

**CITY OF OREGON
LUCAS COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2011**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Oregon, Lucas County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2011 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 11, 2012

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**CITY OF OREGON
LUCAS COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011**

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Oregon, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oregon, Lucas County, Ohio, as of and for the year ended December 31, 2011, 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 of Oregon, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oregon, Ohio, as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Street Construction, Maintenance, and Repair Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 5, the City implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and restated the December 31, 2010 fund balances of the governmental funds due to a change in fund structure.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2012, on our consideration of the City of Oregon, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oregon, Ohio's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for 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 financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.


James G. Zupka, CPA, Inc.
Certified Public Accountants

June 13, 2012

CITY OF OREGON, OHIO

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

Unaudited

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, 2011. 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 2011 are as follows:

- ❑ In total, net assets increased \$12,979,901. Net assets of governmental activities increased \$10,725,453, which represents a 19.3% increase from 2010. Net assets of business-type activities increased \$2,254,448, from 2010.
- ❑ General revenues accounted for \$32.5 million in revenue or 66.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for the remaining 33.7% of total revenues of \$49,010,901.
- ❑ The City had \$26.7 million in expenses related to governmental activities; only \$5.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$32.5 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$28.6 million in revenues and \$15.2 million in expenditures. The general fund's fund balance increased \$10,281,608 to \$26,159,067.
- ❑ Net assets for enterprise funds increased by \$2,286,111.

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

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

Unaudited

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, basic utility services, 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, 2011

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 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$50,855,977	\$41,028,517	\$9,557,056	\$8,698,793	\$60,413,033	\$49,727,310
Capital assets, Net	42,124,267	41,727,766	48,718,148	48,210,160	90,842,415	89,937,926
Total assets	92,980,244	82,756,283	58,275,204	56,908,953	151,255,448	139,665,236
Long-term debt outstanding	23,956,459	23,531,248	9,346,192	10,149,441	33,302,651	33,680,689
Other liabilities	2,855,321	3,782,024	257,634	342,582	3,112,955	4,124,606
Total liabilities	26,811,780	27,313,272	9,603,826	10,492,023	36,415,606	37,805,295
Net assets						
Invested in capital assets, net of related debt	20,624,080	20,664,787	40,002,655	38,796,336	60,626,735	59,461,123
Restricted	19,492,074	19,504,881	0	0	19,492,074	19,504,881
Unrestricted	26,052,310	15,273,343	8,668,723	7,620,594	34,721,033	22,893,937
Total net assets	\$66,168,464	\$55,443,011	\$48,671,378	\$46,416,930	\$114,839,842	\$101,859,941

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CITY OF OREGON, OHIO

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

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,525,774	\$2,557,626	\$8,361,929	\$8,754,549	\$10,887,703	\$11,312,175
Operating Grants and Contributions	1,380,284	1,240,700	0	0	1,380,284	1,240,700
Capital Grants and Contributions	1,410,985	4,331,967	2,854,073	3,354,116	4,265,058	7,686,083
General Revenues:						
Property Taxes	1,450,821	2,130,803	0	0	1,450,821	2,130,803
Income Taxes	27,927,022	15,583,982	0	0	27,927,022	15,583,982
Shared Revenues	1,575,279	1,903,204	0	0	1,575,279	1,903,204
Investment Earnings	905,904	700,299	0	0	905,904	700,299
Miscellaneous	618,830	13,333	0	0	618,830	13,333
Total Revenues	<u>37,794,899</u>	<u>28,461,914</u>	<u>11,216,002</u>	<u>12,108,665</u>	<u>49,010,901</u>	<u>40,570,579</u>
Program Expenses						
Security of Persons and Property	10,250,066	11,205,739	0	0	10,250,066	11,205,739
Public Health and Welfare Services	431,052	445,839	0	0	431,052	445,839
Leisure Time Activities	861,070	1,027,805	0	0	861,070	1,027,805
Community Environment	1,040,571	1,373,361	0	0	1,040,571	1,373,361
Basic Utility Services	608,339	459,674	0	0	608,339	459,674
Transportation	7,466,485	8,776,117	0	0	7,466,485	8,776,117
General Government	5,182,463	5,656,190	0	0	5,182,463	5,656,190
Interest and Fiscal Charges	869,760	588,373	0	0	869,760	588,373
Water	0	0	4,830,463	4,637,816	4,830,463	4,637,816
Sewer	0	0	4,490,731	4,967,568	4,490,731	4,967,568
Total Expenses	<u>26,709,806</u>	<u>29,533,098</u>	<u>9,321,194</u>	<u>9,605,384</u>	<u>36,031,000</u>	<u>39,138,482</u>
Excess (Deficiency) Before Transfers	11,085,093	(1,071,184)	1,894,808	2,503,281	12,979,901	1,432,097
Transfers In (Out)	<u>(359,640)</u>	<u>(949,813)</u>	<u>359,640</u>	<u>949,813</u>	<u>0</u>	<u>0</u>
Total Change in Net Assets	10,725,453	(2,020,997)	2,254,448	3,453,094	12,979,901	1,432,097
Beginning Net Assets - Restated	<u>55,443,011</u>	<u>57,464,008</u>	<u>46,416,930</u>	<u>42,963,836</u>	<u>101,859,941</u>	<u>100,427,844</u>
Ending Net Assets	<u>\$66,168,464</u>	<u>\$55,443,011</u>	<u>\$48,671,378</u>	<u>\$46,416,930</u>	<u>\$114,839,842</u>	<u>\$101,859,941</u>

Governmental Activities

Net assets of the City's governmental activities increased by \$10,725,453. This was due primarily to the increase in income tax revenue along with a decrease in total expenditures of \$2,823,292 or 9.6%. During 2011, the City received estimated net profits tax payments exceeding \$10,000,000 from a local corporation. The City expects to refund those estimated payments in 2013.

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.

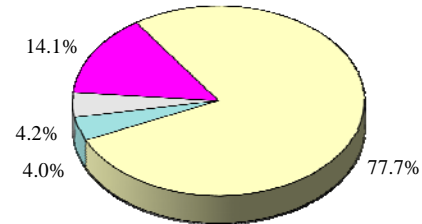
Property taxes and income taxes made up 3.8% and 73.9% respectively of revenues for governmental activities for the City in fiscal year 2011. The City's reliance upon tax revenues is demonstrated by the following graph indicating 77.7% of total revenues from general tax revenues:

CITY OF OREGON, OHIO

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

Unaudited

Revenue Sources	2011	Percent of Total
General Shared Revenues	\$1,575,279	4.2%
Program Revenues	5,317,043	14.1%
General Tax Revenues	29,377,843	77.7%
General Other	1,524,734	4.0%
Total Revenue	\$37,794,899	100.00%



Business-Type Activities

Net assets of the business-type activities increased by \$2,254,448. This increase was due to the capital grants received for the construction of the new elevated water storage tank and related projects along with a significant decrease in sewer expenses compared to 2010.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$40,557,965, which is an increase from last year's balance of \$28,665,230. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2011 and 2010:

	Fund Balance December 31, 2011	Restated Fund Balance December 31, 2010	Increase (Decrease)
General	\$26,159,067	\$15,877,459	\$10,281,608
Special Assessment Bond			
Retirement	10,912	33,811	(22,899)
Street Construction, Maintenance			
Maintenance and Repair	640,504	557,921	82,583
Other Governmental	13,747,482	12,196,039	1,551,443
Total	\$40,557,965	\$28,665,230	\$11,892,735

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:

CITY OF OREGON, OHIO

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

Unaudited

	2011 Revenues	2010 Revenues	Increase (Decrease)
Taxes	\$24,028,030	\$13,920,581	\$10,107,449
Intergovernmental Revenue	1,329,531	1,191,820	137,711
Charges for Services	1,515,710	1,516,077	(367)
Fines, Licenses and Permits	564,839	615,439	(50,600)
Investment Earnings	1,007,394	970,401	36,993
Special Assessments	7,466	11,128	(3,662)
All Other Revenue	143,688	157,835	(14,147)
Total	<u>\$28,596,658</u>	<u>\$18,383,281</u>	<u>\$10,213,377</u>

General Fund revenues in 2011 increased approximately 55.5% compared to revenues in fiscal year 2010. The most significant factor contributing to this increase was an increase in income tax revenue. As stated previously, the City expects to refund a significant amount of estimated payments in early 2013.

	2011 Expenditures	2010 Expenditures	Increase (Decrease)
Security of Persons and Property	\$8,257,168	\$8,170,886	\$86,282
Public Health and Welfare Services	371,279	425,504	(54,225)
Leisure Time Activities	6,965	7,235	(270)
Community Environment	625,347	677,139	(51,792)
Transportation	2,402,774	2,927,715	(524,941)
General Government	3,553,283	3,864,141	(310,858)
Total	<u>\$15,216,816</u>	<u>\$16,072,620</u>	<u>(\$855,804)</u>

General Fund expenditures decreased by \$855,804 or 5.3% compared to the prior year mostly due to reductions in the workforce and other reductions in expenditures.

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 2011 the City amended its General Fund budget several times.

For the General Fund, final budget basis revenue of \$18.2 million changed slightly from the original budget estimates of \$18.3 million. The General Fund had an adequate fund balance to cover expenditures.

CHANGE IN FUND BALANCES

The decrease in fund balance for the Special Assessment Bond Retirement Fund can be attributed to the increase in costs to cover principal and interest expenditures.

CITY OF OREGON, OHIO

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

Unaudited

The increase in fund balance for the Street Construction, Maintenance and Repair Fund can be attributed to normal activity within the fund whereby revenues were greater than expenditures. The increase in fund balance was minimal compared to the increase during 2010.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011 the City had \$90,842,415 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$42,124,267 was related to governmental activities and \$48,718,148 to business-type activities. The following table shows fiscal year 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land and Land Improvements	\$7,775,087	\$7,924,981	(\$149,894)
Construction in Progress	5,561,361	7,963,881	(2,402,520)
Buildings and Improvements	7,771,167	7,689,320	81,847
Machinery and Equipment	4,077,505	4,001,275	76,230
Vehicles	6,708,638	6,322,246	386,392
Infrastructure	47,330,979	43,069,803	4,261,176
Less: Accumulated Depreciation	(37,100,470)	(35,243,740)	(1,856,730)
Totals	<u>\$42,124,267</u>	<u>\$41,727,766</u>	<u>\$396,501</u>

	Business-Type Activities		Increase (Decrease)
	2011	2010	
Land	\$756,016	\$756,016	\$0
Construction in Progress	6,058,735	7,402,010	(1,343,275)
Buildings and Distribution	84,538,731	80,234,032	4,304,699
Machinery and Equipment	14,848,512	14,661,546	186,966
Vehicles	883,347	796,079	87,268
Less: Accumulated Depreciation	(58,367,193)	(55,639,523)	(2,727,670)
Totals	<u>\$48,718,148</u>	<u>\$48,210,160</u>	<u>\$507,988</u>

The primary increases occurred in infrastructure for the Governmental Activities. This was due to the planning and construction expenses for the Big Ditch and Wheeling Street Projects, totaling \$5.3 million and \$4.1 million dollars respectively. The largest increase in the Business-Type Activities occurred in buildings and distribution. This was due to the work on the Elevated Storage Tank, totaling \$2.2 million.

As of December 31, 2011, the City has contractual commitments of \$7,113,667, as listed in Note 16, 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 10.

CITY OF OREGON, OHIO

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

Unaudited

Debt

At December 31, 2011, the City had \$2.1 million in bonds outstanding, \$298,625 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
General Obligation Bonds	\$482,743	\$576,986
Special Assessment Bonds	139,000	190,500
Promissory Note	87,872	107,641
OWDA Loans Payable	11,075,246	10,872,823
OPWC Loans Payable	2,510,326	2,185,028
Long-Term Notes Payable	7,005,000	6,830,000
Pension Liability	49,021	50,222
Workers Compensation Liability	120,736	74,495
Compensated Absences	2,486,515	2,643,553
Total Governmental Activities	<u>23,956,459</u>	<u>23,531,248</u>
Business-Type Activities:		
General Obligation Bonds	\$1,475,000	\$1,650,000
OWDA Loans Payable	7,100,285	7,609,112
OPWC Loans Payable	140,208	154,712
Compensated Absences	630,699	735,617
Total Business-Type Activities	<u>9,346,192</u>	<u>10,149,441</u>
Totals	<u>\$33,302,651</u>	<u>\$33,680,689</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 the City lies, is limited to ten mills. At December 31, 2011, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

CITY OF OREGON, OHIO

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

Unaudited

ECONOMIC FACTORS

The City's original budget for 2011 utilized conservative revenue estimates with limited adjustments in base operating costs. Original General Fund revenues were projected to be at the same level as actual receipts for 2010. 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 2011 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

Statement of Net Assets December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 7,097,787	\$ 415,558	\$ 7,513,345
Investments	31,166,144	6,925,716	38,091,860
Receivables:			
Taxes	5,709,989	0	5,709,989
Accounts	141,977	1,389,725	1,531,702
Intergovernmental	1,228,819	0	1,228,819
Interest	448,929	0	448,929
Special Assessments	4,574,088	0	4,574,088
Loans	168,082	0	168,082
Internal Balances	(210,884)	210,884	0
Inventory of Supplies at Cost	415,314	551,851	967,165
Prepaid Items	115,732	63,322	179,054
Capital Assets:			
Capital Assets Not Being Depreciated	10,215,169	6,814,751	17,029,920
Capital Assets Being Depreciated, Net	31,909,098	41,903,397	73,812,495
Total Assets	92,980,244	58,275,204	151,255,448
Liabilities:			
Accounts Payable	408,055	59,792	467,847
Accrued Wages and Benefits	1,064,324	193,847	1,258,171
Intergovernmental Payable	12,705	0	12,705
Unearned Revenue	1,152,199	0	1,152,199
Accrued Interest Payable	18,038	3,995	22,033
General Obligation Notes Payable	200,000	0	200,000
Noncurrent liabilities:			
Due within one year	8,896,922	939,024	9,835,946
Due in more than one year	15,059,537	8,407,168	23,466,705
Total Liabilities	26,811,780	9,603,826	36,415,606

CITY OF OREGON, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Assets:			
Invested in Capital Assets, Net of Related Debt	20,624,080	40,002,655	60,626,735
Restricted For:			
Capital Projects	7,822,033	0	7,822,033
Debt Service	2,947,233	0	2,947,233
Street Construction, Maintenance and Repair	921,212	0	921,212
Court Special Projects	303,156	0	303,156
Housing Assistance	158,763	0	158,763
Solid Waste	2,268,542	0	2,268,542
Storm Sewer Project	1,944,117	0	1,944,117
Street Lighting	912,388	0	912,388
Hazardous Waste Landfill	131,217	0	131,217
Perpetual Care:			
Nonexpendable	87,290	0	87,290
Other Purposes	1,996,123	0	1,996,123
Unrestricted	26,052,310	8,668,723	34,721,033
Total Net Assets	\$ 66,168,464	\$ 48,671,378	\$ 114,839,842

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Statement of Activities For the Year Ended December 31, 2011

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 10,250,066	\$ 307,703	\$ 119,633	\$ 352,663
Public Health and Welfare Services	431,052	70,029	0	0
Leisure Time Activities	861,070	232,469	0	32,122
Community Environment	1,040,571	192,723	192,516	0
Basic Utility Services	608,339	0	0	517,354
Transportation	7,466,485	32,496	1,068,135	508,846
General Government	5,182,463	1,690,354	0	0
Interest and Fiscal Charges	869,760	0	0	0
Total Governmental Activities	26,709,806	2,525,774	1,380,284	1,410,985
Business-Type Activities:				
Water	4,830,463	3,812,701	0	2,854,073
Sewer	4,490,731	4,549,228	0	0
Total Business-Type Activities	9,321,194	8,361,929	0	2,854,073
Totals	\$ 36,031,000	\$ 10,887,703	\$ 1,380,284	\$ 4,265,058

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
\$ (9,470,067)	\$ 0	\$ (9,470,067)
(361,023)	0	(361,023)
(596,479)	0	(596,479)
(655,332)	0	(655,332)
(90,985)	0	(90,985)
(5,857,008)	0	(5,857,008)
(3,492,109)	0	(3,492,109)
(869,760)	0	(869,760)
<u>(21,392,763)</u>	<u>0</u>	<u>(21,392,763)</u>
0	1,836,311	1,836,311
0	58,497	58,497
<u>0</u>	<u>1,894,808</u>	<u>1,894,808</u>
<u>(21,392,763)</u>	<u>1,894,808</u>	<u>(19,497,955)</u>
1,450,821	0	1,450,821
27,927,022	0	27,927,022
1,575,279	0	1,575,279
905,904	0	905,904
618,830	0	618,830
(359,640)	359,640	0
<u>32,118,216</u>	<u>359,640</u>	<u>32,477,856</u>
10,725,453	2,254,448	12,979,901
<u>55,443,011</u>	<u>46,416,930</u>	<u>101,859,941</u>
<u>\$ 66,168,464</u>	<u>\$ 48,671,378</u>	<u>\$ 114,839,842</u>

CITY OF OREGON, OHIO

Balance Sheet Governmental Funds December 31, 2011

	General	Special Assessment Bond Retirement	Street Construction, Maintenance and Repair
Assets:			
Cash and Cash Equivalents	\$ 1,316,754	\$ 10,912	\$ 31,284
Investments	21,589,056	0	521,375
Receivables:			
Taxes	4,569,283	0	0
Accounts	91,151	0	0
Intergovernmental	501,641	0	421,062
Interest	448,912	0	0
Special Assessments	40,863	2,904,757	0
Loans	0	0	0
Inventory of Supplies, at Cost	415,314	0	0
Prepaid Items	111,407	0	0
Total Assets	\$ 29,084,381	\$ 2,915,669	\$ 973,721
Liabilities:			
Accounts Payable	\$ 100,014	\$ 0	\$ 48,509
Accrued Wages and Benefits Payable	955,137	0	4,000
Intergovernmental Payable	12,705	0	0
Deferred Revenue	1,857,458	2,904,757	280,708
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
Total Liabilities	2,925,314	2,904,757	333,217
Fund Balances:			
Nonspendable	526,721	0	0
Restricted	0	10,912	640,504
Committed	181,025	0	0
Assigned	1,112,936	0	0
Unassigned	24,338,385	0	0
Total Fund Balances	26,159,067	10,912	640,504
Total Liabilities and Funds Balances	\$ 29,084,381	\$ 2,915,669	\$ 973,721

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 5,052,988	\$ 6,411,938
8,423,654	30,534,085
1,140,706	5,709,989
50,826	141,977
306,116	1,228,819
17	448,929
1,628,468	4,574,088
168,082	168,082
0	415,314
0	111,407
<u>\$ 16,770,857</u>	<u>\$ 49,744,628</u>
\$ 259,532	\$ 408,055
105,187	1,064,324
0	12,705
2,458,197	7,501,120
459	459
200,000	200,000
<u>3,023,375</u>	<u>9,186,663</u>
87,290	614,011
7,652,429	8,303,845
6,164,157	6,345,182
0	1,112,936
(156,394)	24,181,991
<u>13,747,482</u>	<u>40,557,965</u>
<u>\$ 16,770,857</u>	<u>\$ 49,744,628</u>

CITY OF OREGON, OHIO

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities December 31, 2011

Total Governmental Fund Balances	\$ 40,557,965
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	42,124,267
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	6,348,921
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.	990,613
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(23,853,302)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 66,168,464</u>

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, 2011

	General	Special Assessment Bond Retirement	Street Construction, Maintenance and Repair
Revenues:			
Property Taxes	\$ 830,572	\$ 0	\$ 0
Municipal Income Taxes	23,197,458	0	0
Intergovernmental Revenues	1,329,531	0	853,477
Charges for Services	1,515,710	0	29,930
Licenses, Permits and Fees	175,193	0	0
Investment Earnings	1,007,394	0	1,748
Special Assessments	7,466	142,807	0
Fines and Forfeitures	389,646	0	0
All Other Revenue	143,688	0	24,312
Total Revenue	28,596,658	142,807	909,467
Expenditures:			
Current:			
Security of Persons and Property	8,257,168	0	0
Public Health and Welfare Services	371,279	0	0
Leisure Time Activities	6,965	0	0
Community Environment	625,347	0	0
Basic Utility Services	0	0	0
Transportation	2,402,774	0	900,284
General Government	3,553,283	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	778,483	3,830,000
Interest & Fiscal Charges	0	671,967	76,600
Total Expenditures	15,216,816	1,450,450	4,806,884
Excess (Deficiency) of Revenues Over Expenditures	13,379,842	(1,307,643)	(3,897,417)
Other Financing Sources (Uses):			
Sale of Capital Assets	1,871	0	0
General Obligation Notes Issued	0	0	3,980,000
OPWC Loans Issued	0	0	0
OWDA Loans Issued	0	0	0
Transfers In	10,000	1,284,744	0
Transfers Out	(3,109,990)	0	0
Total Other Financing Sources (Uses)	(3,098,119)	1,284,744	3,980,000
Net Change in Fund Balances	10,281,723	(22,899)	82,583
Fund Balances at Beginning of Year, as Restated	15,877,459	33,811	557,921
Decrease in Inventory Reserve	(115)	0	0
Fund Balances End of Year	\$ 26,159,067	\$ 10,912	\$ 640,504

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 740,525	\$ 1,571,097
4,694,672	27,892,130
2,516,742	4,699,750
256,953	1,802,593
0	175,193
25,852	1,034,994
576,632	726,905
246,977	636,623
233,885	401,885
<u>9,292,238</u>	<u>38,941,170</u>
1,682,747	9,939,915
31,368	402,647
713,097	720,062
422,899	1,048,246
607,509	607,509
215,602	3,518,660
1,221,068	4,774,351
5,346,119	5,346,119
3,329,217	7,937,700
121,684	870,251
<u>13,691,310</u>	<u>35,165,460</u>
(4,399,072)	3,775,710
0	1,871
3,025,000	7,005,000
540,503	540,503
929,406	929,406
4,629,590	5,924,334
(3,173,984)	(6,283,974)
<u>5,950,515</u>	<u>8,117,140</u>
1,551,443	11,892,850
12,196,039	28,665,230
0	(115)
<u>\$ 13,747,482</u>	<u>\$ 40,557,965</u>

CITY OF OREGON, OHIO

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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 11,892,850

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. 601,302

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. (204,801)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,148,142)

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 loan principal along with other long-term obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (536,008)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 491

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. 156,923

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. (37,162)

Change in Net Assets of Governmental Activities \$ 10,725,453

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,098,110	\$ 1,098,110	\$ 830,572	\$ (267,538)
Municipal Income Taxes	13,258,779	13,150,871	21,887,897	8,737,026
Intergovernmental Revenue	1,065,809	1,065,809	1,190,721	124,912
Charges for Services	1,458,705	1,458,705	1,526,424	67,719
Licenses, Permits and Fees	185,000	185,000	175,405	(9,595)
Investment Earnings	700,000	700,000	700,283	283
Special Assessments	10,275	10,275	7,466	(2,809)
Fines and Forfeitures	450,000	450,000	391,837	(58,163)
All Other Revenues	103,000	103,000	151,760	48,760
Total Revenues	18,329,678	18,221,770	26,862,365	8,640,595
Expenditures:				
Current:				
Security of Persons and Property	8,308,983	8,429,426	8,107,712	321,714
Public Health and Welfare Services	468,970	473,317	394,667	78,650
Leisure Time Activities	7,100	7,100	7,100	0
Community Environment	702,528	704,008	629,542	74,466
Transportation	2,747,179	2,809,680	2,484,998	324,682
General Government	4,179,516	4,440,810	3,743,357	697,453
Total Expenditures	16,414,276	16,864,341	15,367,376	1,496,965
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,915,402	1,357,429	11,494,989	10,137,560
Other Financing Sources (Uses):				
Sale of Capital Assets	3,000	3,000	1,871	(1,129)
Transfers In	0	0	10,000	10,000
Transfers Out	(3,257,077)	(3,257,077)	(3,111,490)	145,587
Total Other Financing Sources (Uses):	(3,254,077)	(3,254,077)	(3,099,619)	154,458
Net Change In Fund Balance	(1,338,675)	(1,896,648)	8,395,370	10,292,018
Fund Balance at Beginning of Year	13,503,199	13,503,199	13,503,199	0
Prior Year Encumbrances	556,096	556,096	556,096	0
Fund Balance at End of Year	\$ 12,720,620	\$ 12,162,647	\$ 22,454,665	\$ 10,292,018

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) Street Construction, Maintenance and Repair Fund For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	\$ 750,000	\$ 750,000	\$ 858,191	\$ 108,191
Charges for Services	20,000	20,000	29,930	9,930
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	500	500	1,748	1,248
All Other Revenues	0	0	24,312	24,312
Total Revenues	770,500	770,500	914,181	143,681
Expenditures:				
Current:				
Transportation	878,100	956,808	934,841	21,967
Debt Service:				
Principal Retirement	3,830,000	3,830,000	3,830,000	0
Interest and Fiscal Charges	76,600	76,600	76,600	0
Total Expenditures	4,784,700	4,863,408	4,841,441	21,967
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,014,200)	(4,092,908)	(3,927,260)	165,648
Other Financing Sources (Uses):				
General Obligation Notes Issued	3,884,500	3,884,500	3,980,000	95,500
Total Other Financing Sources (Uses):	3,884,500	3,884,500	3,980,000	95,500
Net Change In Fund Balance	(129,700)	(208,408)	52,740	261,148
Fund Balance at Beginning of Year	430,894	430,894	430,894	0
Fund Balance at End of Year	\$ 301,194	\$ 222,486	\$ 483,634	\$ 261,148

See accompanying notes to the basic financial statements

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CITY OF OREGON, OHIO

Statement of Net Assets Proprietary Funds December 31, 2011

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Water	Sewer	Total	
ASSETS				
Current assets:				
Cash and Cash Equivalents	\$ 207,634	\$ 207,924	\$ 415,558	\$ 685,849
Investments	3,460,443	3,465,273	6,925,716	632,059
Accounts receivable (net of allow for uncollectibles)	669,683	720,042	1,389,725	0
Inventory of Supplies at Cost	544,665	7,186	551,851	0
Prepaid Items	34,204	29,118	63,322	4,325
Total current assets	4,916,629	4,429,543	9,346,172	1,322,233
Noncurrent assets:				
Capital assets:				
Property, Plant and Equipment	39,222,014	61,804,592	101,026,606	0
Construction in Progress	6,058,735	0	6,058,735	0
Less accumulated depreciation	(19,998,024)	(38,369,169)	(58,367,193)	0
Total noncurrent assets	25,282,725	23,435,423	48,718,148	0
Total assets	30,199,354	27,864,966	58,064,320	1,322,233
LIABILITIES				
Current liabilities:				
Accounts Payable	55,962	3,830	59,792	0
Accrued Wages and Benefits	103,306	90,541	193,847	0
Accrued Interest Payable	0	3,995	3,995	0
Compensated Absences Payable - Current	132,149	89,940	222,089	0
General Obligation Bonds Payable - Current	0	180,000	180,000	0
OWDA Loans Payable - Current	0	527,265	527,265	0
OPWC Loans Payable - Current	0	9,670	9,670	0
Total Current Liabilities	291,417	905,241	1,196,658	0
Noncurrent Liabilities:				
Workers Compensation Liability	0	0	0	120,736
General Obligation Bonds Payable	0	1,295,000	1,295,000	0
OWDA Loans Payable	0	6,573,020	6,573,020	0
OPWC Loans Payable	0	130,538	130,538	0
Compensated Absences Payable	199,516	209,094	408,610	0
Total noncurrent liabilities	199,516	8,207,652	8,407,168	120,736
Total Liabilities	490,933	9,112,893	9,603,826	120,736

CITY OF OREGON, OHIO

	Business-Type Activities Enterprise Funds			Governmental
	Water	Sewer	Total	Activities - Internal Service Funds
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	25,282,725	14,719,930	40,002,655	0
Unrestricted	4,425,696	4,032,143	8,457,839	1,201,497
Total Net Assets	<u>\$ 29,708,421</u>	<u>\$ 18,752,073</u>	<u>48,460,494</u>	<u>\$ 1,201,497</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			210,884	
Net Assets of Business-type Activities			<u>\$ 48,671,378</u>	

See accompanying notes to the basic financial statements

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CITY OF OREGON, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended December 31, 2011

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
Operating Revenues:				
Charges for Services	\$ 3,797,411	\$ 4,524,722	\$ 8,322,133	\$ 168,226
Other Operating Revenues	14,762	24,506	39,268	4,444
Total Operating Revenues	<u>3,812,173</u>	<u>4,549,228</u>	<u>8,361,401</u>	<u>172,670</u>
Operating Expenses:				
Personal Services	1,906,945	1,468,650	3,375,595	241,495
Contractual Services	1,133,842	439,768	1,573,610	0
Materials and Supplies	673,072	72,000	745,072	0
Utilities	306,047	389,510	695,557	0
Depreciation	788,923	1,951,050	2,739,973	0
Total Operating Expenses	<u>4,808,829</u>	<u>4,320,978</u>	<u>9,129,807</u>	<u>241,495</u>
Operating Income (Loss)	(996,656)	228,250	(768,406)	(68,825)
Non-Operating Revenue (Expenses):				
Interest and Fiscal Charges	0	(159,724)	(159,724)	0
Sale of Capital Assets	528	0	528	0
Total Non-Operating Revenues (Expenses)	528	(159,724)	(159,196)	0
Income (Loss) Before Contributions and Transfers	(996,128)	68,526	(927,602)	(68,825)
Capital Contributions	2,854,073	0	2,854,073	0
Transfers In	493,356	359,640	852,996	0
Transfers Out	0	(493,356)	(493,356)	0
Change in Net Assets	2,351,301	(65,190)	2,286,111	(68,825)
Net Assets Beginning of Year	27,357,120	18,817,263	46,174,383	1,270,322
Net Assets End of Year	<u>\$ 29,708,421</u>	<u>\$ 18,752,073</u>	<u>48,460,494</u>	<u>\$ 1,201,497</u>
Change in Net Assets - Total Enterprise Funds			2,286,111	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			(31,663)	
Change in Net Assets - Business-type Activities			<u>\$ 2,254,448</u>	

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2011

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$3,842,985	\$4,392,769	\$8,235,754	\$174,701
Cash Payments for Goods and Services	(2,137,877)	(939,462)	(3,077,339)	0
Cash Payments to Employees	(2,027,033)	(1,446,687)	(3,473,720)	(195,779)
Net Cash Provided (Used) for Operating Activities	(321,925)	2,006,620	1,684,695	(21,078)
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	493,356	359,640	852,996	0
Transfers Out to Other Funds	0	(493,356)	(493,356)	0
Net Cash Provided (Used) for Noncapital Financing Activities	493,356	(133,716)	359,640	0
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	0	(441,505)	(441,505)	0
Principal Paid on General Obligation Bonds	0	(175,000)	(175,000)	0
Principal Paid on				
Ohio Water Development Authority Loans	0	(508,827)	(508,827)	0
Principal Paid on				
Ohio Public Works Commission Loan	0	(14,504)	(14,504)	0
Interest Paid on All Debt	0	(160,631)	(160,631)	0
Net Cash Used for Capital and Related Financing Activities	0	(1,300,467)	(1,300,467)	0
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	(774,167)	(1,083,134)	(1,857,301)	(14,357)
Net Cash Used for Investing Activities	(774,167)	(1,083,134)	(1,857,301)	(14,357)
Net Decrease in Cash and Cash Equivalents	(602,736)	(510,697)	(1,113,433)	(35,435)
Cash and Cash Equivalents at Beginning of Year	810,370	718,621	1,528,991	721,284
Cash and Cash Equivalents at End of Year	\$207,634	\$207,924	\$415,558	\$685,849

CITY OF OREGON, OHIO

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Sewer	Totals	
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) for Operating Activities:</u>				
Operating Income (Loss)	(\$996,656)	\$228,250	(\$768,406)	(\$68,825)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:				
Miscellaneous Nonoperating Income	528	0	528	0
Depreciation Expense	788,923	1,951,050	2,739,973	0
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	30,812	(156,459)	(125,647)	2,031
Decrease (Increase) in Inventory	(19,600)	2,826	(16,774)	0
Increase in Prepaid Items	(2,211)	(1,426)	(3,637)	(125)
Decrease in Accounts Payable	(3,633)	(39,584)	(43,217)	(400)
Increase (Decrease) in Accrued Wages and Benefits	(1,186)	7,979	6,793	0
Increase in Workers' Compensation Liability	0	0	0	46,241
Increase (Decrease) in Compensated Absences	(118,902)	13,984	(104,918)	0
Total Adjustments	674,731	1,778,370	2,453,101	47,747
Net Cash Provided (Used) for Operating Activities	(\$321,925)	\$2,006,620	\$1,684,695	(\$21,078)

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2011, the Water Fund received capital assets from various sources in the amount of \$2,854,073.

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Statement of Assets and Liabilities Fiduciary Funds December 31, 2011

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 89,125
Total Assets	<u>\$ 89,125</u>
Liabilities:	
Intergovernmental Payable	78,502
Due to Others	<u>10,623</u>
Total Liabilities	<u>\$ 89,125</u>

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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, 2011 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

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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 that portion of the state levied and controlled gasoline tax and motor vehicle license fees designated for local street construction, maintenance and repair.

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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, 2011, but which are not intended to finance 2011 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 7.

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance 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 2011.

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 legal 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 by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of City Council. During 2011 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. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--General Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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 in the 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. On a budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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 the major special revenue fund:

	Net Change In Fund Balance	
	General Fund	Street Construction Maintenance and Repair Fund
GAAP Basis (as reported)	\$10,281,723	\$82,583
Increase (Decrease):		
Accrued Revenues at December 31, 2011 received during 2012	(3,848,898)	(140,354)
Accrued Revenues at December 31, 2010 received during 2011	2,142,448	145,068
Accrued Expenditures at December 31, 2011 paid during 2012	1,067,856	52,509
Accrued Expenditures at December 31, 2010 paid during 2011	(866,130)	(18,041)
2010 Prepays for 2011	101,199	0
2011 Prepays for 2012	(111,407)	0
Outstanding Encumbrances	(372,005)	(69,025)
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	584	0
Budget Basis	<u>\$8,395,370</u>	<u>\$52,740</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

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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 6, "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 6, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2011. 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, 2011.

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, 2011, 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

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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.

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.

2. Property, Plant and Equipment – Business Type Activities

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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 or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions

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

P. 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.

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 2011.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

The fund deficits at December 31, 2011 of \$48,280 in the E.M.S. Operating Fund (special revenue funds) and \$72,313 in the Water Project Fund (capital project fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. Deficits do not exist under the cash basis of accounting. The general fund provides operating transfers when cash is required, not when accruals occur.

B. Negative Fund Cash Balance

The following fund had a negative fund cash balance contrary to Ohio Revised Code Section 5705.10:

	<u>Amount</u>
<u>Special Revenue Fund</u>	
Police Grant	(\$17,073)
<u>Capital Projects Fund</u>	
Water Project	(\$74,484)

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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	\$515,679
Delinquent Property Tax Revenue	167,400
Shared Revenues	838,208
Interest Revenues	85,464
All Other Revenue	168,082
Special Assessment Revenue	<u>4,574,088</u>
	\$6,348,921

Long-Term liabilities not reported in the funds:

Special Assessment Bonds Payable	(\$139,000)
General Obligation Bonds Payable	(482,743)
OPWC Loans Payable	(2,510,326)
OWDA Loans Payable	(11,075,246)
Promissory Note Payable	(87,872)
Accrued Pension Liability	(49,021)
Accrued Interest on Long-Term Debt	(17,579)
Long-Term Notes Payable	(7,005,000)
Compensated Absences Payable	<u>(2,486,515)</u>
	(\$23,853,302)

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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	\$2,526,387
Depreciation Expense	<u>(1,925,085)</u>
	\$601,302

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$34,892
Decrease in Delinquent Property Tax	(120,276)
Decrease in Shared Revenue	(333,202)
Decrease in All Other Revenues	(10,812)
Decrease in Interest Revenue	(129,090)
Decrease in Special Assessment Revenue	<u>(589,654)</u>
	(\$1,148,142)

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$157,038
Decrease in supplies inventory	<u>(115)</u>
	\$156,923

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Special Assessment Bond Retirement Fund	Street Construction, Maintenance and Repair Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Principal	\$0	\$0	\$0	\$87,290	\$87,290
Prepaid Items	111,407	0	0	0	111,407
Supplies Inventory	415,314	0	0	0	415,314
Total Nonspendable	526,721	0	0	87,290	614,011
Restricted:					
Special Assessment Debt Service Payments	0	10,912	0	0	10,912
Street Construction and Maintenance	0	0	640,504	0	640,504
State Highway Improvement	0	0	0	45,490	45,490
Permissive Auto Tax	0	0	0	80,053	80,053
Drug Law Enforcement and Education	0	0	0	9,572	9,572
Police Grants	0	0	0	41,644	41,644
Police Levy	0	0	0	146,562	146,562
Drug Law Enforcement	0	0	0	148,806	148,806
DUI and Seatbelt Grant	0	0	0	16,719	16,719
Electronic Monitor Device	0	0	0	8,081	8,081
Indigent Drivers Alcohol Treatment	0	0	0	110,252	110,252
City Recreation	0	0	0	32,749	32,749
Legal Computer Research	0	0	0	148,105	148,105
Court Special Projects	0	0	0	303,156	303,156
Probation Services	0	0	0	46,650	46,650
IDIAMF	0	0	0	18,016	18,016
Community Development Block Grant	0	0	0	77,745	77,745
Housing Assistance	0	0	0	158,763	158,763
Local Law Enforcement Block Grant	0	0	0	191	191
Cedar Point Development	0	0	0	335,461	335,461
Revolving Loan	0	0	0	118,849	118,849
FEMA	0	0	0	5	5
Solid Waste	0	0	0	2,211,192	2,211,192
Storm Sewer Projects	0	0	0	1,915,503	1,915,503
Street Lighting	0	0	0	205,559	205,559
Sewer Maintenance	0	0	0	21,408	21,408
Street Construction	0	0	0	1,057,519	1,057,519
Cedar Point TIF	0	0	0	44,475	44,475
Street, Recreation and Building	0	0	0	345,236	345,236
General Bond Retirement	0	0	0	4,668	4,668
Total Restricted	0	10,912	640,504	7,652,429	8,303,845

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 4 – FUND BALANCE CLASSIFICATION (Continued)

Fund Balances	General Fund	Special Assessment Bond Retirement Fund	Street Construction, Maintenance and Repair Fund	Other Governmental Funds	Total Governmental Funds
Committed:					
Stabilization	181,025	0	0	0	181,025
Fire Operation	0	0	0	25,004	25,004
City Recreation	0	0	0	15,047	15,047
50th Anniversary	0	0	0	3,921	3,921
Hazardous Waste	0	0	0	131,217	131,217
Fire Pumper	0	0	0	4,384	4,384
Parkland Acquisition	0	0	0	200,126	200,126
Water Construction	0	0	0	2,401,506	2,401,506
Sewer Construction	0	0	0	2,180,806	2,180,806
StormSewer Construction	0	0	0	1,196,401	1,196,401
Economic Development	0	0	0	5,745	5,745
Total Committed	<u>181,025</u>	<u>0</u>	<u>0</u>	<u>6,164,157</u>	<u>6,345,182</u>
Assigned	1,112,936	0	0	0	1,112,936
Unassigned	24,338,385	0	0	(156,394)	24,181,991
Total Fund Balances	<u>\$26,159,067</u>	<u>\$10,912</u>	<u>\$640,504</u>	<u>\$13,747,482</u>	<u>\$40,557,965</u>

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE – RESTATEMENT OF FUND BALANCE

For 2011 the City implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and Statement No. 59, “Financial Instruments Omnibus”.

Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions. While the application of this new standard did not have an effect on total prior year fund balances, it did result in the reclassification of funds as detailed below:

	General Fund	Special Assessment Bond Retirement Fund	S.C.M.R Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance at December 31, 2010	\$15,852,241	\$33,811	\$557,921	\$12,221,257	\$28,665,230
Fund Reclassification	25,218	0	0	(25,218)	0
Fund Balance, as restated	<u>\$15,877,459</u>	<u>\$33,811</u>	<u>\$557,921</u>	<u>\$12,196,039</u>	<u>\$28,665,230</u>

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change in the City’s financial statements.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 6 - 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, 2011

NOTE 6 - 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 county, 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 \$17,408,495 and the bank balance was \$18,441,240. The Federal Deposit Insurance Corporation (FDIC) covered \$750,242 of the bank balance and \$17,690,998 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>\$17,690,998</u>
Total Balance	<u><u>\$17,690,998</u></u>

Investment earnings of \$502,887 earned by other funds were credited to the General Fund as required by local statute.

B. Investments

The City's investments at December 31, 2011 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>
FHLB	\$9,541,050	AAA ¹ / Aaa ²	\$3,000,360	\$2,502,400	\$4,038,290
FHLMC	4,012,140	AAA ¹ / Aaa ²	0	0	4,012,140
FNMA	14,598,670	AAA ¹ / Aaa ²	0	1,021,770	13,576,900
STAR Ohio	193,975	AAAm ¹	193,975	0	0
Total Investments	<u>\$28,345,835</u>		<u>\$3,194,335</u>	<u>\$3,524,170</u>	<u>\$21,627,330</u>

¹ Standard & Poor's

² Moody's Investor Service

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 6 - 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. Investments in Star Ohio were rated AAAM by Standard & Poor’s.

Custodial Credit Risk – The City’s investments in FHLB, FHLMC and FNMA securities in the amounts of \$9,541,050, \$4,012,140 and \$14,538,670, 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, 33.7% are FHLB, 14.2% are FHLMC, 51.4% are FNMA and 0.7% 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	\$7,602,470	\$38,091,860
Certificates of Deposit (with maturities of more than 3 months)	10,000,000	(10,000,000)
Investments:		
STAR Ohio	(193,975)	193,975
Per Footnote	<u>\$17,408,495</u>	<u>\$28,285,835</u>

NOTE 7 - 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 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, 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

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 7 - TAXES (Continued)

A. Property Taxes (Continued)

Tangible personal property tax revenues received in 2011 (other than public utility property) represent the collection of 2011 taxes. Tangible personal property taxes received in 2011 were levied after October 1, 2010, on the true value as of January 1, 2010. 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 was eliminated in 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 was fully reimbursed for the lost revenue. In calendar years 2011-2012, 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 Lucas 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, 2011 was \$3.50 per \$1,000 of assessed value. The assessed value upon which the 2011 tax receipts were based was \$494,804,074. This amount constitutes \$455,685,834 in real property assessed value and \$39,118,240 in public utility 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, 2011

NOTE 7 - 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 8 - RECEIVABLES

Receivables at December 31, 2011 consisted of taxes, interest, loans, accounts receivable, special assessments and intergovernmental receivables.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2011:

	Transfers In:					
	General Fund	Special Assessment Bond Retirement Fund	Other Governmental Funds	Water Fund	Sewer Fund	Total
Transfers Out:						
General Fund	\$0	\$0	\$3,109,990	\$0	\$0	\$3,109,990
Other Governmental Funds	10,000	1,284,744	1,519,600	0	359,640	3,173,984
Sewer Fund	0	0	0	493,356	0	493,356
	<u>\$10,000</u>	<u>\$1,284,744</u>	<u>\$4,629,590</u>	<u>\$493,356</u>	<u>\$359,640</u>	<u>\$6,777,330</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 \$6,417,690 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, 2011

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2011:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$4,847,274	\$0	(\$193,466)	\$4,653,808
Construction in Progress	7,963,881	807,236	(3,209,756)	5,561,361
Subtotal	12,811,155	807,236	(3,403,222)	10,215,169
<i>Capital assets being depreciated:</i>				
Land Improvements	3,077,707	43,572	0	3,121,279
Buildings and Improvements	7,689,320	81,847	0	7,771,167
Machinery and Equipment	4,001,275	135,522	(59,292)	4,077,505
Vehicles	6,322,246	406,790	(20,398)	6,708,638
Infrastructure	43,069,803	4,261,176	0	47,330,979
Subtotal	64,160,351	4,928,907	(79,690)	69,009,568
Total Cost	\$76,971,506	\$5,736,143	(\$3,482,912)	\$79,224,737

Accumulated Depreciation:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Land Improvements	(\$1,512,816)	(\$141,815)	\$0	(\$1,654,631)
Buildings and Improvements	(4,931,704)	(187,433)	0	(5,119,137)
Machinery and Equipment	(2,871,332)	(171,900)	47,957	(2,995,275)
Vehicles	(4,274,258)	(453,802)	20,398	(4,707,662)
Infrastructure	(21,653,630)	(970,135)	0	(22,623,765)
Total Depreciation	(\$35,243,740)	(\$1,925,085) *	\$68,355	(\$37,100,470)
<i>Net Value:</i>	\$41,727,766			\$42,124,267

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$343,652
Public Health and Welfare Services	18,094
Leisure Time Activities	146,189
Community Environment	15,199
Transportation	1,255,509
General Government	146,442
Total Depreciation Expense	\$1,925,085

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 10 - CAPITAL ASSETS (continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2011:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$756,016	\$0	\$0	\$756,016
Construction in Progress	7,402,010	5,100,745	(6,444,020)	6,058,735
Subtotal	8,158,026	5,100,745	(6,444,020)	6,814,751
<i>Capital assets being depreciated:</i>				
Buildings and Distributions	80,234,032	4,304,699	0	84,538,731
Machinery and Equipment	14,661,546	186,966	0	14,848,512
Vehicles	796,079	99,571	(12,303)	883,347
Subtotal	95,691,657	4,591,236	(12,303)	100,270,590
Total Cost	\$103,849,683	\$9,691,981	(\$6,456,323)	\$107,085,341

Accumulated Depreciation:

Class	Restated December 31, 2010	Additions	Deletions	December 31, 2011
Buildings and Distributions	(\$51,442,562)	(\$2,321,563)	\$0	(\$53,764,125)
Machinery and Equipment	(3,494,997)	(381,720)	0	(3,876,717)
Vehicles	(701,964)	(36,690)	12,303	(726,351)
Total Depreciation	(\$55,639,523)	(\$2,739,973)	\$12,303	(\$58,367,193)
<i>Net Value:</i>	\$48,210,160			\$48,718,148

The asset class balances for accumulated depreciation changed in the December 31, 2010 column to correct a classification error from the previous year. The total amount of capital assets did not change.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 11 – 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 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 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. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011. 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, 2011, 2010, and 2009 were \$1,165,294, \$1,200,753 and \$1,158,060, respectively, or 87.4% of the required contributions for 2011 and 100% of the required contributions for 2010 and 2009. The unpaid contribution to fund pension obligations for 2011, in the amount of \$146,625, is recorded as a liability within the respective funds.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 11 – 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 2011, 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, 2011, 2010, and 2009 were \$637,142, \$630,527 and \$830,760 for police and \$224,196, \$207,158 and \$209,046 for firefighters, respectively, or 70.7% and 74.2%, respectively of the required contributions for 2011 and 100% of the required contributions for 2010 and 2009. The unpaid contribution to fund pension obligations for 2011, in the amounts of \$185,658 for police and \$57,774 for fire, is recorded as a liability within the respective funds.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 - 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.

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.

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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 2011, local government employers contributed at a rate of 14.0% 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. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. 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, 2011, 2010, and 2009 were \$332,941, \$436,229 and \$485,971, respectively, or 87.4% of the required contributions for 2011 and 100% of the required contributions for 2010 and 2009.

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.

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 12 - 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 2011, 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, 2011, 2010, and 2009 were \$220,549, \$218,259 and \$287,571 for police and \$63,055, \$58,263 and \$58,794 for firefighters, respectively, or 70.7% and 74.2% respectively, of the required contributions for 2011 and 100% of the required contributions for 2010 and 2009.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 13 - 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, 2011, the City's accumulated, unpaid compensated absences amounted to \$3,117,214, of which \$2,486,515 is recorded as a liability of the Governmental Activities and \$630,699 is recorded as a liability of the Business-Type Activities.

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2011 was as follows:

	Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011	Amount Due Within One Year
Governmental Activities Long-Term Debt:					
General Obligation Bonds:					
4.67% Land Acquisition	\$576,986	\$0	(\$94,243)	\$482,743	\$98,625
Special Assessment Bonds Payable with Governmental Commitment:					
6.95% Wynnscape/Lallendorf	32,500	0	(32,500)	0	0
5.25% York Street Waterline	158,000	0	(19,000)	139,000	20,000
Total Special Assessment Bonds Payable with Governmental Commitment	190,500	0	(51,500)	139,000	20,000

(Continued)

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 14 - LONG-TERM DEBT (Continued)

	Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011	Amount Due Within One Year
Governmental Activities Long-Term Debt:					
Promissory Note Payable:					
4.22% Circuit 715 Lighting	107,641	0	(19,769)	87,872	20,612
Ohio Public Works Commission Loans:					
0.00% Zebra Mussel Control - Raw Water Intake	177,891	0	(23,204)	154,687	15,470
0.00% Water Plant Renovations - Phase I	248,344	0	(29,801)	218,543	19,867
0.00% Water Treatment Plant Improvements - Phase II	261,405	0	(30,162)	231,243	20,108
0.00% Bayshore Bridge	6,943	0	(4,168)	2,775	2,779
0.00% Water Treatment Plant Improvements - Phase III	337,500	0	(37,500)	300,000	25,000
0.00% Water Treatment Plant Improvements - Phase IV	445,150	0	(46,050)	399,100	30,700
0.00% Water Treatment Plant Improvements - Phase V	65,106	0	(6,301)	58,805	4,201
0.00% South Shore Park Waterline - Phase II	54,392	0	(4,799)	49,593	3,200
0.00% Elevated Storage Tank	388,297	61,703	(11,250)	438,750	22,500
0.00% Sanitary Sewer Rehabilitation	200,000	0	(10,000)	190,000	10,000
0.00% Big Ditch Improvement	0	478,800	(11,970)	466,830	23,940
Total Ohio Public Works Commission Loans	2,185,028	540,503	(215,205)	2,510,326	177,765
Ohio Water Development Authority Loans:					
4.28% Waterplant Renovation - Phase I & II	6,477,089	0	(472,217)	6,004,872	492,644
3.65% Waterplant Renovation - Phase III	1,431,028	0	(97,943)	1,333,085	101,551
3.52% Elevated Storage Tank	2,964,706	929,406	(156,823)	3,737,289	162,391
Total Ohio Water Development Authority Loans Payable	10,872,823	929,406	(726,983)	11,075,246	756,586
Long-Term Notes Payable:					
0.78% Wheeling Street Improvements	1,690,000	0	(1,690,000)	0	0
0.78% Wheeling Street Improvements	2,140,000	0	(2,140,000)	0	0
0.76% Big Ditch/Stadium Improvements	3,000,000	0	(3,000,000)	0	0
0.69% Wheeling Street Improvements	0	3,980,000	0	3,980,000	3,980,000
0.69% Big Ditch/Stadium Improvements	0	3,025,000	0	3,025,000	3,025,000
Total Long-Term Notes Payable	6,830,000	7,005,000	(6,830,000)	7,005,000	7,005,000
Compensated Absences	2,643,553	2,486,515	(2,643,553)	2,486,515	817,082
Workers Compensation Liability	74,495	46,241	0	120,736	0
Police and Firemen's Pension Accrued Liability	50,222	0	(1,201)	49,021	1,252
Total Governmental Activities Long-Term Debt	\$23,531,248	\$11,007,665	(\$10,582,454)	\$23,956,459	\$8,896,922

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 14 - LONG-TERM DEBT (Continued)

	Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011	Amount Due Within One Year
Business-Type Long-Term Debt:					
General Obligation Bond:					
3.25% Sewer Improvement	\$1,650,000	\$0	(\$175,000)	\$1,475,000	\$180,000
Ohio Public Works Commission Loan:					
0.00% Eastwyck Sanitary Pump Station	154,712	0	(14,504)	140,208	9,670
Ohio Water Development Authority Loans:					
7.51% Bayshore Sewer (1063)	0	0	0	0	0
2.20% North Oregon Sewer (SRFA)	140,667	0	(34,020)	106,647	34,773
4.80% North Oregon Sewer (SRFB)	141,965	0	(33,007)	108,958	34,611
3.80% Seaman Road Trunk Sewer - Phase I	985,040	0	(73,663)	911,377	76,488
3.95% Seaman Road Trunk Sewer - Phase II	1,642,951	0	(103,932)	1,539,019	108,077
3.50% Stadium Road Sewer	2,310,271	0	(136,524)	2,173,747	141,344
3.35% Pickle Road Sewer	1,945,094	0	(106,172)	1,838,922	109,759
3.25% Coy Road Sewer	443,124	0	(21,509)	421,615	22,213
Total Ohio Water Development Authority Loans	7,609,112	0	(508,827)	7,100,285	527,265
Compensated Absences	735,617	630,699	(735,617)	630,699	222,089
Total Business-Type Activities Long-Term Debt	\$10,149,441	\$630,699	(\$1,433,948)	\$9,346,192	\$939,024

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 14 - LONG-TERM DEBT (Continued)

A. Special Assessments

The principal amount of the City's special assessment debt outstanding at December 31, 2011 of \$139,000, 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 \$10,912 in the Special Assessment Bond Retirement Fund at December 31, 2011 is reserved for the retirement of outstanding special assessment bonds. Delinquent special assessments at year end were \$91,541.

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, 2011 was \$49,021 in principal and \$28,905 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, 2011, follows:

Years	<u>Governmental Activities</u>					
	<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>
2012	\$98,625	\$21,763	\$20,000	\$7,298	\$20,612	\$3,493
2013	103,414	16,974	21,000	6,248	21,491	2,614
2014	108,369	12,019	23,000	5,145	22,407	1,698
2015	113,530	6,858	24,000	3,938	23,362	742
2016	58,805	1,388	25,000	2,678	0	0
2017-2020	0	0	26,000	1,365	0	0
Totals	<u>\$482,743</u>	<u>\$59,002</u>	<u>\$139,000</u>	<u>\$26,672</u>	<u>\$87,872</u>	<u>\$8,547</u>

CITY OF OREGON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - 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
2012	\$756,586	\$450,157	\$177,765	\$0	\$1,252	\$2,070
2013	767,481	419,340	174,984	0	1,306	2,016
2014	793,592	387,257	177,763	0	1,362	1,960
2015	820,807	353,859	177,763	0	1,421	1,902
2016	849,174	319,189	177,763	0	1,482	1,841
2017-2021	5,588,221	1,098,593	1,060,523	0	8,419	8,193
2022-2026	872,786	193,795	401,035	0	10,389	6,223
2027-2031	626,599	114,114	162,730	0	10,025	3,252
2032-2035	0	0	0	0	13,365	1,448
Totals	<u>\$11,075,246</u>	<u>\$3,336,304</u>	<u>\$2,510,326</u>	<u>\$0</u>	<u>\$49,021</u>	<u>\$28,905</u>

Business-Type Activities

Years	General Obligation Bonds		OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$180,000	\$67,945	\$527,265	\$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	215,000	41,856	532,154	199,560	9,670	0
2016	220,000	31,913	551,501	180,213	9,670	0
2017-2021	470,000	32,838	3,073,367	585,201	48,350	0
2022-2026	0	0	1,260,809	94,979	43,508	0
Totals	<u>\$1,475,000</u>	<u>\$285,645</u>	<u>\$7,100,285</u>	<u>\$1,781,492</u>	<u>\$140,208</u>	<u>\$0</u>

CITY OF OREGON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 15 - 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, 2011:

	Maturity Date	Balance December 31, 2010	Issued (Retired)	Balance December 31, 2011
Capital Projects Notes Payable:				
0.78% Aerial Pumper	2011	\$300,000	(\$300,000)	\$0
0.78% Aerial Pumper	2012	0	200,000	200,000
Total Capital Projects Notes Payable		<u>\$300,000</u>	<u>(\$100,000)</u>	<u>\$200,000</u>

NOTE 16 - CONSTRUCTION COMMITMENTS

As of December 31, 2011, the City had the following commitments with respect to capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Wheeling Street Improvements	\$173,495	June 2012
Big Ditch (Stadium Road) Enclosure	178,708	June 2012
Seaman Road Storm Improvement Project	742,944	September 2013
Wheeling Street Bridge over Otter	644,112	December 2014
Oregon Flood Relief and Erosion Control	5,374,408	December 2014
Total	<u>\$7,113,667</u>	

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 17 - 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>
2009	\$0	\$26,005	(\$26,005)	\$0
2010	0	31,157	(31,157)	0
2011	0	29,261	(29,261)	0

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 17 - 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 2011. Changes in the Workers' Compensation Internal Service Fund's claims liability for the past three 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>
2009	\$50,313	\$77,541	(\$67,325)	\$60,529
2010	60,529	123,809	(109,843)	74,495
2011	74,495	186,777	(140,536)	120,736

NOTE 18 - 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.

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Members of City Council and
Members of the Audit Committee
City of Oregon, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oregon, Lucas County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Oregon, Ohio's basic financial statements and have issued our report thereon dated June 13, 2012, wherein we noted that the City implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and restated the December 31, 2010 fund balance of the governmental funds due to a change in fund structure. 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 Control Over Financial Reporting

Management of the City of Oregon, Ohio, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Oregon, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Oregon, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Oregon, Ohio's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings to be a material weakness and which is listed as **Finding 2011-001**.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Oregon, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as **Finding 2011-002**.

We also noted a certain other matter that we reported to the management of the City of Oregon, Ohio, in a separate letter dated June 13, 2012.

The City of Oregon, Ohio's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the City of Oregon, Ohio's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, members of City Council, members of the Audit Committee, others within the entity, 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

June 13, 2012

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Members of City Council and
Members of the Audit Committee
City of Oregon, Ohio

Compliance

We have audited the City of Oregon, Lucas County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Oregon, Ohio's major federal programs for the year ended December 31, 2011. The City of Oregon, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Oregon, Ohio's management. Our responsibility is to express an opinion on the City of Oregon, Ohio'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 federal program occurred. An audit includes examining, on a test basis, evidence about the City of Oregon, Ohio'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 of the City of Oregon, Ohio's compliance with those requirements.

As described in **Finding 2011-003** in the accompanying Schedule of Findings, the City of Oregon, Ohio, did not comply with the Schedule of Expenditures of Federal Awards reporting requirements applicable to its Capitalization Grants for Drinking Water State Revolving Funds major federal program. Compliance with this requirement is necessary, in our opinion, for the City of Oregon, Ohio, to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Oregon, Ohio, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City of Oregon, Ohio, 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 of Oregon, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Oregon, Ohio's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as **Finding 2011-003** to be a material weakness.

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

This report is intended solely for the information and use of management, members of City Council, members of the Audit Committee, others within the entity, 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

June 13, 2012

CITY OF OREGON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed Through Lucas County</i>			
Community Development Block Grants/Entitlement Grants Neighborhood Stabilization Program Grant	14.218	n/a	\$ 2,500
<i>Passed Through the Ohio Department of Development</i>			
Community Development Block Grants/State's Program			
Community Development Block Grants/State's Program	14.228	A-F-10-2DB-1	68,948
Community Development Block Grants/State's Program	14.228	A-F-11-2DB-1	5,828
<i>Total CFDA #14.228</i>			<u>74,776</u>
HOME Investment Partnerships Program	14.239	A-C-10-2DB-1&2	105,653
Total U.S. Department of Housing and Urban Development			<u>182,929</u>
<u>U.S. Department of the Interior</u>			
<i>Passed through Fish and Wildlife Service</i>			
Coastal Program			
Wolf Creek Riparian Corridor	15.630	n/a	17,859
Total U.S. Department of the Interior			<u>17,859</u>
<u>U.S. Department of Justice</u>			
<i>Direct Program</i>			
Bullet Proof Vest Partnership Program	16.607	2009	1,590
Bullet Proof Vest Partnership Program	16.607	2010	2,385
Bullet Proof Vest Partnership Program	16.607	2011	9,540
<i>Total CFDA #16.607</i>			<u>13,515</u>
<i>Passed through Criminal Justice Coordinating Committee</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	2009-RA-LE-9020	2,034
Total U.S. Department of Justice			<u>15,549</u>
<u>U.S. Department of Transportation</u>			
<i>Passed Through the Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction Grant-CMAQ Intersection Upgrade	20.205	PID82133	28,950
ARRA - Highway Planning and Construction Grant-Otter Creek Rd. Imp.	20.205	PID86352	332,004
<i>Total CFDA #20.205</i>			<u>360,954</u>
State and Community Highway Safety			
Drunk Driving Prevention Incentive Grants - 2011	20.600	n/a	25,977
Total U.S. Department of Transportation			<u>386,931</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed through Ohio Emergency Management Agency</i>			
Buffer Zone Protection Program (BZPP)	97.078	2010-BZ-T0-0028	41,644
Total U.S. Department of Homeland Security			<u>41,644</u>
<u>U.S. Environmental Protection Agency - Office of Water</u>			
<i>Passed through Ohio Water Development Agency</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	5034	898,972
Total U.S. Environmental Protection Agency - Office of Water			<u>898,972</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,543,884</u>

See accompanying notes to the supplemental Schedule of Federal Awards.

CITY OF OREGON, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE 2: MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**CITY OF OREGON, OHIO
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 & §.505
DECEMBER 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

2011(i)	Type of Financial Statement Opinion	Unqualified
2011(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
2011(ii)	Were there any other significant deficiencies identified not considered to be material weaknesses reported at the financial statement level (GAGAS)?	No
2011(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
2011(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
2011(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
2011(v)	Type of Major Programs' Compliance Opinions	
	Highway Planning and Construction Cluster - Unqualified	
	Capitalization Grants for Drinking Water State Revolving Funds - Qualified	
2011(vi)	Are there any audit findings under .510?	Yes
2011(vii)	Major Programs (list):	
	Highway Planning and Construction Cluster:	
	Highway Planning and Construction Grant - CFDA #20.205	
	ARRA - Highway Planning and Construction Grant - CFDA #20.205	
	Capitalization Grants for Drinking Water State Revolving Funds - CFDA #66.468	
2011(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 Type B: All Others
2011(ix)	Low Risk Auditee?	No

**CITY OF OREGON, OHIO
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 & §.505
DECEMBER 31, 2011
(CONTINUED)**

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

Finding No. 2011-001 - Material Weakness - Bank Reconciliations

Statement of Condition/Criteria

Based on our audit of the cash function of the City, we noted that the City prepares bank account reconciliations monthly; however, the accounts are not reconciled to the Fund Balance Report. As of December, 31, 2011, the City's bank account reconciliations exceeded the Fund Balance Report by \$149,638.

Cause/Effect

Bank account reconciliations were not reconciled to the Fund Balance Report. During the year, the reconciliations were incomplete since the unreconciled difference was not investigated. Not reconciling the bank accounts to the Fund Balance Report prevents the City from discovering if all cash transactions have been recorded correctly or if there is a bank error.

Recommendation

We recommend that the City reconcile all bank accounts to the Fund Balance Report each month. This reconciliation and a review of bank reconciliations should include follow-up on any unreconciled differences. If there is a difference, the City should investigate and correct it immediately and record any adjusting journal entries deemed necessary. If accurate reconciliations are not conducted in a timely manner, immaterial differences can accumulate to a significant amount that makes the reconciliation process more difficult.

City's Response

The City will work with its software vendor to resolve this on-going issue.

**CITY OF OREGON, OHIO
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 & §.505
DECEMBER 31, 2011
(CONTINUED)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding 2011-002 - Material Noncompliance - Negative Fund Balance

Statement of Condition/Criteria

Ohio Revised 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.

Cause/Effect

At December 31, 2011, the Water Project Fund and the Police Grant Fund had negative balances of \$74,484 and \$17,073, respectively.

Recommendation

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.

City's Response

While Fund 229, the Police Grant Fund, had a negative balance at the end of 2011, the City had an outstanding receivable in Fund 229 for the Buffer Zone Protection Program from the Ohio Emergency Management Agency, in the amount of \$41,644. The receivable was received and recorded in January 2012.

The City anticipates closing out the OWDA Elevated Tank and Trunk Main project in June 2012. At that time, a final pay request from OWDA will be processed.

**CITY OF OREGON, OHIO
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 & §.505
DECEMBER 31, 2011
(CONTINUED)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding 2011-003 - Material Weakness/Noncompliance - Schedule of Expenditures of Federal Awards

Statement of Condition/Criteria

OMB Circular A-133 Subpart C Section .300(a) states that an auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. 40 C.F.R. 31.20 states, in part: (b)(2) Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. In 2011, the City expended \$898,972 of Federal monies for the Capitalization Grants for Drinking Water State Revolving Program, but did not include this information on the City's Schedule of Expenditures of Federal Awards. In addition, the City did not segregate one grant's funds between the Federal share and the City's share on its books.

Cause/Effect

At December 31, 2011, the City did not include Federal funds received and expended for the Capitalization Grants for Drinking Water State Revolving Fund Program on its Schedule of Expenditures of Federal Awards. Excluding this information from the Schedule prevents the City and the Environmental Protection Agency - Office of Water from monitoring and tracking the spending of Federal funds. Although the City recorded these monies on its books, the City was not aware that such funds were Federal in nature and subject to special reporting. Also, due to lack of proper documentation, Federal funds and the City's share of funds for one grant were reported in total (the aggregate) on the Schedule of Expenditures of Federal Awards.

Recommendation

We recommend that the City periodically review grants and loans and the related regulations to assist in establishing any funds or account codes necessary to properly account for and report Federal grants on the Schedule of Expenditures of Federal Awards in order to be in compliance with OMB Circular A-133.

City's Response

The Capitalization Grant for Drinking Water State Revolving Fund Program was administered through the Ohio Water Development Authority (OWDA). Other OWDA administered funds are not included on the Schedule of Expenditures of Federal Awards. The City will comply with the regulations and with OMB Circular A-133.

**CITY OF OREGON, OHIO
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain.
2010-001	Bank Reconciliations	No	Not Corrected; Repeated as Finding 2011-001.
2010-002	Capital Assets	Yes	Corrected.
2010-003	Improper Recording of Internal Borrowings	Yes	Corrected.
2010-004	Citation ORC 5905.10 Negative Fund Balance	No	Not Corrected; Repeated as Finding 2011-002.

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



Dave Yost • 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 25, 2012