other funds were credited to the General Fund as required by local statute.

#### B. Investments

The City's investments at December 31, 2009 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
City of Oregon Bonds Payable	\$1,409,260	N/A	\$0	\$0	\$1,409,260
FHLB	10,983,590	AAA <sup>1</sup> / Aaa <sup>2</sup>	0	1,503,595	9,479,995
FHLMC	4,524,520	AAA <sup>1</sup> / Aaa <sup>2</sup>	1,008,670	1,509,820	2,006,030
FNMA	993,125	AAA <sup>1</sup> / Aaa <sup>2</sup>	0	0	993,125
STAR Ohio	2,193,647	AAAm <sup>1</sup>	2,193,647	0	0
Total Investments	<u>\$20,104,142</u>		<u>\$3,202,317</u>	<u>\$3,013,415</u>	<u>\$13,888,410</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

# CITY OF OREGON, OHIO

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## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

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### NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

#### **B. Investments** (Continued)

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

*Credit Risk* – The City's investments in FHLB, FHLMC and FNMA securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

*Custodial Credit Risk* – The City's investments in FHLB, FHLMC and FNMA securities in the amounts of \$10,983,590, \$4,524,520 and \$993,125, respectively, are uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 7% are City of Oregon debt instruments, 55% are FHLB, 23% are FHLMC, 5% are FNMA and 10% is Star Ohio.

#### **C. Reconciliation of Cash, Cash Equivalents and Investments**

A reconciliation between classifications of cash and investments on the financial statements and classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$5,348,354	\$32,996,895
Certificates of Deposit (with maturities of more than 3 months)	15,086,400	(15,086,400)
Investments:		
STAR Ohio	(2,193,647)	2,193,647
Per Footnote	<u>\$18,241,107</u>	<u>\$20,104,142</u>

### NOTE 5 - TAXES

#### **A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2009 were levied after October 1, 2008 on assessed values as of January 1, 2008, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2006 and the equalization adjustment was completed in 2009. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by July 31.



# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 5 - TAXES (Continued)**

#### **A. Property Taxes (Continued)**

Tangible personal property tax revenues received in 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of January 1, 2008. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. This percentage was reduced to 6.25% in 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill NO.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Oregon. The County Auditor periodically remits to the City its portion of the taxes collected.

The full property tax rate for all City operations for the year ended December 31, 2009 was \$3.50 per \$1,000 of assessed value. The assessed value upon which the 2009 tax receipts were based was \$537,285,137. This amount constitutes \$493,579,110 in real property assessed value, \$42,489,380 in public utility assessed value and \$1,216,647 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is 0.350% (3.50 mills) of assessed value.

# CITY OF OREGON, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

### NOTE 5 - TAXES (Continued)

#### B. Income Tax

The City levies a tax of 2.25% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

### NOTE 6 - RECEIVABLES

Receivables at December 31, 2009 consisted of taxes, interest, loans, accounts receivable, special assessments and intergovernmental receivables.

### NOTE 7 - TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2009:

	Transfers In:				
	Special Assessment Bond Retirement Fund	Other Governmental Funds	Water Fund	Sewer Fund	Total
Transfers Out:					
General Fund	\$0	\$2,951,189	\$0	\$0	\$2,951,189
Storm Sewer Project Fund	0	2,565,279	0	0	2,565,279
Other Governmental Funds	717,501	1,000,633	0	1,061,222	2,779,356
Sewer Fund	0	0	447,159	0	447,159
	<u>\$717,501</u>	<u>\$6,517,101</u>	<u>\$447,159</u>	<u>\$1,061,222</u>	<u>\$8,742,983</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 authorization.

Transfers of \$7,681,761 were eliminated on the entity-wide statement of activities since they were within the governmental and business-type activities.

# CITY OF OREGON, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

### NOTE 8 - CAPITAL ASSETS

#### A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2009:

**Historical Cost:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
<i>Capital assets not being depreciated:</i>				
Land	\$4,412,580	\$0	\$0	\$4,412,580
Construction in Progress	2,566,591	1,019,998	(428,909)	3,157,680
Subtotal	6,979,171	1,019,998	(428,909)	7,570,260
<i>Capital assets being depreciated:</i>				
Land Improvements	2,611,706	44,863	0	2,656,569
Buildings and Improvements	7,689,224	47,194	(129,100)	7,607,318
Machinery and Equipment	4,224,335	114,209	(251,989)	4,086,555
Vehicles	7,346,444	553,764	(955,148)	6,945,060
Infrastructure	40,801,729	1,324,113	0	42,125,842
Subtotal	62,673,438	2,084,143	(1,336,237)	63,421,344
Total Cost	\$69,652,609	\$3,104,141	(\$1,765,146)	\$70,991,604

**Accumulated Depreciation:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Land Improvements	(\$1,182,633)	(\$115,780)	\$0	(\$1,298,413)
Buildings and Improvements	(5,680,389)	(185,136)	56,117	(5,809,408)
Machinery and Equipment	(3,102,799)	(148,815)	256,882	(2,994,732)
Vehicles	(5,197,213)	(505,518)	948,398	(4,754,333)
Infrastructure	(19,115,222)	(975,064)	0	(20,090,286)
Total Depreciation	(\$34,278,256)	(\$1,930,313) *	\$1,261,397	(\$34,947,172)
<b>Net Value:</b>	\$35,374,353			\$36,044,432

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$370,611
Public Health and Welfare Services	18,782
Leisure Time Activities	141,499
Community Environment	20,759
Transportation	1,238,902
General Government	139,760
Total Depreciation Expense	\$1,930,313

# CITY OF OREGON, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

### NOTE 8 - CAPITAL ASSETS (continued)

#### B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2009:

*Historical Cost:*

Class	December 31, 2008	Additions	Deletions	December 31, 2009
<i>Capital assets not being depreciated:</i>				
Land	\$1,737,645	\$0	\$0	\$1,737,645
Construction in Progress	19,149,798	2,448,029	(188,152)	21,409,675
Subtotal	20,887,443	2,448,029	(188,152)	23,147,320
<i>Capital assets being depreciated:</i>				
Buildings and Distributions	57,731,859	0	0	57,731,859
Machinery and Equipment	23,737,920	299,113	(86,657)	23,950,376
Vehicles	842,397	0	0	842,397
Subtotal	82,312,176	299,113	(86,657)	82,524,632
Total Cost	\$103,199,619	\$2,747,142	(\$274,809)	\$105,671,952

*Accumulated Depreciation:*

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Buildings and Distributions	(\$33,815,463)	(\$1,562,252)	\$0	(\$35,377,715)
Machinery and Equipment	(14,822,530)	(684,791)	86,657	(15,420,664)
Vehicles	(743,859)	(34,366)	0	(778,225)
Total Depreciation	(\$49,381,852)	(\$2,281,409)	\$86,657	(\$51,576,604)
<i>Net Value:</i>	\$53,817,767			\$54,095,348

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 9 – DEFINED BENEFIT PENSION PLANS**

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

#### **A. Ohio Public Employees Retirement System (“OPERS”)**

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “*Accounting for Pensions by State and Local Government Employers.*”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2009, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2009 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2009, from January 1 through March 31, 2009 7.0% of annual covered salary was the portion used to fund pension obligations, and from April 1 through December 31, 2009 8.5% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2009, 2008, and 2007 were \$1,158,060, \$1,130,364 and \$1,089,979, respectively, which were equal to the required contributions for each year.

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

#### **B. Ohio Police and Fire Pension Fund (“OP&F”)**

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2009, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2009, 2008, and 2007 were \$830,760, \$615,388 and \$597,424 for police and \$209,046, \$200,779 and \$187,199 for firefighters, respectively, which were equal to the required contributions for each year.

### **NOTE 10 - POSTEMPLOYMENT BENEFITS**

#### **A. Ohio Public Employees Retirement System (“OPERS”)**

Plan Description – 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 plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

#### **A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For 2009, the employer contribution allocated to the health care plan was 7.0% of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2009, 2008, and 2007 were \$485,971, \$565,182 and \$432,844, respectively, which were equal to the required contributions for each year.

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

# ***CITY OF OREGON, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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### **NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

#### **B. Ohio Police and Fire Pension Fund (“OP&F”)**

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2009, the employer contribution allocated to the health care plan was 6.75% 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 and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the 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 contributions for health care to the OP&F for the years ending December 31, 2009, 2008, and 2007 were \$287,571, \$213,019 and \$206,801 for police and \$58,794, \$56,469 and \$52,650 for firefighters, respectively, which were equal to the required contributions for each year.



## ***CITY OF OREGON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2009***

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#### **NOTE 11 - COMPENSATED ABSENCES**

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2009, the City's accumulated, unpaid compensated absences amounted to \$2,934,497, of which \$2,272,711 is recorded as a liability of the Governmental Activities and \$661,786 is recorded as a liability of the Business-Type Activities.

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# CITY OF OREGON, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

### NOTE 12 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2009 was as follows:

	Balance December 31, 2008	Issued	(Retired)	Balance December 31, 2009	Amount Due Within One Year
<b>Governmental Activities Long-Term Debt:</b>					
General Obligation Bonds:					
3.20% Court Administration Building	\$215,000	\$0	(\$215,000)	\$0	\$0
4.67% Land Acquisition	752,513	0	(85,581)	666,932	89,946
4.50% Cedar Point Development	575,000	0	0	575,000	14,175
Total General Obligation Bonds	1,542,513	0	(300,581)	1,241,932	104,121
Special Assessment Bonds Payable					
with Governmental Commitment:					
6.95% Wymnscape/Lallendorf	91,300	0	(28,400)	62,900	28,400
6.75% Lallendorf/Dustin	4,930	0	(850)	4,080	910
5.50% Pickle Road Sewer Construction	10,428	0	(1,262)	9,166	1,331
5.62% Coy Road Sanitary Sewer	44,794	0	(4,589)	40,205	4,846
5.25% York Street Waterline	195,000	0	(18,000)	177,000	19,000
5.00% Lallendorf Road Sanitary Sewer	8,589	0	(1,553)	7,036	1,631
5.00% Corduroy Road Waterline	50,876	0	(7,468)	43,408	7,846
5.00% Shore/Yarrow Waterline Ext.	26,850	0	(3,291)	23,559	3,458
5.50% Navarre Sanitary Sewer	85,196	0	(10,282)	74,914	10,855
5.50% Spartan Infrastructure	177,757	0	(21,453)	156,304	22,649
5.03% Lallendorf Sewer Phase 1	99,402	0	(10,398)	89,004	10,921
5.03% Lallendorf Sewer Phase 2	25,345	0	(2,651)	22,694	2,785
5.03% Lallendorf Sewer Phase 3	29,722	0	(3,109)	26,613	3,266
5.03% Stadium Road Waterline	100,122	0	(10,474)	89,648	11,001
5.03% Sugarbush Waterline	26,506	0	(2,767)	23,739	2,906
4.90% Seaman Road Sewer Phase 1	8,652	0	(788)	7,864	827
5.00% Wynn Road Sanitary Sewer	12,450	0	(994)	11,456	1,044
4.00% Brown Road West Of Lallendorf	81,495	0	(4,058)	77,437	4,222
0.00% Cedar Point Development	0	127,132	0	127,132	4,238
Total Special Assessment Bonds Payable with Governmental Commitment	1,079,414	127,132	(132,387)	1,074,159	142,136

(Continued)

# CITY OF OREGON, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

### NOTE 12 - LONG-TERM DEBT (Continued)

	Balance December 31, 2008	Issued	(Retired)	Balance December 31, 2009	Amount Due Within One Year
<b>Governmental Activities Long-Term Debt:</b>					
Promissory Note Payable:					
4.22% Circuit 715 Lighting	144,787	0	(18,185)	126,602	18,960
Ohio Public Works Commission Loans:					
0.00% Raw Water Intake Rehabilitation	25,461	0	(25,461)	0	0
0.00% Zebra Mussel Control - Raw Water Intake	201,097	0	(15,471)	185,626	15,470
0.00% Water Plant Renovations - Phase I	278,146	0	(19,868)	258,278	19,867
0.00% Water Treatment Plant Improvements - Phase II	291,566	0	(20,108)	271,458	20,108
0.00% Bayshore Bridge	11,112	0	(2,779)	8,333	2,779
0.00% Water Treatment Plant Improvements - Phase III	375,000	0	(25,000)	350,000	25,000
0.00% Water Treatment Plant Improvements - Phase IV	491,200	0	(30,700)	460,500	30,700
0.00% Water Treatment Plant Improvements - Phase V	71,408	0	(4,201)	67,207	4,201
0.00% South Shore Park Waterline - Phase II	59,192	0	(3,200)	55,992	3,200
0.00% Elevated Storage Tank	0	117,093	0	117,093	0
Total Ohio Public Works Commission Loans	1,804,182	117,093	(146,788)	1,774,487	121,325
Ohio Water Development Authority Loans:					
2.00% Oakdale Sanitary Sewer	9,591	0	(4,748)	4,843	4,843
4.28% Waterplant Renovation - Phase I & II	7,363,594	0	(433,868)	6,929,726	452,637
3.65% Waterplant Renovation - Phase III	1,616,600	0	(91,108)	1,525,492	94,464
3.52% Elevated Storage Tank	0	2,173,403	0	2,173,403	0
Total Ohio Water Development Authority Loans Payable	8,989,785	2,173,403	(529,724)	10,633,464	551,944
Compensated Absences	2,020,360	1,514,701	(1,262,350)	2,272,711	777,068
Workers Compensation Liability	50,313	10,216	0	60,529	0
Police and Firemen's Pension Accrued Liability	52,477	0	(1,104)	51,373	1,151
Total Governmental Activities Long-Term Debt	<u>\$15,683,831</u>	<u>\$3,942,545</u>	<u>(\$2,391,119)</u>	<u>\$17,235,257</u>	<u>\$1,716,705</u>

# CITY OF OREGON, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

### NOTE 12 - LONG-TERM DEBT (Continued)

	Balance December 31, 2008	Issued	(Retired)	Balance December 31, 2009	Amount Due Within One Year
<b>Business-Type Long-Term Debt:</b>					
General Obligation Bond:					
3.25% Sewer Improvement	\$1,980,000	\$0	(\$160,000)	\$1,820,000	\$170,000
Ohio Public Works Commission Loan:					
0.00% Eastwyck Sanitary Pump Station	169,217	0	(9,670)	159,547	9,670
Ohio Water Development Authority Loans:					
7.51% Bayshore Sewer (1063)	563,323	0	(271,481)	291,842	291,842
2.20% North Oregon Sewer (SRFA)	206,515	0	(32,564)	173,951	33,284
4.80% North Oregon Sewer (SRFB)	203,463	0	(30,020)	173,443	31,478
3.80% Seaman Road Trunk Sewer - Phase I	1,124,301	0	(68,320)	1,055,981	70,941
3.95% Seaman Road Trunk Sewer - Phase II	1,839,007	0	(96,111)	1,742,896	99,945
3.50% Stadium Road Sewer	2,522,946	0	(80,807)	2,442,139	129,600
3.35% Pickle Road Sewer	2,124,774	0	(76,977)	2,047,797	101,011
3.25% Coy Road Sewer	484,116	0	(20,166)	463,950	20,826
Total Ohio Water Development Authority Loans	9,068,445	0	(676,446)	8,391,999	778,927
Compensated Absences	571,670	671,465	(581,349)	661,786	220,977
Total Business-Type Activities Long-Term Debt	\$11,789,332	\$671,465	(\$1,427,465)	\$11,033,332	\$1,179,574

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# CITY OF OREGON, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

### NOTE 12 - LONG-TERM DEBT (Continued)

#### A. Special Assessments

The principal amount of the City's special assessment debt outstanding at December 31, 2009 of \$1,074,159, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$4,988 in the Special Assessment Bond Retirement Fund at December 31, 2009 is reserved for the retirement of outstanding special assessment bonds. Delinquent special assessments at year end were \$86,072.

#### B. Police and Firemen's Pension Fund

The City's liability for past service costs relating to the Police and Firemen's Pension Fund at December 31, 2009 was \$51,373 in principal and \$33,198 in interest payments through the year 2035. Only the principal amount is included in the Governmental Activities Long-Term Debt.

#### C. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2009, follows:

Years	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>		<u>Promissory Note</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$104,121	\$56,003	\$142,136	\$48,785	\$18,960	\$5,145
2011	104,232	51,270	150,123	40,968	19,769	4,336
2012	109,069	46,435	123,584	32,755	20,612	3,493
2013	114,333	41,170	129,821	26,487	21,491	2,614
2014	120,305	35,198	134,110	19,915	22,407	1,698
2015-2019	237,180	118,980	282,981	28,048	23,363	742
2020-2024	81,654	93,926	47,834	2,454	0	0
2025-2029	102,002	73,576	21,190	0	0	0
2030-2034	127,420	48,157	21,190	0	0	0
2035-2039	141,616	16,401	21,190	0	0	0
Totals	<u>\$1,241,932</u>	<u>\$581,116</u>	<u>\$1,074,159</u>	<u>\$199,412</u>	<u>\$126,602</u>	<u>\$18,028</u>

**CITY OF OREGON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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

**D. Principal and Interest Requirements (Continued)**

Years	OWDA Loans		OPWC Loans		Police/Firemen's Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$551,944	\$352,759	\$121,325	\$0	\$1,151	\$2,171
2011	570,160	329,603	143,823	0	1,201	2,122
2012	594,195	305,568	143,823	0	1,252	2,070
2013	619,246	280,517	141,044	0	1,306	2,016
2014	645,357	254,406	143,823	0	1,362	1,960
2015-2019	3,658,788	840,126	625,297	0	7,741	8,873
2020-2024	1,820,371	124,438	455,352	0	9,551	7,061
2025-2029	0	0	0	0	11,775	4,825
2030-2035	0	0	0	0	16,034	2,100
Totals	<u>\$8,460,061</u>	<u>\$2,487,417</u>	<u>\$1,774,487</u>	<u>\$0</u>	<u>\$51,373</u>	<u>\$33,198</u>

**Business-Type Activities**

Years	General Obligation Bonds		OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$170,000	\$83,643	\$778,927	\$318,594	\$9,670	\$0
2011	175,000	75,908	528,372	282,981	9,670	0
2012	180,000	67,945	547,490	260,583	9,670	0
2013	185,000	59,755	567,314	240,758	9,670	0
2014	205,000	51,338	587,875	220,198	9,670	0
2015-2019	905,000	106,607	2,861,435	797,133	48,350	0
2020-2024	0	0	2,362,295	258,506	48,350	0
2025-2026	0	0	158,291	4,314	14,497	0
Totals	<u>\$1,820,000</u>	<u>\$445,196</u>	<u>\$8,391,999</u>	<u>\$2,383,067</u>	<u>\$159,547</u>	<u>\$0</u>

# CITY OF OREGON, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

### NOTE 13 - NOTES PAYABLE

The Ohio Revised Code provides that notes and renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than the principal maturities required if the bonds had been issued at the expiration of the initial five year period.

The following general obligation notes were payable at December 31, 2009:

	Maturity Date	Balance December 31, 2008	Issued (Retired)	Balance December 31, 2009	
Capital Projects Notes Payable:					
2.50%	Wheeling Street Improvements	2009	1,650,000	(1,650,000)	0
2.50%	Coy/Pickle Intersection	2009	325,000	(325,000)	0
2.50%	Big Ditch	2009	2,500,000	(2,500,000)	0
2.89%	Aerial Pumper	2009	500,000	(500,000)	0
1.05%	Wheeling Street Improvements	2010	0	1,510,000	1,510,000
1.05%	Wheeling Street Improvements	2010	0	1,690,000	1,690,000
1.05%	Big Ditch	2010	0	2,500,000	2,500,000
1.05%	Aerial Pumper	2010	0	400,000	400,000
Total Capital Projects Notes Payable			<u>\$4,975,000</u>	<u>\$1,125,000</u>	<u>\$6,100,000</u>

### NOTE 14 - CONSTRUCTION COMMITMENTS

As of December 31, 2009, the City had the following commitments with respect to capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Coy/Starr Intersection Improvements	\$665,808	October 2010
Elevated Water Tank	1,363,459	October 2010
Otter Creek Road Improvements	2,977,788	December 2010
Water Plant - Generator Improvement	1,071,000	December 2010
Trunk Watermain Project	1,496,839	June 2011
Big Ditch (Stadium Road) Enclosure	3,488,895	September 2011
Wheeling Street Improvements	8,728,670	December 2011
Total	<u>\$19,792,459</u>	

# CITY OF OREGON, OHIO

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## Notes to the Basic Financial Statements For the Year Ended December 31, 2009

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### NOTE 15 - INSURANCE AND RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In August 2004, the City joined the Ohio Government Risk Management Plan (the "OGRMP"), a public entity risk plan formed under Section 2744.081 of the Ohio Revised Code that operates as a common risk management and insurance program for 585 member political subdivisions. The City pays an annual premium to the OGRMP for its general insurance coverage. The agreement for formation of the OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure all claims in excess of a member's deductible through commercial insurance and reinsurance companies.

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

#### **A. Self Insurance Fund**

The City established an internal service fund, the Self Insurance Fund, to receive payments from each fund based upon employee participation, to cover the cost of participant and dependent coverage under the plan. GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims incurred but not reported at year end were determined to be immaterial, therefore no liability has been recorded. Changes in the fund's claims liability amount for the past three years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2007	\$0	\$23,796	(\$23,796)	\$0
2008	0	28,330	(28,330)	0
2009	0	26,005	(26,005)	0



# **CITY OF OREGON, OHIO**

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## **Notes to the Basic Financial Statements For the Year Ended December 31, 2009**

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### **NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)**

#### **B. Workers' Compensation Internal Service Fund**

The City is a participating member with the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Program. Retrospective (Retro) Rating is best described as a quasi self-insured program, which shifts a selected level of risk to the employer in return for a reduction in premium. Under the Retro plan employers are responsible for actual claims cost on all claims occurring within the program period. Retro claims have a ten-year life commencing with the date of injury. Claims cost for Retro claims incurred beyond ten years from the date of injury will be assumed by the Bureau. The City has a claims limit of \$200,000 per claim with a billable ceiling of 200% of the premium for 2009. Changes in the Workers' Compensation Internal Service Fund's claims liability for the past two years were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2008	\$0	\$50,313	\$0	\$50,313
2009	50,313	77,541	(67,325)	60,529

### **NOTE 16 - CONTINGENCIES**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

The City has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

**CITY OF OREGON**  
**Lucas County, Ohio**  
Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2009

Federal Grantor/Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Housing and Urban Development</u>				
Passed Through Ohio Department of Development				
Community Development Block Grant				
Home Investment Partnership Program (CHIP)	A-C-07-161-1&2	14.239	\$ 301,351	\$ 273,239
<b>Total Community Development Block Grant</b>			<u>301,351</u>	<u>273,239</u>
Community Development Block Grant	A-F-07-161-1	14.228	16,778	-
Community Development Block Grant	A-F-08-161-1	14.228	58,073	57,113
Community Development Block Grant	A-F-09-161-1	14.228	-	5,440
<b>Total Community Development Block Grant</b>			<u>74,851</u>	<u>62,553</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>376,202</b>	<b>335,792</b>
<u>U.S. Department of Justice</u>				
Direct Programs				
Bulletproof Vest Partnership Program- FY08	N/A	16.607	2,443	4,886
Bulletproof Vest Partnership Program - FY09	N/A	16.607	-	4,886
<b>Total Bulletproof Vest Partnership Program</b>			<u>2,443</u>	<u>9,772</u>
Passed Through Criminal Justice Coordinating Committee				
American Recovery and Reinvestment Act ARRA				
Stimulus Justice Assistance Grant	2009-RA-LE-9020	16.804	107,917	50,375
<b>Total Stimulus Justice Assistance Grant</b>			<u>107,917</u>	<u>50,375</u>
<b>Total U.S. Department of Justice</b>			<b>110,360</b>	<b>60,147</b>
<u>U.S. Department of Homeland Security</u>				
Passed Through Ohio Emergency Management Agency				
Buffer Zone Protection Program	2007-BZ-T7-0048	97.078	88,182	96,486
<b>Total Buffer Zone Protection Program</b>			<u>88,182</u>	<u>96,486</u>
<b>Total U.S. Department of Homeland Security</b>			<b>88,182</b>	<b>96,486</b>
<u>U.S. Department of Transportation</u>				
Pass through Ohio Department of Transportation				
Highway Planning and Construction Grant - Municipal Complex	21036	20.205	-	18,266
Highway Planning and Construction Grant - Luc/Starr Rd.	21986	20.205	-	29,989
Highway Planning and Construction Grant - Pickel Road	21550	20.205	-	126,325
<b>Total Highway Planning and Construction Grant</b>			<u>-</u>	<u>174,580</u>
State and Community Highway Safety and Alcohol Traffic &				
Drunk Driving Prevention Incentive Grants	N/A	20.600	445	4,047
<b>Total State and Community Highway Safety Alcohol Traffic &amp; Drunk Driving Prevention Incentive Grant</b>			<u>445</u>	<u>4,047</u>
<b>Total U.S. Department of Transportation</b>			<u>445</u>	<u>178,627</u>
<b>Total Federal Expenditures</b>			<u><b>\$ 575,189</b></u>	<u><b>\$ 671,052</b></u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

**CITY OF OREGON**  
**LUCAS COUNTY, OHIO**  
**Notes to the Schedule of Federal Awards Expenditures**  
**For the Year Ended June 30, 2009**

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain expenditures are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED GOVERNMENT AUDITING STANDARDS**

City of Oregon  
Lucas County  
5330 Seaman Road  
Oregon, Ohio 43616

To City Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Oregon , Lucas County, Ohio (City) as of and for the year ended December 31, 2009 which collectively comprise the City's financial statements and have issued our report thereon dated June 9, 2010. 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-Oregon-001.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management in a separate letter dated June 9, 2010.

We intend this report solely for the information and use of management, the audit committee, the City Council, federal awarding agencies and pass-through entities, and others within the City. We intend it for no one other than these specified parties.

***Charles E. Harris and Associates, Inc.***

June 9, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Oregon  
Lucas County  
5330 Seaman Road  
Oregon, Ohio 43616

To the City Council:

Compliance

We have audited the compliance of the City of Oregon, Lucas County (City), with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2009. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 program occurred. An audit includes examining, on a test basis, evidence about the City'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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City'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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, the City Council, management of the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris & Associates, Inc.***

June 9, 2010

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505**

**CITY OF OREGON  
LUCAS COUNTY  
December 31, 2009**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other significant deficiencies reported at the financial financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs</i>	No
(d)(1)(iv)	<i>Were there any other significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	CDBG Chip Grant CFDA# 14.239 Highway Planning Grant CFDA# 20.205
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No



**CITY OF OREGON  
LUCAS COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2009**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Finding Number: 2009-Oregon-001 – Material Noncompliance**

Ohio Rev. Code Section 5705.10 provides that all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special revenue fund for such purpose. A negative fund balance implies monies from other funds were used to pay liabilities of those funds.

At December 31, 2009, the Water Project Fund had a negative balance of \$1,133,876.

We recommend that the City evaluate cash balances continuously and maintain positive fund balances in all funds during and at the end of the fiscal year.

**Management Response:**

The City will take this recommendation under advisement.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**None.**

**CITY OF OREGON  
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken or Finding No Longer Valid; Explain
2008-Oregon -001	Transfers being made for reimbursement of costs that could have been charged directly to funds	Yes	Finding No Longer Valid
2008-Oregon-002	Citation ORC §5705.36(A)(4) Actual Receipts Deficit of Estimated Receipts	Yes	Finding No Longer Valid
2008-Oregon-003	Citation ORC §5705.39, Appropriations Exceeded Estimated Resources	No	Included in management letter
2008-Oregon-004	Citation ORC §5705.10, Negative Fund Balances	No	Not Corrected. Repeated as Finding 2009-Oregon-001



Mary Taylor, CPA  
Auditor of State

CITY OF OREGON

LUCAS COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 30, 2010