

CITY OF OBERLIN, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2009

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



Mary Taylor, CPA
Auditor of State

Members of City Council
City of Oberlin
69 South Main Street
Oberlin, Ohio 44074

We have reviewed the *Independent Auditor's Report* of the City of Oberlin, Lorain County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 21, 2010

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

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To Members of City Council
City of Oberlin, Ohio

The Honorable Mary Taylor
Auditor of State
State of 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 Oberlin, Lorain County, Ohio as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Oberlin, 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 Oberlin, Ohio, as of December 31, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2010, on our consideration of the City of Oberlin, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 the 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 assurance.



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

May 25, 2010

CITY OF OBERLIN, OHIO

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

Unaudited

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2009 are as follows:

- ❑ In total, net assets increased \$645,817. Net assets of governmental activities decreased \$19,569 from 2008. Net assets of business-type activities increased \$665,386 from 2008.
- ❑ General revenues accounted for \$10.0 million in revenue or 36% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 64% of total revenues of \$27.7 million.
- ❑ The City had \$11.9 million in expenses related to governmental activities; only \$2 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$9.6 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$8.2 million in revenues and \$7.4 million in expenditures. The general fund's fund balance, including transfers, increased \$247,018 to \$9,831,686.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. 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 OBERLIN, OHIO

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

Unaudited

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting 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 the changes in net assets from the prior year. 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.
- To assess the overall health of the City, additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City need to be considered.

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

- Governmental Activities – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, electric, refuse and cable 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance municipal services programs. 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 OBERLIN, OHIO

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

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$18,732,822	\$13,479,580	\$18,848,870	\$18,958,041	\$37,581,692	\$32,437,621
Capital assets, Net	31,978,084	31,794,788	20,898,242	18,657,327	52,876,326	50,452,115
Total assets	50,710,906	45,274,368	39,747,112	37,615,368	90,458,018	82,889,736
Long-term debt outstanding	5,245,633	5,104,012	7,217,613	5,791,988	12,463,246	10,896,000
Other liabilities	7,063,371	1,748,885	687,672	646,939	7,751,043	2,395,824
Total liabilities	12,309,004	6,852,897	7,905,285	6,438,927	20,214,289	13,291,824
Net assets						
Invested in capital assets, net of related debt	26,311,152	27,446,483	14,515,955	14,008,505	40,827,107	41,454,988
Restricted	2,880,599	3,806,968	0	0	2,880,599	3,806,968
Unrestricted	9,210,151	7,168,020	17,325,872	17,167,936	26,536,023	24,335,956
Total net assets	<u>\$38,401,902</u>	<u>\$38,421,471</u>	<u>\$31,841,827</u>	<u>\$31,176,441</u>	<u>\$70,243,729</u>	<u>\$69,597,912</u>

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CITY OF OBERLIN, OHIO

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

Unaudited

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,390,985	\$1,370,265	\$14,884,849	\$13,901,290	\$16,275,834	\$15,271,555
Operating Grants and Contributions	679,901	333,125	0	0	679,901	333,125
Capital Grants and Contributions	3,449	771,170	756,600	267,815	760,049	1,038,985
General revenues:						
Property Taxes	876,225	887,408	349,426	352,804	1,225,651	1,240,212
Municipal Income Taxes	5,180,583	4,679,676	80,868	550,535	5,261,451	5,230,211
Shared Revenues	1,829,613	1,573,053	0	0	1,829,613	1,573,053
Investment Earnings	844,566	893,291	747	95,167	845,313	988,458
Miscellaneous	837,652	779,054	0	0	837,652	779,054
Total revenues	<u>11,642,974</u>	<u>11,287,042</u>	<u>16,072,490</u>	<u>15,167,611</u>	<u>27,715,464</u>	<u>26,454,653</u>
Program Expenses						
Security of Persons and Property	\$ 3,287,438	3,388,212	0	0	3,287,438	3,388,212
Public Health and Welfare Services	35,993	121,597	0	0	35,993	121,597
Leisure Time Activities	761,674	744,620	0	0	761,674	744,620
Community Development	1,007,452	639,827	0	0	1,007,452	639,827
Basic Utility Services	161,023	251,212	0	0	161,023	251,212
Transportation	2,897,040	1,770,277	0	0	2,897,040	1,770,277
General Government	3,492,831	3,321,550	0	0	3,492,831	3,321,550
Interest and Fiscal Charges	229,910	264,325	0	0	229,910	264,325
Cable	0	0	2,125	11,045	2,125	11,045
Water	0	0	1,512,777	2,622,647	1,512,777	2,622,647
Sewer	0	0	1,678,868	1,452,526	1,678,868	1,452,526
Refuse	0	0	708,741	659,698	708,741	659,698
Electric	0	0	11,293,775	10,180,467	11,293,775	10,180,467
Total expenses	<u>11,873,361</u>	<u>10,501,620</u>	<u>15,196,286</u>	<u>14,926,383</u>	<u>27,069,647</u>	<u>25,428,003</u>
Excess (deficiency) before Transfers	(230,387)	785,422	876,204	241,228	645,817	1,026,650
Transfers In (Out)	210,818	175,502	(210,818)	(175,502)	0	0
Total Change in Net Assets	<u>(19,569)</u>	<u>960,924</u>	<u>665,386</u>	<u>65,726</u>	<u>645,817</u>	<u>1,026,650</u>
Beginning Net Assets, as Restated	<u>38,421,471</u>	<u>37,460,547</u>	<u>31,176,441</u>	<u>31,110,715</u>	<u>69,397,912</u>	<u>68,571,262</u>
Ending Net Assets	<u><u>\$38,401,902</u></u>	<u><u>\$38,421,471</u></u>	<u><u>\$31,841,827</u></u>	<u><u>\$31,176,441</u></u>	<u><u>\$70,243,729</u></u>	<u><u>\$69,597,912</u></u>

CITY OF OBERLIN, OHIO

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

Unaudited

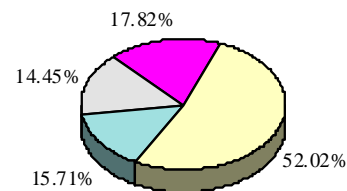
Governmental Activities

Net assets of the City's governmental activities had a slight decrease of \$19,569. There was an overall increase in expenditures by function during 2009, mostly due to an additional pay-period in 2009. The City had 27 pays in 2009. The increase in expenditures was offset by an increase in revenues, such as income taxes and estate taxes. Overall, revenues increased by 3.2% compared to 2008, even though local government fund revenue decreased on a modified accrual basis compared to 2008.

The City also receives an income tax, which is based on 1.9% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 7.52% and 44.50%, respectively, of revenues for governmental activities for the City in fiscal year 2009. The City's reliance upon tax revenues is demonstrated by the following graph indicating 52.02% of total revenues from general tax revenues:

Revenue Sources	2009	Percent of Total
General Shared Revenues	\$1,829,613	15.71%
Program Revenues	2,074,335	17.82%
General Tax Revenues	6,056,808	52.02%
General Other	1,682,218	14.45%
Total Revenue	<u>\$11,642,974</u>	<u>100.00%</u>



Business-Type Activities

Net assets of the business-type activities increased by \$665,386. This increase was due mainly to the decreases in operating expenditures in the wastewater fund. The City also underwent sewer and water upgrades, and obtained new infrastructure for continued development in the City in 2009 compared to 2008. User rates in the enterprise funds, other than electric, are evaluated annually by management according to rate formulas approved by the legislative body. Changes to user rates are made annually when necessary to keep pace with increased operational and capital costs. The generation component of the electric rates is adjusted monthly to reflect changes in fuel and other variable costs. Periodic rate studies are used to adjust the remaining components of the electric rates.

CITY OF OBERLIN, OHIO

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

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$12,419,733, which is a decrease from last year's balance of \$12,978,739. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2009 and 2008:

	Fund Balance December 31, 2009	Restated Fund Balance December 31, 2008	Increase (Decrease)
General	\$9,831,686	\$9,584,668	\$247,018
Income Tax	1,555,847	1,189,915	365,932
TIF-East College Street	(235,145)	0	(235,145)
Fire Station Improvement	(990,614)	0	(990,614)
Other Governmental	2,257,959	2,204,156	53,803
Total	\$12,419,733	\$12,978,739	(\$559,006)

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

	2009 Revenues	2008 Revenues	Increase (Decrease)
Taxes	\$3,782,009	\$3,806,010	(\$24,001)
Intergovernmental Revenue	1,689,228	1,432,357	256,871
Charges for Services	96,674	85,006	11,668
Licenses and Permits	333,040	259,260	73,780
Fines and Forfeitures	773,916	837,461	(63,545)
Investment Earnings	805,767	887,479	(81,712)
Special Assessments	1,539	1,274	265
All Other Revenue	718,471	725,475	(7,004)
Total	\$8,200,644	\$8,034,322	\$166,322

General Fund revenues in 2009 increased by \$166,322 or 2.1% compared to revenues in fiscal year 2008.

	2009 Expenditures	2008 Expenditures	Increase (Decrease)
Security of Persons and Property	\$2,884,414	\$2,738,462	\$145,952
Public Health and Welfare Services	115,793	117,109	(1,316)
Leisure Time Activities	637,830	619,104	18,726
Community Development	408,095	394,237	13,858
Transportation	186,285	192,542	(6,257)
General Government	3,219,467	3,016,749	202,718
Total	\$7,451,884	\$7,078,203	\$373,681

General Fund expenditures increased by \$373,681 or 5.3% compared to the prior year mostly due to contractual wage increases, an extra pay period during 2009 and increases in related benefits.

CITY OF OBERLIN, OHIO

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

Unaudited

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

During the course of fiscal year 2009, the City amended its General Fund budget several times, to adjust for various budgetary needs.

For the General Fund, final budget basis revenue of \$7.7 million was higher than the original budget estimates due mainly to higher than anticipated revenue from estate tax collections, investment earnings and licenses and permits. The General Fund had an adequate fund balance to cover expenditures.

For the Income Tax Fund, the fund balance increase of \$365,932 is related to the additional income tax levy that was approved by voters for capital improvements. The levy existed in the prior year for a different purpose.

For the TIF-East College Street Fund, the fund balance decrease is related to short-term notes issued during 2009 for capital improvement expenditures made related to the East College Street project.

For the Fire Station Improvement Fund, the fund balance decrease is related to short-term notes issued during 2009 for capital improvement expenditures related to the City's fire station renovation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2009, the City had \$52,876,326 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$31,978,084 was related to governmental activities and \$20,898,242 to the business-type activities. The following table shows fiscal year 2009 and 2008 balances:

	Governmental Activities		Increase (Decrease)
	2009	2008	
Land	\$2,128,012	\$2,148,180	(\$20,168)
Construction in Progress	1,865,632	1,289,911	575,721
Buildings	9,284,887	9,284,887	0
Improvements Other Than Buildings	447,046	243,790	203,256
Machinery and Equipment	5,820,678	5,705,850	114,828
Infrastructure	33,570,959	33,026,286	544,673
Less: Accumulated Depreciation	<u>(21,139,130)</u>	<u>(19,904,116)</u>	<u>(1,235,014)</u>
Totals	<u>\$31,978,084</u>	<u>\$31,794,788</u>	<u>\$183,296</u>

CITY OF OBERLIN, OHIO

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

Unaudited

	Business-Type Activities		Increase (Decrease)
	2009	2008	
Land	\$1,096,301	\$1,096,301	\$0
Construction in Progress	5,152,796	2,247,115	2,905,681
Buildings	5,422,704	5,448,679	(25,975)
Infrastructure	10,237,451	10,157,637	79,814
Improvements Other Than Buildings	941,943	941,943	0
Machinery and Equipment	15,108,719	14,855,530	253,189
Less: Accumulated Depreciation	(17,061,672)	(16,089,878)	(971,794)
Totals	\$20,898,242	\$18,657,327	\$2,240,915

The governmental activities experienced no significant change. The increase in business-type activities was due primarily to the renovation of the water plant. Additional information on the City's capital assets can be found in Note 10.

Debt

At December 31, 2009, the City had \$4.1 million in bonds outstanding, with \$183,922 being due within one year. The following table summarizes the City's debt outstanding as of December 31, 2009 and 2008:

	2009	2008
Governmental Activities:		
General Obligation Bonds	\$4,119,607	\$4,438,530
OPWC Loans Payable	350,121	49,775
Compensated Absences	775,905	615,707
Total Governmental Activities	5,245,633	5,104,012
Business-Type Activities:		
OWDA Loans Payable	\$6,382,287	\$4,648,822
Payable to Joint Venture	508,782	567,343
Compensated Absences	326,544	308,008
Total Business-Type Activities	7,217,613	5,524,173
Totals	\$12,463,246	\$10,628,185

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 County, is limited to ten mills. At December 31, 2009, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 15.

CITY OF OBERLIN, OHIO

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

Unaudited

ECONOMIC FACTORS

The City's original budget for 2009 utilized conservative revenue estimates with increases in base operating costs. Expenditures were *projected* to exceed revenues in some of the funds, including the General Fund. City Council decided they wanted to maintain current service levels to the residents of the City by utilizing reserve fund balances. Original General Fund revenues were projected to be 8% less than the actual receipts for 2009. This was due to anticipated lower revenue from income and estate taxes, and local government funds, and conservative based budgeting for income tax collections.

General Fund expenditures were originally budgeted at 11% more than 2009 actual expenditures. Actual expenditures were less than anticipated largely due to conservative budget practices.

City Council continues to pursue securing existing, and establishing new, revenue sources, while also focusing on controlling expenditures. City Council continues to maintain the fiscal stability of the City by utilizing a conservative approach towards budgeting and keeping a close watch on economic conditions.

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 440-775-7212 or writing to City of Oberlin Finance Department, 69 South Main Street, Oberlin, Ohio 44074.

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CITY OF OBERLIN, OHIO

Statement of Net Assets *December 31, 2009*

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 7,107,787	\$ 1,953,370	\$ 9,061,157
Investments	9,804,832	12,227,169	22,032,001
Receivables:			
Taxes	2,361,909	340,649	2,702,558
Accounts	89,578	1,253,676	1,343,254
Intergovernmental	533,235	20,858	554,093
Interest	191,487	0	191,487
Special Assessments	802	0	802
Loans	278,768	0	278,768
Internal Balances	(1,708,265)	1,708,265	0
Inventory of Supplies at Cost	56,426	368,297	424,723
Prepaid Items	16,263	22,248	38,511
Capital Assets:			
Capital Assets Not Being Depreciated	3,993,644	6,249,097	10,242,741
Capital Assets Being Depreciated, Net	27,984,440	14,649,145	42,633,585
Investment in Joint Venture	0	954,338	954,338
Total Assets	<u>50,710,906</u>	<u>39,747,112</u>	<u>90,458,018</u>
Liabilities:			
Accounts Payable	527,250	213,373	740,623
Accrued Wages and Benefits	443,149	159,680	602,829
Due to Others	131,988	0	131,988
Unearned Revenue	701,048	314,619	1,015,667
Accrued Interest Payable	59,936	0	59,936
General Obligation Notes Payable	5,200,000	0	5,200,000
Long-Term Liabilities:			
Due Within One Year	497,260	485,518	982,778
Due in More Than One Year	4,748,373	6,732,095	11,480,468
Total Liabilities	<u>12,309,004</u>	<u>7,905,285</u>	<u>20,214,289</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	26,311,152	14,515,955	40,827,107
Restricted For:			
Capital Projects	1,230,026	0	1,230,026
Debt Service	380,729	0	380,729
Other Purposes	1,269,844	0	1,269,844
Unrestricted	9,210,151	17,325,872	26,536,023
Total Net Assets	<u>\$ 38,401,902</u>	<u>\$ 31,841,827</u>	<u>\$ 70,243,729</u>

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Statement of Activities
For the Year Ended December 31, 2009

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	\$ 3,287,438	\$ 77,062	\$ 2,175	\$ 0
Public Health and Welfare Services	35,993	41,337	0	0
Leisure Time Activities	761,674	22,940	0	0
Community Development	1,007,452	3,000	384,262	2,000
Basic Utility Services	161,023	0	60,000	0
Transportation	2,897,040	17,685	233,464	1,449
General Government	3,492,831	1,228,961	0	0
Interest and Fiscal Charges	229,910	0	0	0
Total Governmental Activities	<u>11,873,361</u>	<u>1,390,985</u>	<u>679,901</u>	<u>3,449</u>
Business-Type Activities:				
Cable	2,125	35,971	0	0
Water	1,512,777	1,880,138	0	756,600
Sewer	1,678,868	1,574,225	0	0
Refuse	708,741	434,529	0	0
Electric	11,293,775	10,959,986	0	0
Total Business-Type Activities	<u>15,196,286</u>	<u>14,884,849</u>	<u>0</u>	<u>756,600</u>
Totals	<u>\$ 27,069,647</u>	<u>\$ 16,275,834</u>	<u>\$ 679,901</u>	<u>\$ 760,049</u>

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, as Restated
Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (3,208,201)	\$ 0	\$ (3,208,201)
5,344	0	5,344
(738,734)	0	(738,734)
(618,190)	0	(618,190)
(101,023)	0	(101,023)
(2,644,442)	0	(2,644,442)
(2,263,870)	0	(2,263,870)
(229,910)	0	(229,910)
<u>(9,799,026)</u>	<u>0</u>	<u>(9,799,026)</u>
0	33,846	33,846
0	1,123,961	1,123,961
0	(104,643)	(104,643)
0	(274,212)	(274,212)
0	(333,789)	(333,789)
<u>0</u>	<u>445,163</u>	<u>445,163</u>
<u>(9,799,026)</u>	<u>445,163</u>	<u>(9,353,863)</u>
876,225	349,426	1,225,651
5,180,583	80,868	5,261,451
1,829,613	0	1,829,613
844,566	747	845,313
837,652	0	837,652
210,818	(210,818)	0
<u>9,779,457</u>	<u>220,223</u>	<u>9,999,680</u>
(19,569)	665,386	645,817
<u>38,421,471</u>	<u>31,176,441</u>	<u>69,597,912</u>
<u>\$ 38,401,902</u>	<u>\$ 31,841,827</u>	<u>\$ 70,243,729</u>

CITY OF OBERLIN, OHIO

Balance Sheet
Governmental Funds
December 31, 2009

	General	Income Tax	TIF-East College Street	Fire Station Improvement
Assets:				
Cash and Cash Equivalents	\$ 720,301	\$ 113,193	\$ 1,006,286	\$ 3,215,196
Investments	7,824,769	1,229,638	0	0
Receivables:				
Taxes	1,745,591	375,510	0	0
Accounts	89,578	0	0	0
Intergovernmental	403,040	0	0	0
Interest	191,487	0	0	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Interfund Loans Receivables	241,864	0	0	0
Inventory of Supplies, at Cost	3,258	0	0	0
Prepaid Items	14,661	0	0	0
Total Assets	\$ 11,234,549	\$ 1,718,341	\$ 1,006,286	\$ 3,215,196
Liabilities:				
Accounts Payable	76,058	162,494	36,631	166,643
Accrued Wages and Benefits Payable	345,487	0	0	0
Due to Others	0	0	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	981,318	0	0	0
Accrued Interest Payable	0	0	4,800	39,167
General Obligation Notes Payable	0	0	1,200,000	4,000,000
Total Liabilities	1,402,863	162,494	1,241,431	4,205,810
Fund Balances:				
Reserved for Encumbrances	228,733	258,024	830,849	2,466,444
Reserved for Prepaid Items	14,661	0	0	0
Reserved for Supplies Inventory	3,258	0	0	0
Reserved for Debt Service	0	0	0	0
Reserved for Endowments	0	0	0	0
Undesignated/Unreserved in:				
General Fund	9,585,034	0	0	0
Special Revenue Funds	0	0	0	0
Capital Projects Funds	0	1,297,823	(1,065,994)	(3,457,058)
Total Fund Balances	9,831,686	1,555,847	(235,145)	(990,614)
Total Liabilities and Funds Balances	\$ 11,234,549	\$ 1,718,341	\$ 1,006,286	\$ 3,215,196

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 1,964,466	\$ 7,019,442
750,425	9,804,832
240,808	2,361,909
0	89,578
130,195	533,235
0	191,487
802	802
278,768	278,768
0	241,864
48,690	51,948
1,602	16,263
\$ 3,415,756	\$ 20,590,128
81,046	522,872
92,102	437,589
131,988	131,988
241,864	241,864
610,797	1,592,115
0	43,967
0	5,200,000
1,157,797	8,170,395
577,271	4,361,321
1,602	16,263
48,690	51,948
396,698	396,698
27,259	27,259
0	9,585,034
762,799	762,799
443,640	(2,781,589)
2,257,959	12,419,733
\$ 3,415,756	\$ 20,590,128

CITY OF OBERLIN, OHIO

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

Total Governmental Fund Balances	\$ 12,419,733
<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.	27,177,460
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	891,068
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	3,162,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(5,248,359)
<i>Net Assets of Governmental Funds</i>	<u><u>\$ 38,401,902</u></u>

See accompanying notes to the basic financial statements

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CITY OF OBERLIN, OHIO

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

	General	Income Tax	TIF-East College Street	Fire Station Improvement
Revenues:				
Property Taxes	\$ 513,659	\$ 0	\$ 0	\$ 0
Municipal Income Tax	3,268,350	1,916,385	0	0
Intergovernmental Revenues	1,689,228	0	0	0
Charges for Services	96,674	0	0	0
Licenses and Permits	333,040	0	0	0
Investment Earnings	805,767	0	1,017	8,211
Special Assessments	1,539	0	0	0
Fines and Forfeitures	773,916	0	0	0
All Other Revenue	718,471	2,895	0	0
Total Revenues	8,200,644	1,919,280	1,017	8,211
Expenditures:				
Current:				
Security of Persons and Property	2,884,414	0	0	0
Public Health and Welfare Services	115,793	0	0	0
Leisure Time Activities	637,830	0	0	0
Community Development	408,095	0	0	0
Basic Utility Services	0	0	0	0
Transportation	186,285	0	0	0
General Government	3,219,467	0	0	0
Capital Outlay	0	966,026	231,362	959,658
Debt Service:				
Principal Retirement	0	2,793	0	0
Interest & Fiscal Charges	0	0	4,800	39,167
Total Expenditures	7,451,884	968,819	236,162	998,825
Excess (Deficiency) of Revenues Over Expenditures	748,760	950,461	(235,145)	(990,614)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
OPWC Loans Issued	0	0	0	0
Transfers In	500	0	0	0
Transfers Out	(503,121)	(584,529)	0	0
Total Other Financing Sources (Uses)	(502,621)	(584,529)	0	0
Net Change in Fund Balances	246,139	365,932	(235,145)	(990,614)
Restated Fund Balances at Beginning of Year	9,584,668	1,189,915	0	0
Increase in Inventory Reserve	879	0	0	0
Fund Balances (Deficit) at End of Year	\$ 9,831,686	\$ 1,555,847	\$ (235,145)	\$ (990,614)

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 387,383	\$ 901,042
3,275	5,188,010
701,123	2,390,351
7,277	103,951
0	333,040
446	815,441
10,883	12,422
158,135	932,051
196,287	917,653
1,464,809	11,593,961
280,301	3,164,715
0	115,793
90	637,920
583,261	991,356
283,644	283,644
547,207	733,492
100,924	3,320,391
713,643	2,870,689
320,893	323,686
187,626	231,593
3,017,589	12,673,279
(1,552,780)	(1,079,318)
511	511
305,109	305,109
1,544,227	1,544,727
(245,125)	(1,332,775)
1,604,722	517,572
51,942	(561,746)
2,204,156	12,978,739
1,861	2,740
\$ 2,257,959	\$ 12,419,733

CITY OF OBERLIN, OHIO

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

Net Change in Fund Balances - Total Governmental Funds \$ (561,746)

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. 340,088

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. (26,778)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 1,366

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 48,502

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 is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 18,577

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,683

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. (158,140)

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.

Change in Net Assets of Governmental Activities 316,879
\$ (19,569)

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 512,111	\$ 512,111	\$ 513,659	\$ 1,548
Municipal Income Tax	3,276,000	3,276,000	3,351,255	75,255
Intergovernmental Revenue	1,259,525	1,311,776	1,361,744	49,968
Charges for Services	74,500	74,500	97,274	22,774
Licenses and Permits	151,000	251,000	330,603	79,603
Investment Earnings	650,000	775,000	817,396	42,396
Special Assessments	1,200	1,200	1,539	339
Fines and Forfeitures	715,000	765,000	778,249	13,249
All Other Revenues	715,683	715,683	718,815	3,132
Total Revenues	<u>7,355,019</u>	<u>7,682,270</u>	<u>7,970,534</u>	<u>288,264</u>
Expenditures:				
Current:				
Security of Persons and Property	3,155,326	3,156,361	2,952,514	203,847
Public Health and Welfare Services	150,224	149,299	116,939	32,360
Leisure Time Activities	695,302	696,303	665,820	30,483
Community Environment	537,755	587,755	449,329	138,426
Transportation	189,182	189,183	186,285	2,898
General Government	4,046,696	4,075,662	3,431,150	644,512
Total Expenditures	<u>8,774,485</u>	<u>8,854,563</u>	<u>7,802,037</u>	<u>1,052,526</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,419,466)	(1,172,293)	168,497	1,340,790
Other Financing Sources (Uses):				
Sale of Capital Assets	2,000	2,000	0	(2,000)
Transfers In	500	500	500	0
Transfers Out	(559,500)	(529,500)	(503,121)	26,379
Advances In	200,000	432,313	432,313	0
Advances Out	(199,798)	(299,797)	(241,864)	57,933
Total Other Financing Sources (Uses):	<u>(556,798)</u>	<u>(394,484)</u>	<u>(312,172)</u>	<u>82,312</u>
Net Change In Fund Balance	(1,976,264)	(1,566,777)	(143,675)	1,423,102
Fund Balance at Beginning of Year	8,114,736	8,114,736	8,114,736	0
Prior Year Encumbrances	302,214	302,214	302,214	0
Fund Balance at End of Year	<u>\$ 6,440,686</u>	<u>\$ 6,850,173</u>	<u>\$ 8,273,275</u>	<u>\$ 1,423,102</u>

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Statement of Net Assets
Proprietary Funds
December 31, 2009

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 245,852	\$ 364,618	\$ 515,088
Investments	2,670,744	3,960,923	5,595,502
Receivables:			
Taxes	0	17,755	0
Accounts	141,383	124,212	941,955
Intergovernmental	0	0	0
Inventory of Supplies at Cost	12,498	500	355,299
Prepaid Items	3,278	4,449	12,210
<i>Total Current Assets</i>	<u>3,073,755</u>	<u>4,472,457</u>	<u>7,420,054</u>
<i>Non Current Assets:</i>			
Capital Assets, Net	11,082,963	7,506,982	1,990,770
Investment in Joint Venture	0	0	954,338
Total Assets	<u>14,156,718</u>	<u>11,979,439</u>	<u>10,365,162</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	56,267	10,202	130,179
Accrued Wages and Benefits	41,097	29,625	78,230
Deferred Revenue	0	0	0
Compensated Absences Payable - Current	34,799	24,347	59,783
Ohio Water Development Authority Loans - Current	0	358,049	0
<i>Total Current Liabilities</i>	<u>132,163</u>	<u>422,223</u>	<u>268,192</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	54,242	38,017	93,420
OWDA Loans Payable	4,588,838	1,435,400	0
Payable to Joint Venture	0	0	508,782
Total Liabilities	<u>4,775,243</u>	<u>1,895,640</u>	<u>870,394</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	6,494,125	5,713,533	1,990,770
Unrestricted	2,887,350	4,370,266	7,503,998
Total Net Assets	<u>\$ 9,381,475</u>	<u>\$ 10,083,799</u>	<u>\$ 9,494,768</u>

Adjustment to reflect the consolidation of internal
service fund activities related to the enterprise funds.
Net Assets of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Refuse	Cable	Total	Governmental Activities - Internal Service Funds
\$ 692,154	\$ 135,658	\$ 1,953,370	\$ 88,345
0	0	12,227,169	0
322,894	0	340,649	0
42,376	3,750	1,253,676	0
20,858	0	20,858	0
0	0	368,297	4,478
2,311	0	22,248	0
<u>1,080,593</u>	<u>139,408</u>	<u>16,186,267</u>	<u>92,823</u>
314,610	2,917	20,898,242	4,800,624
0	0	954,338	0
<u>1,395,203</u>	<u>142,325</u>	<u>38,038,847</u>	<u>4,893,447</u>
16,725	0	213,373	4,378
10,728	0	159,680	5,560
314,619	0	314,619	0
8,540	0	127,469	3,876
0	0	358,049	0
<u>350,612</u>	<u>0</u>	<u>1,173,190</u>	<u>13,814</u>
13,396	0	199,075	9,368
0	0	6,024,238	0
0	0	508,782	0
<u>364,008</u>	<u>0</u>	<u>7,905,285</u>	<u>23,182</u>
314,610	2,917	14,515,955	4,800,624
716,585	139,408	15,617,607	69,641
<u>\$ 1,031,195</u>	<u>\$ 142,325</u>	<u>30,133,562</u>	<u>\$ 4,870,265</u>
		<u>1,708,265</u>	
		<u>\$ 31,841,827</u>	

CITY OF OBERLIN, OHIO

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

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
Operating Revenues:			
Property Taxes	\$ 0	\$ 0	\$ 0
Municipal Income Taxes	0	80,868	0
Charges for Services	1,880,138	1,635,353	10,722,597
Other Operating Revenue	0	0	162,300
Total Operating Revenues	<u>1,880,138</u>	<u>1,716,221</u>	<u>10,884,897</u>
Operating Expenses:			
Personal Services	980,904	704,558	2,082,709
Contractual Services	360,986	272,085	1,134,762
Materials and Supplies	108,040	35,067	0
Purchased Power	0	0	6,540,276
Depreciation	114,368	399,571	582,082
Total Operating Expenses	<u>1,564,298</u>	<u>1,411,281</u>	<u>10,339,829</u>
Operating Income (Loss)	<u>315,840</u>	<u>304,940</u>	<u>545,068</u>
Nonoperating Revenues (Expenses):			
Investment Earnings	0	0	747
Interest Expense	0	(105,022)	(398,071)
Loss on Sale of Capital Assets	0	(61,128)	0
Gain on Investment in Joint Venture	0	0	75,089
Other Nonoperating Expense	(53,322)	(192,068)	(121,079)
Total Nonoperating Revenues (Expenses)	<u>(53,322)</u>	<u>(358,218)</u>	<u>(443,314)</u>
Income (Loss) Before Transfers and Contributions	<u>262,518</u>	<u>(53,278)</u>	<u>101,754</u>
Transfers In	0	0	0
Transfers Out	(1,366)	(24,876)	0
Capital Contributions	756,600	0	0
Change in Net Assets	1,017,752	(78,154)	101,754
Net Assets Beginning of Year	8,363,723	10,161,953	9,393,014
Net Assets End of Year	<u>\$ 9,381,475</u>	<u>\$ 10,083,799</u>	<u>\$ 9,494,768</u>

Change in Net Assets - Total Enterprise Funds

Adjustment to reflect the consolidation of internal
service fund activities related to the enterprise funds.
Change in Net Assets - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Refuse	Cable	Total	Governmental Activities - Internal Service Funds
\$ 349,426	\$ 0	\$ 349,426	\$ 0
0	0	80,868	0
434,529	35,971	14,708,588	424,043
0	0	162,300	0
<u>783,955</u>	<u>35,971</u>	<u>15,301,182</u>	<u>424,043</u>
278,487	0	4,046,658	136,623
301,401	405	2,069,639	98,399
0	0	143,107	114,735
0	0	6,540,276	0
41,479	1,720	1,139,220	142,731
<u>621,367</u>	<u>2,125</u>	<u>13,938,900</u>	<u>492,488</u>
<u>162,588</u>	<u>33,846</u>	<u>1,362,282</u>	<u>(68,445)</u>
0	0	747	0
0	0	(503,093)	0
0	0	(61,128)	0
0	0	75,089	0
0	0	(366,469)	0
<u>0</u>	<u>0</u>	<u>(854,854)</u>	<u>0</u>
<u>162,588</u>	<u>33,846</u>	<u>507,428</u>	<u>(68,445)</u>
10,000	0	10,000	0
(194,576)	0	(220,818)	(2,500)
0	0	756,600	0
(21,988)	33,846	1,053,210	(70,945)
<u>1,053,183</u>	<u>108,479</u>	<u>29,080,352</u>	<u>4,941,210</u>
<u>\$ 1,031,195</u>	<u>\$ 142,325</u>	<u>30,133,562</u>	<u>\$ 4,870,265</u>
		1,053,210	
		(387,824)	
		<u>\$ 665,386</u>	

CITY OF OBERLIN, OHIO

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

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,885,630	\$1,729,248	\$10,745,403
Cash Payments for Goods and Services	(485,309)	(325,953)	(7,734,071)
Cash Payments to Employees	(998,672)	(719,545)	(2,126,747)
Net Cash Provided by Operating Activities	<u>401,649</u>	<u>683,750</u>	<u>884,585</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	0
Transfers Out to Other Funds	0	(24,876)	0
Net Cash Used by Noncapital Financing Activities	<u>0</u>	<u>(24,876)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(2,889,077)	(264,404)	(200,947)
Capital Contributions	756,600	0	0
Proceeds from			
Ohio Water Development Authority Loans Principal Paid on	2,082,495	0	0
Ohio Water Development Authority Loans Interest Paid on All Debt	0	(349,030)	0
Interest Paid on All Debt	0	(105,022)	(398,071)
Net Cash Used for Capital and Related Financing Activities	<u>(49,982)</u>	<u>(718,456)</u>	<u>(599,018)</u>
Cash Flows from Investing Activities:			
Purchase of Investments	(186,673)	0	0
Sale of Investments	0	285,961	45,167
Receipts of Interest	0	0	747
Net Cash Provided (Used) by Investing Activities	<u>(186,673)</u>	<u>285,961</u>	<u>45,914</u>
Net Increase (Decrease) in Cash and Cash Equivalents	164,994	226,379	331,481
Cash and Cash Equivalents at Beginning of Year	<u>80,858</u>	<u>138,239</u>	<u>183,607</u>
Cash and Cash Equivalents at End of Year	<u>\$245,852</u>	<u>\$364,618</u>	<u>\$515,088</u>

CITY OF OBERLIN, OHIO

Refuse	Cable	Total	Governmental Activities - Internal Service Funds
\$777,584	\$32,221	\$15,170,086	\$424,043
(293,084)	(405)	(8,838,822)	(221,389)
(284,906)	0	(4,129,870)	(141,838)
199,594	31,816	2,201,394	60,816
10,000	0	10,000	0
(194,576)	0	(219,452)	(2,500)
(184,576)	0	(209,452)	(2,500)
(187,331)	0	(3,541,759)	(11,351)
0	0	756,600	0
0	0	2,082,495	0
0	0	(349,030)	0
0	0	(503,093)	0
(187,331)	0	(1,554,787)	(11,351)
0	0	(186,673)	0
0	0	331,128	0
0	0	747	0
0	0	145,202	0
(172,313)	31,816	582,357	46,965
864,467	103,842	1,371,013	41,380
\$692,154	\$135,658	\$1,953,370	\$88,345

(Continued)

CITY OF OBERLIN, OHIO

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

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Electric
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	\$315,840	\$304,940	\$545,068
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Miscellaneous Nonoperating Expenses	0	(100,907)	0
Depreciation Expense	114,368	399,571	582,082
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	5,492	113,934	(139,494)
Decrease (Increase) in Inventory	2,164	1,833	(83,349)
Increase in Prepaid Items	(106)	(132)	(150)
Increase (Decrease) in Accounts Payable	(17,196)	(19,542)	25,236
Decrease in Accrued			
Wages and Benefits	(28,959)	(20,481)	(48,203)
Decrease in Deferred Revenue	0	0	0
Increase (Decrease) in			
Compensated Absences	10,046	4,534	3,395
Total Adjustments	<u>85,809</u>	<u>378,810</u>	<u>339,517</u>
Net Cash Provided by Operating Activities	<u>\$401,649</u>	<u>\$683,750</u>	<u>\$884,585</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2009, the Water and Electric Funds had outstanding liabilities of \$13,339, and \$41,166 respectively, for the purchase of certain capital assets.

During 2009, transfer of the net book value of capital assets was made from the Water Fund to the general capital assets in the amount of \$1,366.

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Refuse	Cable	Total	Governmental Activities - Internal Service Funds
\$162,588	\$33,846	\$1,362,282	(\$68,445)
0	0	(100,907)	0
41,479	1,720	1,139,220	142,731
14,026	(3,750)	(9,792)	0
0	0	(79,352)	(346)
(253)	0	(641)	0
8,583	0	(2,919)	(7,909)
(6,993)	0	(104,636)	(4,533)
(20,397)	0	(20,397)	0
561	0	18,536	(682)
37,006	(2,030)	839,112	129,261
<u>\$199,594</u>	<u>\$31,816</u>	<u>\$2,201,394</u>	<u>\$60,816</u>

CITY OF OBERLIN, OHIO

***Statement of Net Assets
Fiduciary Funds
December 31, 2009***

	Private Purpose Trust	
	Unclaimed Monies Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 98,581	\$ 281,376
Receivables:		
Taxes	0	810,039
Intergovernmental	0	52,302
Total Assets	<u>98,581</u>	<u>1,143,717</u>
Liabilities:		
Due to Others	98,581	1,143,717
Total Liabilities	<u>\$ 98,581</u>	<u>\$ 1,143,717</u>

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Statement of Changes in Net Assets
Fiduciary Funds
December 31, 2009

	Private Purpose Trust <u>Unclaimed Monies Fund</u>
Additions:	
Contributions:	
Private Donations	\$ 85,622
Total Additions	<u>85,622</u>
Deductions:	
Total Deductions	<u>0</u>
Change in Net Assets	85,622
Net Assets at Beginning of Year	<u>12,959</u>
Net Assets End of Year	<u><u>\$ 98,581</u></u>

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oberlin (City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City gained city status in 1951 and is a home rule municipal corporation under the laws of the State of Ohio. The City operates under a council-city manager form of government and provides the following services as authorized by the charter: public safety, public services, public utilities and recreation. Educational services are provided by the Oberlin School District. The school district is a separate governmental entity and its financial statements are not included in these financial statements. The City of Oberlin Municipal Court financial results are included as a part of these financial statements.

A. Reporting Entity

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 include the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, an electric distribution system, and provides refuse collection services, all of which are reported as enterprise funds.

The City has been assigned by the County Auditor to collect voter approved real estate and personal property taxes on behalf of the Oberlin Public Library (Library). The City makes annual principal and interest expense payments for the Library to retire its outstanding debt.

1. Joint Ventures with Equity Interest

Ohio Municipal Electric Generation Agency Joint Venture 1 (Omega JV-1) - The City is a participant with twenty-one subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Omega JV-1 was created for that purpose. The Omega JV-1 is managed by AMP-Ohio, which acts as the joint venture's agent. See Note 19 "Joint Ventures."

Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) - The City is a participant with thirty-six subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Omega JV-2 was created for that purpose. The Omega JV-2 is managed by AMP-Ohio which acts as the joint venture's agent. See Note 19 "Joint Ventures."

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Ventures with Equity Interest (Continued)

Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) - The City is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Omega JV-5 was created for that purpose. See Note 19 "Joint Ventures."

Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) - The City is a participant with ten subdivisions within the State of Ohio in a distributive generation project using wind turbine technology. The Omega JV-6 was created for that purpose. See Note 19 "Joint Ventures."

B. Basis of Presentation - Fund Accounting

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:

The accounting system is organized and operated on the basis of funds and account groups, 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:

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 and the limitations of the City Charter.

Income Tax Fund - To account for financial resources used for the major capital projects undertaken by the City.

TIF-East College Street Fund - To account for construction of the public improvements related to the East College Street development.

Fire Station Improvement Fund - To account for construction/renovation of the City's fire station.

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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.

Electric Fund – To account for the operation of the City's electric generation and distribution service.

Refuse Fund – To account for the operation of the City's trash collection service.

Cable Fund – To account for the operation of the City's cable programming service.

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 two internal service funds, the Garage Fund and the Office Supplies Fund. The Garage Fund is used to account for monies received from city departments to cover the cost of servicing the vehicles of the City departments. The Office Supplies Fund is used to account for monies used to purchase office supplies used by City departments.

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's only trust fund is a private purpose trust that accounts for unclaimed monies. 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. 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 two funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, and the Library Levy Fund, which accounts for property taxes collected to fund the operations of the Library.

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 internal service funds are 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. 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.

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.

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.

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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 in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

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. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are 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 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. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, state levied locally shared taxes (including motor vehicle license fees and local government assistance). Income taxes other than those withheld by employers, licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Special assessment installments, including related accrued interest which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes, which are measurable at December 31, 2009 but are not intended to finance 2009 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6 "Taxes".

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 recognized when incurred.

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 business-type activities and enterprise funds.

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 only funds required to be reported in the basic financial statements are the general fund and any major special revenue funds. The primary level of budgetary control is between categories within each department. Budgetary modifications may be made between categories by ordinance of the City Council.

1. Tax Budget

The Director of Finance and the City Manager submit an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. 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 statement reflect the amounts in the final amended official certificate of estimated resources issued during 2009.

3. 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 fund and category level, the legal level of control. 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 fund and category level may be modified during the year by an ordinance of City Council. During 2009, several supplemental appropriations were necessary to budget the use of contingency funds, intergovernmental grant proceeds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Encumbrances

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

5. 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.

6. 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 a 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 the 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.

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. 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:

<u>Net Change In Fund Balance</u>	
	<u>General Fund</u>
GAAP Basis (as reported)	\$246,139
Increase (Decrease):	
Accrued Revenues at December 31, 2009 received during 2010	(1,690,242)
Accrued Revenues at December 31, 2008 received during 2009	1,650,582
Accrued Expenditures at December 31, 2009 paid during 2010	421,545
Accrued Expenditures at December 31, 2008 paid during 2009	(501,089)
2008 Prepays for 2009	15,846
2009 Prepays for 2010	(14,661)
Outstanding Encumbrances	<u>(271,795)</u>
Budget Basis	<u><u>(\$143,675)</u></u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, repurchase agreements, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash. 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 5, "Cash, Cash Equivalents and Investments."

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon City ordinance. 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 investments are considered, including those with a maturity of one year or less, and included in the calculation of the change in fair value. Fair value is determined by quoted market prices. See Note 5, “Cash, Cash Equivalents and Investments.”

The City has invested funds in the STAR Ohio during 2009. STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price which is the price the investment could be sold for on December 31, 2009.

H. Inventory

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

I. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,000.

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*”, have been reported.

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

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

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

3. Depreciation

All capital assets are depreciated, excluding land. 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	25 - 40
Improvements other than Buildings/Infrastructure	10 - 50
Vehicles	5 - 10
Machinery, Equipment, Furniture and Fixtures	5 - 20

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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
OPWC Loans	Income Tax Fund General Obligation Bond Retirement Fund
OWDA Loans	Water Fund Sewer Fund
Compensated Absences	General Fund Street Construction, Maintenance, and Repair Fund County Recycling Fund Electric Fund Water Fund Sewer Fund Refuse Fund Garage Fund

K. Compensated Absences

Each bargaining unit and the management staff earn vacation at different rates based upon length of service. No more than the amount of vacation accrued in the previous twelve month period can be carried forward into the next calendar year without consent from the appropriate authority. Any excess is eliminated from the employee's leave balance. In case of death, termination, or retirement, an employee or his estate is paid for the unused vacation balance.

All full-time employees earn sick leave at the rate of 4.6 hours for each pay period worked. Employees who work a 35 hour work week can accumulate a maximum of 210 hours of accrued sick time. Employees working a 37.5 hour work week accumulate a maximum sick pay accrual of 225 hours and employees working a 40 hour work week can accumulate a maximum accumulated sick leave balance of 240 hours.

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 OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any 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.

M. Pensions

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

N. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

CITY OF OBERLIN, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for supplies inventories, prepaids, debt service, endowments and encumbered amounts not accrued at year end.

P. 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.

Q. 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, collection of solid waste refuse, electric production and distribution and cable programming. 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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

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CITY OF OBERLIN, OHIO

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

NOTE 2 – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2008, it was determined that there was an error in the reporting of an intergovernmental receivable in the OPWC Grants 2005 Fund (capital projects fund). The adjustment had the following effect on fund balances:

	<u>Other Governmental Funds</u>
Fund Balance December 31, 2008 as reported	\$2,349,522
Adjustments:	
Removal of intergovernmental receivable	<u>(145,366)</u>
Fund Balance December 31, 2008 as restated	<u><u>\$2,204,156</u></u>

The changes to the beginning Fund balances had the following effect on the governmental activities beginning net assets:

	<u>Governmental Activities</u>
Net Assets December 31, 2008 as reported	\$38,566,837
Adjustments:	
Removal of intergovernmental receivable	<u>(145,366)</u>
Net Assets December 31, 2008 as restated	<u><u>\$38,421,471</u></u>

CITY OF OBERLIN, OHIO

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

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 Property Tax Revenue	\$22,107
Shared Revenues	490,174
Interest Revenues	99,217
All Other Revenue	278,768
Special Assessment Revenue	802
	<hr/>
	\$891,068

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$4,119,608)
OPWC Loans Payable	(350,121)
Accrued Interest on Long-Term Debt	(15,969)
Compensated Absences Payable	(762,661)
	<hr/>
	(\$5,248,359)

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CITY OF OBERLIN, OHIO

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

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	\$1,962,333
Depreciation Expense	<u>(1,622,245)</u>
	\$340,088

Governmental revenues not reported in the funds:

Decrease in Delinquent Property Tax	(24,817)
Increase in Shared Revenue	122,612
Increase in Interest Revenue	21,698
Decrease in All Other Revenue	(66,754)
Decrease in Special Assessment Revenue	<u>(4,237)</u>
	\$48,502

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$160,880)
Increase in supplies inventory	<u>2,740</u>
	(\$158,140)

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2009 of \$13,088 in the Community Housing Improvement Fund (special revenue fund), \$63,408 in the Police-Fire Pension Fund (special revenue fund), \$6,984 in the Utility Deposit Fund (special revenue fund) and \$36,934 in the Sidewalk Improvement Fund (capital projects fund) arise from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The fund deficits at December 31, 2009 of \$235,145 in the TIF-East College Street Fund and \$990,614 in the Fire Station Improvement Fund (capital projects funds) arise from the recording of notes payable in the funds. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

CITY OF OBERLIN, OHIO

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

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash 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;

CITY OF OBERLIN, OHIO

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

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- 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).
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

A. Deposits

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

At year end the carrying amount of the City's deposits was \$31,415,440 and the bank balance was \$31,626,758. Federal depository insurance covered \$19,289,607 of the bank balance. All remaining deposits were classified as Category 3.

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$12,337,151</u>
Total Balance	<u><u>\$12,337,151</u></u>

CITY OF OBERLIN, OHIO

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

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

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

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years) less than 1</u>
STAR Ohio	\$57,675	AAAm ¹	\$57,675

¹ Standard & Poor's

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 investment in Star Ohio was rated AAA by Standard & Poor's.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is treated as a cash equivalent. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Financial Statements	\$9,441,114	\$22,032,001
Certificates of Deposit (with maturities of more than 3 months)	22,032,001	(22,032,001)
Investments:		
STAR Ohio	(57,675)	57,675
Per GASB Statement No. 3	<u>\$31,415,440</u>	<u>\$57,675</u>

* Includes cash on hand.

CITY OF OBERLIN, OHIO

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

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2009 were levied after October 1, 2008 on assessed values as of January 1, 2008, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2006. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

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

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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

CITY OF OBERLIN, OHIO

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

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for the City's operations for the year ended December 31, 2009 was \$13.82 per \$1,000 of assessed value. The assessed value upon which the 2009 receipts were based was \$125,166,744. This amount constitutes \$124,769,600 in real property assessed value, \$305,790 in public utility assessed value and \$91,354 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is 1.382% (13.82 mills) of assessed value.

B. Income Tax

The City levies a tax of 1.9% 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 1.9% of taxable salaries, wages, commissions and other compensation.

Employers within the City are required to withhold income tax on employees 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 7 - RECEIVABLES

Receivables at December 31, 2009 consisted of taxes, interest, accounts receivable, special assessments, interfund loans, loans and intergovernmental receivables arising from shared revenues.

NOTE 8 - INTERFUND BALANCES

Individual interfund balances at December 31, 2009 that are expected to be paid within one year are as follows:

Fund	Interfund Loans Receivable	Interfund Loans Payable
Governmental Activities:		
General Fund	\$241,864	\$0
Community Housing Improvement Fund	0	41,703
Fire Training Fund	0	1,425
Sidewalk Improvement Fund	0	36,934
Gasholder Renovation Fund	0	161,802
Totals	\$241,864	\$241,864

CITY OF OBERLIN, OHIO

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

NOTE 9 - TRANSFERS

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

Fund	Transfer In	Transfer Out
Major Funds		
Governmental Activities:		
General Fund	\$500	\$503,121
Income Tax Fund	0	584,529
Total Major Funds	500	1,087,650
Nonmajor Funds		
SCM&R Fund	375,000	50,000
State Highway Fund	100,000	35,000
Library Fund	0	149,625
County Recycling Fund	114,000	10,000
Other Special Revenue Funds	0	500
OPWC Grant 2002 Maple Fund	148,944	0
Police/Fire Pension Fund	5,621	0
OPWC Grants 2005 Fund	110,789	0
Equipment Replacement Fund	150,000	0
General Obligation Debt Service Fund	539,873	0
Total Nonmajor Funds	1,544,227	245,125
Total Governmental Funds	1,544,727	1,332,775
Internal Service Fund	0	2,500
Total Governmental Activities	1,544,727	1,335,275
Business Type Activities:		
Sewer Fund	0	24,876
Refuse Fund	10,000	194,576
Total Business Type Activities	10,000	219,452
Total All Funds	\$1,554,727	\$1,554,727

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them; (3) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (4) for capital purchases authorized by council; and (5) move revenues to the Equipment Replacement Fund.

All transfers were made in accordance with the Ohio Revised Code sections 5705.14, 5705.15, and 5705.16.

During 2009, transfer of the net book value of capital assets was made from the Water Fund to the general capital assets in the amount of \$1,366.

CITY OF OBERLIN, OHIO

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

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

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

Historical Cost:

Class	December 31, 2008	Transfers	Additions	Deletions	December 31, 2009
<i>Capital assets not being depreciated:</i>					
Land	\$2,148,180	\$0	\$0	(\$20,168)	\$2,128,012
Construction in Progress	1,289,911	0	1,549,488	(973,767)	1,865,632
Subtotal	<u>3,438,091</u>	<u>0</u>	<u>1,549,488</u>	<u>(993,935)</u>	<u>3,993,644</u>
<i>Capital assets being depreciated:</i>					
Buildings	9,284,887	0	0	0	9,284,887
Improvements Other than Buildings	243,790	0	203,256	0	447,046
Machinery and Equipment	5,705,850	13,660	208,812	(107,644)	5,820,678
Infrastructure	33,026,286	0	985,895	(441,222)	33,570,959
Subtotal	<u>48,260,813</u>	<u>13,660</u>	<u>1,397,963</u>	<u>(548,866)</u>	<u>49,123,570</u>
Total Cost	<u>\$51,698,904</u>	<u>\$13,660</u>	<u>\$2,947,451</u>	<u>(\$1,542,801)</u>	<u>\$53,117,214</u>
<i>Accumulated Depreciation:</i>					
Class	December 31, 2008	Transfers	Additions	Deletions	December 31, 2009
Buildings	(\$1,479,176)	\$0	(\$238,396)	\$0	(\$1,717,572)
Improvements Other than Buildings	(18,863)	0	(13,622)	0	(32,485)
Machinery and Equipment	(3,745,514)	(12,294)	(417,990)	107,644	(4,068,154)
Infrastructure	(14,660,563)	0	(1,094,968)	434,612	(15,320,919)
Total Depreciation	<u>(\$19,904,116)</u>	<u>(\$12,294)</u>	<u>(\$1,764,976) *</u>	<u>\$542,256</u>	<u>(\$21,139,130)</u>
<i>Net Value:</i>	<u>\$31,794,788</u>				<u>\$31,978,084</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$248,646
Public Health and Welfare Services	2,291
Leisure Time Activities	123,518
Basic Utility Services	18,727
Transportation	1,332,352
General Government	39,442
Total Depreciation Expense	<u>\$1,764,976</u>

CITY OF OBERLIN, OHIO

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

NOTE 10 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2009:

Historical Cost:

Class	December 31, 2008	Transfers	Additions	Deletions	December 31, 2009
Capital assets not being depreciated:					
Land	\$1,096,301	\$0	\$0	\$0	\$1,096,301
Construction in Progress	2,247,115	0	2,905,681	0	5,152,796
Subtotal	3,343,416	0	2,905,681	0	6,249,097
Capital assets being depreciated:					
Buildings	5,448,679	0	0	(25,975)	5,422,704
Infrastructure	10,157,637	0	80,231	(417)	10,237,451
Improvements Other than Buildings	941,943	0	0	0	941,943
Machinery and Equipment	14,855,530	(13,660)	456,717	(189,868)	15,108,719
Subtotal	31,403,789	(13,660)	536,948	(216,260)	31,710,817
Total Cost	\$34,747,205	(\$13,660)	\$3,442,629	(\$216,260)	\$37,959,914

Accumulated Depreciation:

Class	December 31, 2008	Transfers	Additions	Deletions	December 31, 2009
Buildings	(\$2,594,681)	\$0	(\$60,300)	\$0	(\$2,654,981)
Infrastructure	(2,166,168)	0	(115,784)	417	(2,281,535)
Improvements Other than Buildings	(27,304)	0	(51,446)	0	(78,750)
Machinery and Equipment	(11,301,725)	12,294	(911,690)	154,715	(12,046,406)
Total Depreciation	(\$16,089,878)	\$12,294	(\$1,139,220)	\$155,132	(\$17,061,672)
Net Value:	\$18,657,327				\$20,898,242

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CITY OF OBERLIN, OHIO

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

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 2009, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2009 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2009, from January 1 through March 31, 2009 7.0% of annual covered salary was the portion used to fund pension obligations, and from April 1 through December 31, 2009 8.5% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2009, 2008, and 2007 were \$748,825, \$699,227 and \$660,678, respectively, or 92.10% of the required contributions for 2009 and 100% of the required contributions for 2008 and 2007. The unpaid contribution to fund pension obligations for 2009, in the amount of \$59,124, is recorded as a liability within the respective funds.

CITY OF OBERLIN, OHIO

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

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 2009, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2009, 2008, and 2007 were \$275,377, \$269,301 and \$261,683, respectively, or 75.87% of the required contributions for 2009 and 100% of the required contributions for 2008 and 2007. The unpaid contribution to fund pension obligations for 2009, in the amount of \$69,361, is recorded as a liability within the respective funds.

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.

CITY OF OBERLIN, OHIO

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

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

The City's contributions for health care to the OPERS for the years ending December 31, 2009, 2008, and 2007 were \$314,239, \$349,613 and \$262,362, respectively, or 92.10% of the required contributions for 2009 and 100% of the required contributions for 2008 and 2007.

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

CITY OF OBERLIN, OHIO

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

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 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2009, 2008, and 2007 were \$68,870, \$67,651 and \$65,550 for police and \$21,493, \$20,775 and \$20,339 for firefighters, respectively, or 75.87% of the required contributions for 2009 and 100% of the required contributions for 2008 and 2007.

CITY OF OBERLIN, OHIO

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

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 the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

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

At December 31, 2009, the City's accumulated, unpaid compensated absences amounted to \$1,102,449, of which \$775,905 is recorded as a liability of the Governmental Activities and \$326,544 is recorded as a liability of the Business-Type Activities.

NOTE 14 - NOTES PAYABLE

The Ohio Revised Code provides that notes including 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 those principal maturities required if the bonds had been issued at the expiration of the initial five year period.

	Maturity Date	Balance December 31, 2008	Issued (Retired)	Balance December 31, 2009
Capital Projects Notes Payable:				
1.50% East College Street	2010	\$0	\$1,200,000	\$1,200,000
1.50% Fire Station Improvement	2010	0	4,000,000	4,000,000
Total Notes Payable		<u>\$0</u>	<u>\$5,200,000</u>	<u>\$5,200,000</u>

CITY OF OBERLIN, OHIO

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

NOTE 15 - LONG-TERM DEBT

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

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2008	Additions	(Reductions)	Balance December 31, 2009	Amount Due Within One Year
Business-Type Activities:								
Ohio Water Development Authority Loans (OWDA):								
1973	5.500%	OWDA - Project #1207	2015	\$195,292	\$0	(\$23,620)	\$171,672	\$23,620
1990	7.770%	OWDA - Project #1807	2016	765,941	0	(79,183)	686,758	79,183
2000	3.630%	OWDA - Project #3293	2013	1,181,246	0	(246,227)	935,019	255,246
2008	2.000%	OWDA - Project #4875	2029	2,506,343	2,082,495	0	4,588,838	0
Total Ohio Water Development Authority Loans				4,648,822	2,082,495	(349,030)	6,382,287	358,049
Payable to Joint Venture				567,343	0	(58,561)	508,782	0
Compensated Absences				308,008	326,544	(308,008)	326,544	127,469
Total Business-Type Long-Term Debt				<u>\$5,524,173</u>	<u>\$2,409,039</u>	<u>(\$715,599)</u>	<u>\$7,217,613</u>	<u>\$485,518</u>
Governmental Activities:								
General Obligation Bonds:								
1989	6.875%	Library Bond	2009	\$140,000	\$0	(\$140,000)	\$0	\$0
2000	5.500%	Recreation Facility	2014	203,530	0	(33,923)	169,607	33,922
2007	6.000%	Municipal Service Center	2027	4,095,000	0	(145,000)	3,950,000	150,000
Total General Obligation Bonds				4,438,530	0	(318,923)	4,119,607	183,922
Ohio Public Works Commission Loans:								
2006	0.000%	East Hamilton Road	2017	25,143	0	(2,793)	22,350	2,793
2006	0.000%	North Professor Street	2021	24,632	0	(1,970)	22,662	1,970
2010	0.000%	North Pleasant/Walnut Street	2029	0	305,109	0	305,109	15,254
Total Ohio Public Commission Loans				49,775	305,109	(4,763)	350,121	20,017
Compensated Absences				615,707	775,905	(615,707)	775,905	293,321
Total Governmental Activities Long-Term Debt				<u>\$5,104,012</u>	<u>\$1,081,014</u>	<u>(\$939,393)</u>	<u>\$5,245,633</u>	<u>\$497,260</u>

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CITY OF OBERLIN, OHIO

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

NOTE 15 - LONG-TERM DEBT (Continued)

A. Future Long-Term Financing Requirements

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

Years	General Obligation Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$183,922	\$191,162	\$358,049	\$97,369	\$20,017	\$0
2011	193,922	180,296	632,984	80,019	20,017	0
2012	198,922	168,831	650,268	61,735	20,017	0
2013	203,922	157,065	527,096	42,461	20,017	0
2014	213,922	144,999	537,003	32,552	20,017	0
2015-2019	1,009,997	571,695	1,472,683	35,984	94,499	0
2020-2024	1,230,000	344,929	1,250,665	14,600	79,267	0
2025-2029	885,000	75,600	953,539	9,123	76,270	0
Totals	\$4,119,607	\$1,834,577	\$6,382,287	\$373,843	\$350,121	\$0

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CITY OF OBERLIN, OHIO

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

NOTE 16 - CONSTRUCTION COMMITMENTS

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

Project	Remaining Construction Commitment	Expected Date of Completion
Finance Office Improvements	21,000	March 2010
Cemetery Building Improvements	36,400	June 2010
Fire Station	2,575,562	June 2010
Water Treatment Plant Improvements	201,541	June 2010
S. Main Waterline Improvement	136,622	August 2010
Edison Street Concrete	8,500	August 2010
S. Pleasant/Edison Resurface	269,770	August 2010
OMPLS Building	36,957	August 2010
Gladys Court Improvements	178,707	August 2010
Colony Drive Repaving	11,145	August 2010
TIF-East College Street	921,598	October 2010
Park Street Bridge	\$74,337	December 2010
Architectural Services for Gasholder Building	161,802	September 2011
Total	<u>\$4,633,941</u>	

NOTE 17 - RISK MANAGEMENT

The City is exposed to various risks of loss related to property and casualty, general liability, workers' compensation and employee health and dental benefits.

The City maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

The City participates in the Buckeye Ohio Risk Management Agency, Inc., (BORMA, Inc.); a public entity shared risk pool consisting of several cities in northern Ohio. The City pays monthly premiums for health care coverage for its employees to BORMA. The City pays annual premiums to the Public Entities Pool (PEP) and other insurance carriers for general liability and property insurance. BORMA is responsible for the management and operations of the health insurance programs. Member Cities agree to share in coverage of losses and pay all premiums necessary for the specified health insurance coverage. Member Cities are subject to supplemental assessments.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll plus administrative costs. The rate is determined based on accident history of the North Central Ohio Municipal Finance Officers Association. The City also pays unemployment claims to the State of Ohio as incurred.

CITY OF OBERLIN, OHIO

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

NOTE 17 - RISK MANAGEMENT (Continued)

There has been no significant reduction in insurance coverages compared to 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.

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.

NOTE 19 - JOINT VENTURES

A. Ohio Municipal Electric Generation Agency Joint Venture 1 (Omega JV-1)

The City is a participant with twenty-one subdivisions within the State of Ohio in this joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. On dissolution of the joint venture, the net assets of Omega JV-1 will be shared by the participants on a percentage basis. The Omega JV-1 is managed by AMP-Ohio which acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture. The City's net investment and its share of the operating results of Omega JV-1 are reported in the City's electric fund (an enterprise fund). The City's equity interest in Omega JV-1 was \$26,860 at December 31, 2009. Complete financial statements for Omega JV-1 can be obtained from AMP-Ohio or from the City's Finance Director.

B. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2)

The City of Oberlin is a Financing Participant and an Owner Participant with percentages of liability and ownership of 1.16% and .91% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

CITY OF OBERLIN, OHIO

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

NOTE 19 - JOINT VENTURES (Continued)

B. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) (Continued)

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the JV-2 Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating and Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement, each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009 the City of Oberlin has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net obligation for these bonds at December 31, 2009 was \$315,380 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$312,965 at December 31, 2009. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

CITY OF OBERLIN, OHIO

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

NOTE 19 - JOINT VENTURES (Continued)

B. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2009 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

The City's liability for the bonds are disclosed below:

Years	Principal	Interest	Total Debt Service
2010	27,042	19,306	46,348
2011	28,489	17,886	46,375
2012	29,995	16,390	46,385
2013	31,558	14,815	46,373
2014	33,180	13,159	46,339
2015-2020	237,064	41,092	278,156
Total Gross Liability	387,328	122,648	509,976
Less: Amounts Held in Reserve	(71,948)		
Net Obligation	<u>\$315,380</u>		

CITY OF OBERLIN, OHIO

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

NOTE 19 - JOINT VENTURES (Continued)

C. Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5)

The City of Oberlin is a Financing Participant with an ownership percentage of 3.02%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA JV5 Agreement, the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009 Oberlin has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

CITY OF OBERLIN, OHIO

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

NOTE 19 - JOINT VENTURES (Continued)

C. Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) (Continued)

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$324,131 at December 31, 2009. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

D. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6)

The City of Oberlin is a Financing Participant with an ownership percentage of 3.47%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green Ohio. Each turbine has a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

CITY OF OBERLIN, OHIO

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

NOTE 19 - JOINT VENTURES (Continued)

D. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) (Continued)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009 Oberlin has met their debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step Up Power").

OMEGA JV6 is managed by American Municipal Power-Ohio, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP-Ohio issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. The City's net obligation for these bonds at December 31, 2009 was \$193,402 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected).

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$290,382 at December 31, 2009. Complete financial statements for OMEGA JV6 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

CITY OF OBERLIN, OHIO

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

NOTE 19 - JOINT VENTURES (Continued)

D. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) (Continued)

The ten participating subdivisions and their respective ownership shares at December 31, 2009 are:

<u>Participant</u>	<u>KW Amount</u>	<u>% of Financing</u>
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgeton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	<u>7,200</u>	<u>100.00%</u>

The City's liability for the bonds are disclosed below:

Years	Principal	Interest	Total Debt Service
2010	34,295	905	35,200
2011	31,892	3,308	35,200
2012	31,189	4,011	35,200
2013	31,098	4,102	35,200
2014	32,354	2,846	35,200
2015-2019	46,804	1,802	48,606
Total Gross Liability	<u>207,632</u>	<u>16,974</u>	<u>224,606</u>
Less: Amounts Held in Reserve	<u>(14,230)</u>		
Net Obligation	<u>\$193,402</u>		

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

Certified Public Accountants

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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
City of Oberlin, Ohio

The Honorable Mary Taylor
Auditor of State
State of 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 Oberlin, Lorain County, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the City of Oberlin, Ohio's basic financial statements and have issued our report thereon dated May 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Oberlin, 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 Oberlin, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Oberlin, Ohio's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, 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 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.

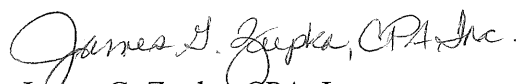
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Oberlin, 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 no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Oberlin, Ohio, in a separate letter dated May 25, 2010.

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

May 25, 2010

CITY OF OBERLIN, OHIO
STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

The prior audit report, as of December 31, 2008, included no citations or instances of noncompliance. No management letter was issued in the prior audit period.



Mary Taylor, CPA
Auditor of State

CITY OF OBERLIN

LORAIN 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
JULY 1, 2010