



# City of Oakwood

Basic Financial Statements  
For the Year Ended  
December 31, 2008

# **City of Oakwood, Ohio**

Basic Financial Statements  
For the Year Ended December 31, 2008

with

Independent Auditor's Report

Prepared by:

Department of Finance

Cindy S. Stafford, CPA

Director of Finance

# CITY OF OAKWOOD, OHIO

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor, City Council  
and City Manager  
City of Oakwood, 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 Oakwood (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof 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 15, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
May 15, 2009

**CITY OF OAKWOOD, OHIO**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended December 31, 2008

The discussion and analysis of the City of Oakwood, Ohio's financial performance provides an overall review of the financial activities of the City for the year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information, including the financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for the year ended December 31, 2008 are as follows:

- Total net assets decreased slightly by \$452,968, which represents a 0.76 percent decrease from 2007.
- Total net assets of governmental activities also decreased slightly by \$662,691 from those reported at December 31, 2007.
- Governmental activity revenues decreased by \$9.0 million from 2007, primarily the result of less estate tax received in 2008. Governmental activity expenses increased by 3.44%, \$459,032, in 2008.
- The net assets of the City's business-type activities increased by \$209,723 during 2008 compared to the increase of \$123,332 reported in the prior year. A decrease in expenses accounts for this increase.
- The \$6.3 million unreserved, undesignated ending fund balance reported in the General Fund represents 77.2 percent of the total expenditures reported in the General Fund for 2008.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements provide the next level of detail. For governmental activities, these financial statements tell how services were financed in the short-term as well as the amount of funds available for future spending.

**Reporting the City as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities help to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by

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most private-sector companies. All current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in those net assets. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements should take into account non-financial factors that also impact the City. Some of these factors include the City's tax base and the condition of its capital assets.

In the Statement of Net Assets and the Statement of Activities, the financial information of the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's services are reported here including police and fire protection, recreation and parks, community environment, street repair and maintenance, and general government.
  
- **Business-Type Activities** – These services include the water and sewer departments where the fees charged for these services are based upon the amount of usage and the intent is to recoup operational costs through the user fees.

**Reporting the City's Most Significant Funds**

*Fund Financial Statements*

Fund financial reports provide detailed information about each major fund. The major funds of the City include the General, Refuse, Capital Improvement, Water and Sewer funds. The City uses many funds to account for a multitude of financial transactions. However, the focus of the fund financial statements is on the City's most significant funds, and therefore only the major funds are presented in separate columns. All other funds are combined into one column for reporting purposes.

Governmental Funds

Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds, and the balances left at year-end which would be available for spending in future periods. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you

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determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. 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.

Proprietary Funds

When the City charges citizens for the services it provides, with the intent of recouping operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Internal service funds are used to report activities that provide services to the City's other funds and departments.

Fiduciary Funds

The financial activity of custodial funds, for which the City acts as the fiscal agent, is reported separately in the Statement of Assets and Liabilities. This financial activity is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes.

**The City as a Whole**

For 2008, the City's assets exceeded liabilities by a total of \$59.3 million. This represents a decrease of 0.76% from the prior year and is a result of a combination of a net increase in expenditures of 3% and a decrease in revenues of 2%, excluding the impact of estate tax collections.

Explanations for the significant fluctuations between 2008 and 2007 are as follows:

- Annual estate tax revenue varies dramatically from year to year. The City received \$9.9 million in 2007 and \$1.3 million in 2008.
- Investment earnings decreased 35% as a result of world economic conditions and lower cash balances as a result of capital asset expenditures.
- The City increased its net capital assets by \$2.2 million primarily as a result of the Orchardly Park renovations, Orchard Drive parking lot, and the infrastructure and road work related to the Sugar Camp and Pointe Oakwood project.
- During 2008, the City changed its capitalization policy from \$1,000 to \$5,000 for capital assets. Projects not meeting the new criteria for capitalization increased expenses by \$300,000.



**CITY OF OAKWOOD, OHIO**  
Management's Discussion and Analysis (Unaudited)  
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The following tables provide a summary of the City's net assets and changes in net assets for the year.

**TABLE 1**  
**NET ASSETS**

|                                 | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|---------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                                 | 2008                    | 2007                 | 2008                     | 2007                | 2008                 | 2007                 |
| Current and other assets        | \$ 21,046,610           | \$ 24,802,542        | \$ 2,917,992             | \$ 2,595,474        | \$ 23,964,602        | \$ 27,398,016        |
| Capital assets, net             | 41,022,269              | 38,772,785           | 2,584,619                | 2,659,704           | 43,606,888           | 41,432,489           |
| <b>Total assets</b>             | <u>62,068,879</u>       | <u>63,575,327</u>    | <u>5,502,611</u>         | <u>5,255,178</u>    | <u>67,571,490</u>    | <u>68,830,505</u>    |
| Current and other liabilities   | 6,573,539               | 7,324,426            | 336,816                  | 264,793             | 6,910,355            | 7,589,219            |
| Long-term liabilities:          |                         |                      |                          |                     |                      |                      |
| Due within one year             | 96,731                  | 108,337              | 35,435                   | 37,126              | 132,166              | 145,463              |
| Due in more than one year       | 1,030,191               | 1,106,910            | 206,389                  | 239,011             | 1,236,580            | 1,345,921            |
| <b>Total liabilities</b>        | <u>7,700,461</u>        | <u>8,539,673</u>     | <u>578,640</u>           | <u>540,930</u>      | <u>8,279,101</u>     | <u>9,080,603</u>     |
| Net assets:                     |                         |                      |                          |                     |                      |                      |
| Invested in capital assets, net | 37,322,269              | 34,522,785           | 2,390,678                | 2,439,905           | 39,712,947           | 36,962,690           |
| Restricted                      | 1,410,945               | 1,034,527            | -                        | -                   | 1,410,945            | 1,034,527            |
| Unrestricted                    | 15,635,204              | 19,478,342           | 2,533,293                | 2,274,343           | 18,168,497           | 21,752,685           |
| <b>Total net assets</b>         | <u>\$ 54,368,418</u>    | <u>\$ 55,035,654</u> | <u>\$ 4,923,971</u>      | <u>\$ 4,714,248</u> | <u>\$ 59,292,389</u> | <u>\$ 59,749,902</u> |

**TABLE 2**  
**CHANGES IN NET ASSETS**

|                                     | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|-------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                                     | 2008                    | 2007                 | 2008                     | 2007                | 2008                 | 2007                 |
| <b>Revenues</b>                     |                         |                      |                          |                     |                      |                      |
| Program revenues:                   |                         |                      |                          |                     |                      |                      |
| Charges for services                | \$ 1,421,265            | \$ 1,386,797         | \$ 2,468,918             | \$ 2,330,435        | \$ 3,890,183         | \$ 3,717,232         |
| Operating grants & contributions    | 12,052                  | 53,829               | -                        | -                   | 12,052               | 53,829               |
| Capital grants & contributions      | 175,000                 | 150,000              | -                        | -                   | 175,000              | 150,000              |
| General revenues:                   |                         |                      |                          |                     |                      |                      |
| Income taxes                        | 5,753,980               | 5,952,418            | -                        | -                   | 5,753,980            | 5,952,418            |
| Property taxes                      | 1,866,692               | 1,891,090            | -                        | -                   | 1,866,692            | 1,891,090            |
| Unrestricted grants & contributions | 2,725,579               | 11,087,402           | -                        | -                   | 2,725,579            | 11,087,402           |
| Investment earnings                 | 883,600                 | 1,370,750            | 66,318                   | 94,542              | 949,918              | 1,465,292            |
| Miscellaneous                       | 285,168                 | 282,986              | 14,940                   | 28,821              | 300,108              | 311,807              |
| <b>Total revenues</b>               | <u>13,123,336</u>       | <u>22,175,272</u>    | <u>2,550,176</u>         | <u>2,453,798</u>    | <u>15,673,512</u>    | <u>24,629,070</u>    |
| <b>Program Expenses</b>             |                         |                      |                          |                     |                      |                      |
| Security of persons and property    | 5,098,411               | 4,930,310            | -                        | -                   | 5,098,411            | 4,930,310            |
| Public health services              | 94,550                  | 101,379              | -                        | -                   | 94,550               | 101,379              |
| Leisure time activities             | 1,063,776               | 1,012,377            | -                        | -                   | 1,063,776            | 1,012,377            |
| Community environment               | 1,991,227               | 1,787,659            | -                        | -                   | 1,991,227            | 1,787,659            |
| Transportation                      | 1,017,888               | 1,032,984            | -                        | -                   | 1,017,888            | 1,032,984            |
| General government                  | 3,365,267               | 3,525,701            | -                        | -                   | 3,365,267            | 3,525,701            |
| Public works                        | 1,028,743               | 724,276              | -                        | -                   | 1,028,743            | 724,276              |
| Interest and fiscal charges         | 126,165                 | 212,309              | -                        | -                   | 126,165              | 212,309              |
| Water                               | -                       | -                    | 977,167                  | 972,362             | 977,167              | 972,362              |
| Sewer                               | -                       | -                    | 1,363,286                | 1,358,104           | 1,363,286            | 1,358,104            |
| <b>Total expenses</b>               | <u>13,786,027</u>       | <u>13,326,995</u>    | <u>2,340,453</u>         | <u>2,330,466</u>    | <u>16,126,480</u>    | <u>15,657,461</u>    |
| <b>Changes in net assets</b>        | <u>(662,691)</u>        | <u>8,848,277</u>     | <u>209,723</u>           | <u>123,332</u>      | <u>(452,968)</u>     | <u>8,971,609</u>     |
| Beginning net assets                | 55,031,109              | 46,187,377           | 4,714,248                | 4,590,916           | 59,745,357           | 50,778,293           |
| <b>Ending net assets</b>            | <u>\$ 54,368,418</u>    | <u>\$ 55,035,654</u> | <u>\$ 4,923,971</u>      | <u>\$ 4,714,248</u> | <u>\$ 59,292,389</u> | <u>\$ 59,749,902</u> |

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 Management's Discussion and Analysis (Unaudited)  
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*Governmental Activities*

The City has chosen to use unrestricted cash reserves to cover the shortfall between revenues and expenditures because of the significant amounts of estate tax revenue that have been received in the past. Total unrestricted net assets decreased by approximately \$3.6 million from those reported at December 31, 2007, while investments in capital assets, net of debt increased approximately \$2.75 million.

Table 3 shows the percentage of total expenses each functional area comprises, the net cost of each functional area and the percentage of each functional area expenses financed with general revenue.

**TABLE 3**  
**ANALYSIS OF PROGRAM EXPENSES**  
**GOVERNMENTAL ACTIVITIES**

|                                  | Total Expense by<br>Function / Program | Percentage of Total<br>Program Expenses | Total Program<br>Revenue | Net Expense of<br>Function | Percentage of Function<br>Financed with<br>General Revenues |
|----------------------------------|--|---|--------------------------|----------------------------|---|
| <i>Program Expenses</i>          |  |   |                          |                            |   |
| Security of persons and property | \$ 5,098,411                           | 36.98%                                  | \$ (289,476)             | \$ 4,808,935               | 94.32%  |
| Public health services           | 94,550                                 | 0.69%                                   | (20,130)                 | 74,420                     | 78.71%  |
| Leisure time activities          | 1,063,776                              | 7.72%                                   | (499,916)                | 563,860                    | 53.01%  |
| Community environment            | 1,991,227                              | 14.44%                                  | (299,289)                | 1,691,938                  | 84.97%  |
| Transportation                   | 1,017,888                              | 7.38%                                   | -                        | 1,017,888                  | 100.00%   |
| General government               | 3,365,267                              | 24.41%                                  | (324,506)                | 3,040,761                  | 90.36%  |
| Public works                     | 1,028,743                              | 7.46%                                   | (175,000)                | 853,743                    | 82.99%  |
| Interest and fiscal charges      | 126,165                                | 0.92%                                   | -                        | 126,165                    | 100.00%   |
|                                  | <u>\$ 13,786,027</u>                   | <u>100.00%</u>                          | <u>\$ (1,608,317)</u>    | <u>\$ 12,177,710</u>       | <u>88.33%</u>   |

As indicated by Table 3, the City is spending about half of its resources (50%) on the security of person and property (public safety) and community environment activities. The operation of the public safety department is 36.98% of total program expenses, revenues generated by the public safety department cover only 5.68% of functional expenses. This means that general revenues collected by the City, principally income taxes and property taxes, must cover the remaining 94.32% of expenses reported by the public safety department. Refuse collection fees is the most significant program revenue source that helps offset the expenses reported for the community environment functions.

General government functions, principally legislative, administration and judicial activities, comprise 24.41% of the total governmental expenses. Most of the program revenue generated by this function is associated with court fees and fines, as well as other charges for services and operating grants. Program revenues significantly offset other significant functional expenses, leisure time activities and transportation. Charges for services and fees associated with the recreation department accounted for 47% of the leisure time activities functional expenses. Expenses associated with street resurfacing, street maintenance, snow removal and operation of the public works department are all included within the transportation function.

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General revenues comprise 88% of the total governmental revenues collected by the City during 2008. Principal components of general revenues; grants and contributions not restricted to specific purposes, including estate taxes (21%) income taxes (44%) and property taxes (14%), are used to furnish the quality of life and services to citizens and businesses to which they have become accustomed.

*Business-Type Activities*

The City's business-type activities include the Water and Sewer operations.

Water – The water department at the City of Oakwood is responsible for the production, treatment and delivery of quality water to businesses and citizens within the boundaries of the City. Various functions within the water department include administration, water production, water distribution and maintaining and upgrading the infrastructure used to produce, treat and distribute the water. The operating income for the water department did not change significantly from the current year compared to the prior year, \$13,469 during 2008 compared to \$135 reported for 2007. At December 31, 2008 the unrestricted net assets represented 153% of the operating expenses reported for 2008.

Sewer – The City's sewer department is responsible for the collection and treatment of wastewater generated throughout the City. Various functions within the sewer department include administration, disposal, and maintaining and upgrading infrastructure used in the collection and disposal of wastewater. The sewer department recognized operating income of \$163,333 during 2008 as compared with an operating loss of \$54,262 reported for 2007. Decreases in expenses contributed to the increase in operating revenue during 2008.

Overall, the City's business-type activities generated \$2.5 million in program revenue during 2008, while program expenses were \$2.3 million. The business-type activities incurred an overall increase in net assets of \$209,723. This increase shows an improvement in overall operations in the last several years. It should be noted that the unrestricted net assets of the business-type activities totaled \$1.7 million at the end of 2008. The amount of unrestricted net assets for business-type activities reported at December 31, 2008 equaled 74% of the total expenses reported for business-type activities for 2008. Management will continue to monitor utility rate charges and necessary adjustments will be made to provide any additional financial resources needed.

**The City's Funds**

The governmental funds of the City are reported using the modified accrual basis of accounting. These funds had total revenues of \$12.8 million and expenditures of \$16.2 million for 2008. In total, the governmental funds reported a \$3.4 million decrease in total fund balance for the year. In 2007, the fund balance of the City's governmental funds increased by approximately \$8.4 million. Most of the increase reported in 2007 was associated

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with a significant settlement of estate taxes. The unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year; unreserved fund balance of governmental funds at December 31, 2008 was \$11 million, or 68% of the total expenditures reported for the governmental funds for 2008.

The City's General Fund realized a \$737,469 increase in fund balance during 2008 as compared to the \$3.5 million increase in 2007. The City received a large estate tax settlement in 2007 that was originally recorded in the General Fund, with a significant amount being transferred to the Capital Improvement Fund. Annually, the General Fund transfers amounts to other funds to cover recreation, street maintenance, state highway and other programs. These transfers also pay for capital improvement projects and construction of capital assets. In 2008, the General Fund transferred over \$2 million to other funds.

Explanation of the changes in the two enterprise funds of the City, the water and sewer funds, follow the same explanations as those provided in the assessment of the business-type activities noted above since enterprise funds are accounted for using full accrual accounting, the same accounting basis used in the city-wide statements.

**General Fund Budgeting Highlights**

The City's budget is adopted on a fund basis. Before the budget is adopted, council reviews the detailed budgets of each department within the General Fund and other funds, and then adopts the budget on a fund basis. Within each departmental budget, a department head, with the City Manager's approval, may make small line adjustments within their budget, as long as the total operational and maintenance amount does not exceed their budgetary allotment.

For the General Fund, budget basis revenue was \$10 million as compared to the actual revenues received of \$11 million. The City's additional revenues received were from the following:

- Intergovernmental revenues, primarily estate taxes were approximately \$394,000 more than was budgeted,
- Investment revenues were approximately \$350,000 more than budget,
- Income taxes received were approximately \$286,000 higher than budget.

The budgeted expenditures of the City did not change from the original budget to the final budget and actual expenditures varied by only \$28,589 from budgeted expenditures. For the year ended December 31, 2008 the total actual budgetary change in fund balance for the General Fund was an increase of \$480,646 resulting in a reported \$9.7 million ending budgetary fund balance. The ending budgetary fund balance or unencumbered fund balance reported at the end of the year was 78% of the total budgetary expenditures of the General Fund for 2008.

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**Capital Assets**

At the end of 2008, the City had a total of \$67.7 million invested in capital assets less accumulated depreciation of \$24.1 million resulting in total capital assets, net of accumulated depreciation of \$43.6 million.

During 2008, the major asset additions were as follows:

- \$2.3 million of continuing work on the infrastructure for the Sugar Camp/ Pointe Oakwood project, including the Far Hills Avenue road work, all of which is included in construction in progress
- Orchardly Park renovations of approximately \$714,000
- Orchard Drive Parking Lot renovations of approximately \$223,000
- Refuse packer purchase of approximately \$305,000

Table 4 shows 2008 capital asset balances compared to those of 2007:

**TABLE 4**  
**CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION**

|                          | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|--------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                          | 2008                    | 2007                 | 2008                     | 2007                | 2008                 | 2007                 |
| Land                     | \$ 4,370,035            | \$ 4,370,035         | \$ 283,820               | \$ 283,820          | \$ 4,653,855         | \$ 4,653,855         |
| Buildings                | 12,356,442              | 12,899,344           | 443,416                  | 455,096             | 12,799,858           | 13,354,440           |
| Land Improvements        | 955,140                 | 80,961               | 82,225                   | 103,338             | 1,037,365            | 184,299              |
| Equipment                | 337,908                 | 433,661              | 54,658                   | 53,679              | 392,566              | 487,340              |
| Vehicles                 | 488,201                 | 313,990              | 30,954                   | 8,726               | 519,155              | 322,716              |
| Infrastructure           | 19,961,457              | 20,443,564           | 1,689,546                | 1,755,045           | 21,651,003           | 22,198,609           |
| Construction in progress | 2,553,086               | 231,230              | -                        | -                   | 2,553,086            | 231,230              |
| Total                    | <u>\$ 41,022,269</u>    | <u>\$ 38,772,785</u> | <u>\$ 2,584,619</u>      | <u>\$ 2,659,704</u> | <u>\$ 43,606,888</u> | <u>\$ 41,432,489</u> |

Additional information on the City's capital assets can be found in Note 4 to the basic financial statements.

**Debt Administration**

At December 31, 2008, the City had a total of approximately \$4.5 million of short and long-term debt obligations compared with approximately \$5.0 million reported at December 31, 2007.

Governmental debt obligations include \$3,700,000 in capital facility improvement and land acquisition notes and a \$567,682 police and fire pension liability.

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The \$193,942 Ohio Public Works Commission (OPWC) loan reported in the City's sewer fund was reduced by \$25,859 from the \$219,801 reported on December 31, 2007. This is an interest free loan which was used to improve the City's sanitary sewer system and is being repaid through operating revenues of the sewer fund.

At December 31, 2008, the City's overall legal debt margin was \$33 million and the unvoted debt margin was \$17 million. See Note 7 to the basic financial statements for more detailed information on the debt obligations of the City.

**Contacting the City's Finance Department**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances. If you have questions or need additional financial information, please contact Cindy Stafford, Director of Finance, City of Oakwood, 30 Park Avenue, Dayton, Ohio 45419 or call (937)298-0402.

# CITY OF OAKWOOD, OHIO

## Statement of Net Assets

December 31, 2008

|   | Governmental<br>Activities | Business-Type<br>Activities | Total         |
|---|----------------------------|-----------------------------|---------------|
| <b>Assets</b>   |                            |                             |               |
| Equity in pooled cash and investments                           | \$ 16,956,161              | \$ 1,495,364                | \$ 18,451,525 |
| Cash in segregated accounts                                     | 11,718                     | -                           | 11,718        |
| Receivables:  |                            |                             |               |
| Property taxes  | 1,418,162                  | -                           | 1,418,162     |
| Income taxes  | 2,214,717                  | -                           | 2,214,717     |
| Accounts  | 101,171                    | 498,088                     | 599,259       |
| Special assessments   | 138,680                    | 64,066                      | 202,746       |
| Interest  | 153,780                    | 11,450                      | 165,230       |
| Intergovernmental   | 681,571                    | -                           | 681,571       |
| Prepaid expenses  | 28,565                     | 2,968                       | 31,533        |
| Internal balances   | (817,939)                  | 817,939                     | -             |
| Inventory   | 160,024                    | 28,117                      | 188,141       |
| Nondepreciable capital assets                                   | 6,923,121                  | 283,820                     | 7,206,941     |
| Depreciable capital assets (net of<br>accumulated depreciation) | 34,099,148                 | 2,300,799                   | 36,399,947    |
| <b>Total assets</b>   | \$ 62,068,879              | \$ 5,502,611                | \$ 67,571,490 |
| <b>Liabilities</b>  |                            |                             |               |
| Accounts payable  | 157,565                    | 142,886                     | 300,451       |
| Contracts payable   | 518,748                    | 17,494                      | 536,242       |
| Accrued wages payable   | 183,738                    | 14,113                      | 197,851       |
| Intergovernmental payable                                       | 572,840                    | 162,323                     | 735,163       |
| Accrued interest payable  | 73,425                     | -                           | 73,425        |
| Notes payable   | 3,700,000                  | -                           | 3,700,000     |
| Unearned revenue  | 1,367,223                  | -                           | 1,367,223     |
| Long-term liabilities:  |                            |                             |               |
| Due within one year   | 96,731                     | 35,435                      | 132,166       |
| Due within more than one year                                   | 1,030,191                  | 206,389                     | 1,236,580     |
| <b>Total liabilities</b>  | 7,700,461                  | 578,640                     | 8,279,101     |
| <b>Net Assets</b>   |                            |                             |               |
| Invested in capital assets, net of related debt                 | 37,322,269                 | 2,390,678                   | 39,712,947    |
| Restricted for:   |                            |                             |               |
| Capital purposes  | 214,504                    | -                           | 214,504       |
| Other purposes  | 1,138,347                  | -                           | 1,138,347     |
| Permanent endowment:  |                            |                             |               |
| Nonexpendable   | 50,000                     | -                           | 50,000        |
| Expendable  | 8,094                      | -                           | 8,094         |
| Unrestricted  | 15,635,204                 | 2,533,293                   | 18,168,497    |
| <b>Total net assets</b>   | \$ 54,368,418              | \$ 4,923,971                | \$ 59,292,389 |

See accompanying notes to the basic financial statements.

# CITY OF OAKWOOD, OHIO

## Statement of Activities

For the Year Ended December 31, 2008

| Functions / Programs  | Program Revenues     |                         |  |  | Net (Expense) Revenue<br>and Changes in Net Assets |                             |                      |
|---|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|
|   | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                         | Business-Type<br>Activities | Total                |
| Governmental activities:  |                      |                         |  |  |  |                             |                      |
| Security of persons and property                                | \$ 5,098,411         | \$ 289,476              | \$ -                                     | \$ -                                   | \$ (4,808,935)                                     | \$ -                        | \$ (4,808,935)       |
| Public health services  | 94,550               | 20,130                  | -  | -                                      | (74,420)   | -                           | (74,420)             |
| Leisure time activities   | 1,063,776            | 487,864                 | 12,052                                   | -                                      | (563,860)  | -                           | (563,860)            |
| Community environment   | 1,991,227            | 299,289                 | -  | -                                      | (1,691,938)  | -                           | (1,691,938)          |
| Transportation  | 1,017,888            | -                       | -  | -                                      | (1,017,888)  | -                           | (1,017,888)          |
| General government  | 3,365,267            | 324,506                 | -  | -                                      | (3,040,761)  | -                           | (3,040,761)          |
| Public works  | 1,028,743            | -                       | -  | 175,000                                | (853,743)  | -                           | (853,743)            |
| Interest on long-term debt                                      | 126,165              | -                       | -  | -                                      | (126,165)  | -                           | (126,165)            |
| <b>Total governmental activities</b>                            | <b>\$ 13,786,027</b> | <b>\$ 1,421,265</b>     | <b>\$ 12,052</b>                         | <b>\$ 175,000</b>                      | <b>(12,177,710)</b>                                | <b>-</b>                    | <b>(12,177,710)</b>  |
| Business-type activities:                                       |                      |                         |  |  |  |                             |                      |
| Water   | 977,167              | 947,759                 | -  | -                                      | -  | (29,408)                    | (29,408)             |
| Sewer   | 1,363,286            | 1,521,159               | -  | -                                      | -  | 157,873                     | 157,873              |
| <b>Total business-type activities</b>                           | <b>2,340,453</b>     | <b>2,468,918</b>        | <b>-</b>                                 | <b>-</b>                               | <b>-</b>   | <b>128,465</b>              | <b>128,465</b>       |
| <b>Total</b>  | <b>\$ 16,126,480</b> | <b>\$ 3,890,183</b>     | <b>\$ 12,052</b>                         | <b>\$ 175,000</b>                      | <b>(12,177,710)</b>                                | <b>128,465</b>              | <b>(12,049,245)</b>  |
| General revenues:   |                      |                         |  |  |  |                             |                      |
| Taxes:  |                      |                         |  |  |  |                             |                      |
| Income taxes  |                      |                         |  |  | 5,753,980  | -                           | 5,753,980            |
| Property taxes levied for:                                      |                      |                         |  |  |  |                             |                      |
| General purposes  |                      |                         |  |  | 1,783,359  | -                           | 1,783,359            |
| Police and fire pension   |                      |                         |  |  | 83,333   | -                           | 83,333               |
| Grants and contributions not restricted<br>to specific programs |                      |                         |  |  | 2,725,579  | -                           | 2,725,579            |
| Investment earnings   |                      |                         |  |  | 883,600  | 66,318                      | 949,918              |
| Miscellaneous   |                      |                         |  |  | 285,168  | 14,940                      | 300,108              |
| <b>Total general revenues</b>                                   |                      |                         |  |  | <b>11,515,019</b>                                  | <b>81,258</b>               | <b>11,596,277</b>    |
| Change in net assets  |                      |                         |  |  | (662,691)  | 209,723                     | (452,968)            |
| Net assets, beginning of year                                   |                      |                         |  |  | 55,031,109   | 4,714,248                   | 59,745,357           |
| Net assets, end of year   |                      |                         |  |  | <b>\$ 54,368,418</b>                               | <b>\$ 4,923,971</b>         | <b>\$ 59,292,389</b> |

See accompanying notes to the basic financial statements.



# CITY OF OAKWOOD, OHIO

## Balance Sheet Governmental Funds December 31, 2008

|   | General<br>Fund      | Refuse<br>Fund    | Capital<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|-------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                                   |                      |                   |                                |                                |                                |
| Equity in pooled cash and investments           | \$ 10,150,992        | \$ 624,714        | \$ 2,079,430                   | \$ 3,943,320                   | \$ 16,798,456                  |
| Cash in segregated accounts                     | 10,262               | -                 | -                              | 1,456                          | 11,718                         |
| Receivables:                                    |                      |                   |                                |                                |                                |
| Property taxes                                  | 1,335,529            | -                 | -                              | 82,633                         | 1,418,162                      |
| Income taxes                                    | 2,214,717            | -                 | -                              | -                              | 2,214,717                      |
| Accounts  | 18,379               | 64,777            | 2,124                          | 14,229                         | 99,509                         |
| Special assessments                             | 4,758                | 5,913             | -                              | 128,008                        | 138,679                        |
| Interest  | 148,146              | -                 | -                              | 5,634                          | 153,780                        |
| Intergovernmental                               | 483,137              | -                 | -                              | 198,434                        | 681,571                        |
| Prepaid expenses                                | 19,233               | 536               | -                              | 8,413                          | 28,182                         |
| Inventory                                       | 45,951               | 10,461            | -                              | 84,611                         | 141,023                        |
| <b>Total assets</b>                             | <b>14,431,104</b>    | <b>706,401</b>    | <b>2,081,554</b>               | <b>4,466,738</b>               | <b>21,685,797</b>              |
| <b>Liabilities and Fund Balances</b>            |                      |                   |                                |                                |                                |
| <b>Liabilities</b>                              |                      |                   |                                |                                |                                |
| Accounts payable                                | 86,712               | 1,830             | 1,632                          | 53,741                         | 143,915                        |
| Contracts payable                               | -                    | -                 | 430,187                        | 88,561                         | 518,748                        |
| Accrued wages payable                           | 127,887              | 20,139            | -                              | 30,681                         | 178,707                        |
| Compensated absences payable                    | 2,799                | -                 | -                              | -                              | 2,799                          |
| Intergovernmental payable                       | 429,121              | 60,898            | -                              | 71,394                         | 561,413                        |
| Accrued interest payable                        | 73,425               | -                 | -                              | -                              | 73,425                         |
| Notes payable                                   | 3,700,000            | -                 | -                              | -                              | 3,700,000                      |
| Deferred revenue                                | 3,601,030            | 48,121            | 2,124                          | 395,161                        | 4,046,436                      |
| <b>Total liabilities</b>                        | <b>8,020,974</b>     | <b>130,988</b>    | <b>433,943</b>                 | <b>639,538</b>                 | <b>9,225,443</b>               |
| <b>Fund Balances</b>                            |                      |                   |                                |                                |                                |
| Reserved for:                                   |                      |                   |                                |                                |                                |
| Encumbrances                                    | 89,662               | 27,692            | 910,016                        | 181,638                        | 1,209,008                      |
| Prepaid expenses                                | 19,233               | 536               | -                              | 8,413                          | 28,182                         |
| Inventory                                       | 45,951               | 10,461            | -                              | 84,611                         | 141,023                        |
| Bullock Endowment                               | -                    | -                 | -                              | 50,000                         | 50,000                         |
| Unreserved, reported in:                        |                      |                   |                                |                                |                                |
| Designated for Memorial<br>Gardens Improvements | -                    | -                 | -                              | 2,285                          | 2,285                          |
| Undesignated, reported in:                      |                      |                   |                                |                                |                                |
| General fund                                    | 6,255,284            | -                 | -                              | -                              | 6,255,284                      |
| Special revenue funds                           | -                    | 536,724           | -                              | 2,171,489                      | 2,708,213                      |
| Capital projects funds                          | -                    | -                 | 737,595                        | 1,320,670                      | 2,058,265                      |
| Permanent funds                                 | -                    | -                 | -                              | 8,094                          | 8,094                          |
| <b>Total fund balances</b>                      | <b>6,410,130</b>     | <b>575,413</b>    | <b>1,647,611</b>               | <b>3,827,200</b>               | <b>12,460,354</b>              |
| <b>Total liabilities and fund balances</b>      | <b>\$ 14,431,104</b> | <b>\$ 706,401</b> | <b>\$ 2,081,554</b>            | <b>\$ 4,466,738</b>            | <b>\$ 21,685,797</b>           |

See accompanying notes to the basic financial statements.

# CITY OF OAKWOOD, OHIO

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets December 31, 2008

|   |           |    |                    |
|---|-----------|----|--------------------|
| <b>Fund balance - total governmental funds</b>  |           | \$ | 12,460,354         |
| Amounts reported for governmental activities in the Statement of Net Assets are different because:  |           |    |                    |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds  |           |    |                    |
|   |           |    | 36,236,652         |
| Some receivables are not available to pay for current-period expenditures therefore, related revenues are deferred in the funds:  |           |    |                    |
| Property and other taxes  | 50,939    |    |                    |
| Income taxes  | 1,730,836 |    |                    |
| Intergovernmental   | 585,808   |    |                    |
| Special assessments   | 138,680   |    |                    |
| Charges for services  | 61,516    |    |                    |
| Interest  | 111,434   |    |                    |
|   |           |    | <u>2,679,213</u>   |
| Internal service funds are used to charge the costs of certain activities such as providing insurance as well as the service center to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. |           |    |                    |
|   |           |    | 4,916,153          |
| The internal balance represents the portion of the internal service funds' assets and liabilities that are allocated to the enterprise funds.   |           |    |                    |
|   |           |    | (817,939)          |
| Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:  |           |    |                    |
| Police and fire pension   | (567,682) |    |                    |
| Compensated absences payable  | (538,333) |    |                    |
|   |           |    | <u>(1,106,015)</u> |
| <b>Net assets of governmental activities</b>  |           | \$ | <u>54,368,418</u>  |

See accompanying notes to the basic financial statements.

# CITY OF OAKWOOD, OHIO

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008

|   | General<br>Fund     | Refuse<br>Fund     | Capital<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>   |                     |                    |                                |                                |                                |
| Income taxes  | \$ 5,658,562        | \$ -               | \$ -                           | \$ -                           | \$ 5,658,562                   |
| Property taxes  | 1,632,187           | -                  | -                              | 211,737                        | 1,843,924                      |
| Intergovernmental                                       | 2,004,022           | -                  | 175,000                        | 416,918                        | 2,595,940                      |
| Charges for services                                    | 290,856             | 265,419            | -                              | 557,655                        | 1,113,930                      |
| Fines, licenses and permits                             | 111,316             | -                  | -                              | 34,885                         | 146,201                        |
| Special assessments                                     | -                   | 5,659              | -                              | 134,642                        | 140,301                        |
| Investment earnings                                     | 855,793             | -                  | -                              | 36,170                         | 891,963                        |
| Donations   | 124,270             | -                  | -                              | 13,052                         | 137,322                        |
| Miscellaneous   | 218,329             | 23,209             | 1,320                          | 42,310                         | 285,168                        |
| <b>Total revenues</b>                                   | <b>10,895,335</b>   | <b>294,287</b>     | <b>176,320</b>                 | <b>1,447,369</b>               | <b>12,813,311</b>              |
| <b>Expenditures</b>                                     |                     |                    |                                |                                |                                |
| Security of persons and property                        | 4,787,002           | -                  | -                              | 235,599                        | 5,022,601                      |
| Public health services                                  | -                   | -                  | -                              | 104,320                        | 104,320                        |
| Leisure time activities                                 | -                   | -                  | -                              | 1,027,106                      | 1,027,106                      |
| Community environment                                   | 591,969             | 1,342,203          | -                              | 486                            | 1,934,658                      |
| Transportation  | -                   | -                  | -                              | 970,968                        | 970,968                        |
| General government                                      | 2,622,163           | -                  | -                              | 4,912                          | 2,627,075                      |
| Capital outlay  | -                   | -                  | 3,598,072                      | 759,179                        | 4,357,251                      |
| Debt service:   |                     |                    |                                |                                |                                |
| Principal retirement                                    | -                   | -                  | -                              | 11,450                         | 11,450                         |
| Interest and fiscal charges                             | 101,672             | -                  | -                              | 24,493                         | 126,165                        |
| <b>Total expenditures</b>                               | <b>8,102,806</b>    | <b>1,342,203</b>   | <b>3,598,072</b>               | <b>3,138,513</b>               | <b>16,181,594</b>              |
| <b>Excess of revenues over<br/>(under) expenditures</b> | <b>2,792,529</b>    | <b>(1,047,916)</b> | <b>(3,421,752)</b>             | <b>(1,691,144)</b>             | <b>(3,368,283)</b>             |
| <b>Other financing sources (uses)</b>                   |                     |                    |                                |                                |                                |
| Transfers in  | -                   | 976,000            | 27,315                         | 1,051,745                      | 2,055,060                      |
| Transfers out   | (2,055,060)         | -                  | -                              | -                              | (2,055,060)                    |
| <b>Total other financing sources (uses)</b>             | <b>(2,055,060)</b>  | <b>976,000</b>     | <b>27,315</b>                  | <b>1,051,745</b>               | <b>-</b>                       |
| Net change in fund balance                              | 737,469             | (71,916)           | (3,394,437)                    | (639,399)                      | (3,368,283)                    |
| Fund balance, beginning of year                         | 5,672,661           | 647,329            | 5,042,048                      | 4,466,599                      | 15,828,637                     |
| <b>Fund balance, end of year</b>                        | <b>\$ 6,410,130</b> | <b>\$ 575,413</b>  | <b>\$ 1,647,611</b>            | <b>\$ 3,827,200</b>            | <b>\$ 12,460,354</b>           |

See accompanying notes to the basic financial statements.

# CITY OF OAKWOOD, 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, 2008

|  |                    |                         |
|--|--------------------|-------------------------|
| <b>Net change in fund balances - total governmental funds</b>  | \$                 | (3,368,283)             |
| 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 are allocated over their useful lives as depreciation expense:  |                    |                         |
| Capital asset additions  | 3,843,622          |                         |
| Current year depreciation  | <u>(1,131,707)</u> |                         |
|  |                    | 2,711,915               |
| Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets. There were no proceeds. |                    | (301,967)               |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:   |                    | 310,025                 |
| Repayment of long-term obligations is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.  |                    | 11,450                  |
| Internal service funds are used to charge the costs of certain activities, such as insurance and vehicle maintenance to the individual funds as reported in the Statement of Activities.   |                    | (94,201)                |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.  |                    |                         |
| Compensated absences   |                    | <u>68,370</u>           |
| <b>Change in net assets of governmental activities</b>   | <b>\$</b>          | <b><u>(662,691)</u></b> |

See accompanying notes to the basic financial statements.

# CITY OF OAKWOOD, OHIO

## Statement of Net Assets

### Proprietary Funds

December 31, 2008

|  | Enterprise Funds    |                     |                     | Internal<br>Service Fund |
|--|---------------------|---------------------|---------------------|--------------------------|
|  | Water               | Sewer               | Total               |                          |
| <b>Assets</b>  |                     |                     |                     |                          |
| Current assets:  |                     |                     |                     |                          |
| Equity in pooled cash and investments                        | \$ 1,291,232        | \$ 204,132          | \$ 1,495,364        | \$ 157,705               |
| Receivables:   |                     |                     |                     |                          |
| Accounts   | 181,277             | 316,811             | 498,088             | 1,661                    |
| Special assessments  | 26,294              | 37,772              | 64,066              | -                        |
| Interest   | 9,980               | 1,470               | 11,450              | -                        |
| Prepaid expenses   | 1,525               | 1,443               | 2,968               | 383                      |
| Inventory  | 27,220              | 897                 | 28,117              | 19,000                   |
| Total current assets   | <u>1,537,528</u>    | <u>562,525</u>      | <u>2,100,053</u>    | <u>178,749</u>           |
| Noncurrent assets:   |                     |                     |                     |                          |
| Nondepreciable capital assets                                | 283,820             | -                   | 283,820             | 25,840                   |
| Depreciable capital assets (net of accumulated depreciation) | 1,247,207           | 1,053,592           | 2,300,799           | 4,759,777                |
| Total noncurrent assets                                      | <u>1,531,027</u>    | <u>1,053,592</u>    | <u>2,584,619</u>    | <u>4,785,617</u>         |
| <b>Total assets</b>  | <u>3,068,555</u>    | <u>1,616,117</u>    | <u>4,684,672</u>    | <u>4,964,366</u>         |
| <b>Liabilities</b>   |                     |                     |                     |                          |
| Current Liabilities:   |                     |                     |                     |                          |
| Accounts payable   | 17,430              | 125,456             | 142,886             | 13,651                   |
| Contracts payable  | 15,973              | 1,521               | 17,494              | -                        |
| Accrued wages payable  | 8,695               | 5,418               | 14,113              | 5,030                    |
| Intergovernmental payable                                    | 19,270              | 143,053             | 162,323             | 11,427                   |
| OPWC loan payable  | -                   | 25,859              | 25,859              | -                        |
| Compensated absences payable                                 | 5,669               | 3,907               | 9,576               | 3,621                    |
| Total current liabilities                                    | <u>67,037</u>       | <u>305,214</u>      | <u>372,251</u>      | <u>33,729</u>            |
| Noncurrent liabilities:                                      |                     |                     |                     |                          |
| Compensated absences payable                                 | 22,677              | 15,629              | 38,306              | 14,484                   |
| OPWC loan payable  | -                   | 168,083             | 168,083             | -                        |
| Total noncurrent liabilities                                 | <u>22,677</u>       | <u>183,712</u>      | <u>206,389</u>      | <u>14,484</u>            |
| <b>Total liabilities</b>                                     | <u>89,714</u>       | <u>488,926</u>      | <u>578,640</u>      | <u>48,213</u>            |
| <b>Net Assets</b>  |                     |                     |                     |                          |
| Invested in capital assets, net of related debt              | 1,531,027           | 859,651             | 2,390,678           | 4,785,617                |
| Unrestricted   | <u>1,447,814</u>    | <u>267,540</u>      | <u>1,715,354</u>    | <u>130,536</u>           |
| <b>Total net assets</b>                                      | <u>\$ 2,978,841</u> | <u>\$ 1,127,191</u> | <u>\$ 4,106,032</u> | <u>\$ 4,916,153</u>      |

|   |                     |
|---|---------------------|
| Adjustment to reflect consolidation of internal service fund activities related to enterprise funds | \$ 817,939          |
| Total net assets from above   | <u>4,106,032</u>    |
|   | <u>\$ 4,923,971</u> |

See accompanying notes to the basic financial statements.

# CITY OF OAKWOOD, OHIO

Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2008

|                                      | Enterprise Funds    |                     |                  | Internal<br>Service Fund |
|--------------------------------------|---------------------|---------------------|------------------|--------------------------|
|                                      | Water               | Sewer               | Total            |                          |
| <b><i>Operating Revenues</i></b>     |                     |                     |                  |                          |
| Charges for services                 | \$ 923,988          | \$ 1,500,399        | \$ 2,424,387     | \$ 643,422               |
| Fines, licenses and permits          | 675                 | 95                  | 770              | -                        |
| Special assessments                  | 23,095              | 20,665              | 43,760           | -                        |
| Miscellaneous                        | 9,474               | 5,467               | 14,941           | 4,513                    |
| <b>Total operating revenues</b>      | <b>957,232</b>      | <b>1,526,626</b>    | <b>2,483,858</b> | <b>647,935</b>           |
| <b><i>Operating Expenditures</i></b> |                     |                     |                  |                          |
| Personnel services                   | 386,130             | 225,222             | 611,352          | 214,286                  |
| Contractual services                 | 300,927             | 1,094,121           | 1,395,048        | 89,101                   |
| Supplies and materials               | 172,502             | 11,344              | 183,846          | 326,331                  |
| Claims                               | -                   | -                   | -                | 9,302                    |
| Miscellaneous                        | 2,203               | 2,848               | 5,051            | 55                       |
| Depreciation                         | 82,001              | 29,758              | 111,759          | 136,467                  |
| <b>Total operating expenditures</b>  | <b>943,763</b>      | <b>1,363,293</b>    | <b>2,307,056</b> | <b>775,542</b>           |
| <b>Operating income (loss)</b>       | <b>13,469</b>       | <b>163,333</b>      | <b>176,802</b>   | <b>(127,607)</b>         |
| <b><i>Non-operating revenues</i></b> |                     |                     |                  |                          |
| Investment earnings                  | 58,037              | 8,281               | 66,318           | -                        |
| Change in net assets                 | 71,506              | 171,614             | 243,120          | (127,607)                |
| Net assets, beginning of year        | 2,907,335           | 955,577             |                  | 5,043,760                |
| <b>Net assets, end of year</b>       | <b>\$ 2,978,841</b> | <b>\$ 1,127,191</b> |                  | <b>\$ 4,916,153</b>      |
|                                      |                     |                     | (33,397)         |                          |
|                                      |                     |                     | \$ 209,723       |                          |

Adjustment to reflect consolidation of internal service  
fund activities related to enterprise funds

# CITY OF OAKWOOD, OHIO

## Statement of Cash Flows

### Proprietary Funds

For the Year Ended December 31, 2008

|   | Enterprise Funds |              |              | Internal<br>Service Fund |
|---|------------------|--------------|--------------|--------------------------|
|   | Water            | Sewer        | Total        |                          |
| <b><i>Cash flows from operating activities</i></b>  |                  |              |              |                          |
| Cash received from customers  | \$ 927,871       | \$ 1,362,303 | \$ 2,290,174 | \$ -                     |
| Cash received from quasi-external transactions from other funds                                       | -                | -            | -            | 643,422                  |
| Cash received from other sources  | 9,474            | 26,132       | 35,606       | 2,852                    |
| Cash payments for employee services and benefits  | (387,682)        | (225,308)    | (612,990)    | (551,612)                |
| Cash payments for insurance claims  | -                | -            | -            | (9,302)                  |
| Cash payments to suppliers for goods and services   | (460,605)        | (1,062,680)  | (1,523,285)  | (90,736)                 |
| Cash payments for other operating expenses  | (2,203)          | (2,847)      | (5,050)      | (55)                     |
| Net cash provided by operating activities   | 86,855           | 97,600       | 184,455      | (5,431)                  |
| <b><i>Cash flows from capital and related financing activities</i></b>                                |                  |              |              |                          |
| Acquisition of capital assets   | (36,674)         | -            | (36,674)     | -                        |
| Principal paid on notes   | -                | (25,859)     | (25,859)     | -                        |
| Net cash used by capital and related financing activities   | (36,674)         | (25,859)     | (62,533)     | -                        |
| <b><i>Cash flows from investing activities</i></b>  |                  |              |              |                          |
| Market gain (loss) on investments   | (11,076)         | (2,048)      | (13,124)     | -                        |
| Proceeds from earnings on investments   | 70,072           | 10,329       | 80,401       | -                        |
| Net cash provided by investing activities   | 58,996           | 8,281        | 67,277       | -                        |
| Net increase (decrease) in cash and investments   | 109,177          | 80,022       | 189,199      | (5,431)                  |
| Cash and investments, beginning of year   | 1,182,055        | 124,110      | 1,306,165    | 163,136                  |
| Cash and investments, end of year   | \$ 1,291,232     | \$ 204,132   | \$ 1,495,364 | \$ 157,705               |
| <b><i>Reconciliation of operating (loss) to net cash provided (used) by operating activities</i></b>  |                  |              |              |                          |
| Operating income (loss)   | \$ 13,469        | \$ 163,333   | \$ 176,802   | \$ (127,607)             |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                  |              |              |                          |
| Depreciation  | 82,001           | 29,758       | 111,759      | 136,467                  |
| Changes in assets and liabilities:  |                  |              |              |                          |
| Accounts receivable   | (19,887)         | (137,966)    | (157,853)    | (1,661)                  |
| Prepaid expenses  | (99)             | (80)         | (179)        | (13)                     |
| Inventory   | (9,291)          | (350)        | (9,641)      | (1,794)                  |
| Accounts payable  | 6,204            | (90,664)     | (84,460)     | (1,881)                  |
| Contracts payable   | 15,973           | 1,521        | 17,494       | -                        |
| Accrued wages payable   | 940              | 1,170        | 2,110        | 220                      |
| Intergovernmental payable   | 2,885            | 133,994      | 136,879      | 2,140                    |
| Compensated absences payable  | (5,340)          | (3,116)      | (8,456)      | (11,302)                 |
| Net cash provided (used) by investing activities  | \$ 86,855        | \$ 97,600    | \$ 184,455   | \$ (5,431)               |

See accompanying notes to the basic financial statements.





# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### **Reporting Entity**

The City is a charter municipal corporation operating under the laws of the State of Ohio. The City was incorporated on July 29, 1907. A charter was first adopted on July 1, 1960.

The municipal government provided by the charter is known as a Council-Manager form of government. Legislative power is vested in a five-member council, each elected to four-year terms. The council appoints the Mayor and City Manager. The City Manager is the chief executive officer and the head of the administrative agencies of the City. The City Manager appoints all department heads and employees, except as otherwise provided in the charter.

The primary government consists of all funds and departments which provide various services including police and fire protection, rescue squad, parks and recreation, planning, zoning, street maintenance and repair, community development, public health and welfare, water, sewer and refuse collection. Council and the City Manager are directly responsible for these activities.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity’s statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity’s statements to be misleading or incomplete. No separate government units meet the criteria for inclusion as a component unit.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and the business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (a) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, income taxes and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be 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 charter of the City.

The *Refuse Fund* is used to account for the refuse collection and disposal program throughout the City. The City charges its residence a pick-up fee associated with this service, however, the activity is substantially supported through transfers from the General Fund.

The *Capital Improvement Fund* accounts for the construction of approved public improvements and services from general governmental resources.

The City reports the following major enterprise funds:

The *Water Fund* accounts for the provisions of water treatment and distribution to the residential and commercial users located within the City.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

The *Sewer Fund* accounts for the provisions of sanitary sewer service to the residents and commercial users located within the City.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for the financing of goods or services provided by one department to other departments in the City. These goods and services include vehicle maintenance and payment of self-insurance vision program deductibles.

The *Agency Funds* are used to account for the collection and disbursement of monies by the City on behalf of other individuals or entities. The City has two agency fiduciary funds.

In accordance with GASB Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*,” the City has elected to apply all applicable GASB as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, for its government-wide and proprietary fund financial statements, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds include the cost of these goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

To improve cash management, cash received by the City is pooled. Money for all funds, including proprietary funds, is maintained in this pool. Individual fund integrity is maintained through the City’s records. Each fund’s interest in the pooled bank account is presented as “equity in pooled cash and investments” on the financial statements.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

### **Equity in Pooled Cash and Investments**

Investments are reported at fair value, which is based on quoted market prices. For investments in open-end mutual funds, fair value is determined by the fund's share price.

During the year, the City's investments included a certificate of deposit, STAROhio and various federal securities. STAROhio is an investment pool managed by the State of Ohio's Treasurer's Office, which allows governments within Ohio to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008.

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

Investment earnings are distributed to the funds according to charter and statutory requirements. Investment earnings reported in the statement of activities for 2008 amounted to \$949,918. This amount includes an increase of \$286,675 to reflect the market value of the City's investments as required under Governmental Accounting Standards Board (GASB) Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*"

### **Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Water and Sewer Funds are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the quarter following the close of the fiscal year.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

### **Inventory**

Inventories consist of consumable supplies and are stated at cost, using the first-in/first-out (FIFO) method. Reported inventories are equally offset by a fund balance reserve.

### **Prepaid expenses**

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses in both the government-wide and fund financial statements.

### **Internal Balances**

Internal balance amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as “internal balances”. At December 31, 2008 the amounts reported in the internal balances line item comprises of the allocation of the business-type activities interest in the internal service funds that are included within the governmental activities.

### **Capital Assets**

Capital assets, which include land, land improvements, buildings, vehicles, equipment, infrastructure assets and construction in progress, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements and are not depreciated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

Depreciation is computed using the straight-line method over the following useful lives:

|                                      | <u>Governmental</u> | <u>Business-type</u> |
|--------------------------------------|---------------------|----------------------|
|                                      | <u>Activities</u>   | <u>Activities</u>    |
| Buildings                            | 50 years            | 50 years             |
| Improvements                         | 10-15 years         | 10-15 years          |
| Equipment                            | 10-20 years         | 10-20 years          |
| Vehicles                             | 5-20 years          | 5-20 years           |
| Infrastructure:                      |                     |                      |
| Sewer and water lines                | N/A                 | 50 years             |
| Other water and sewer infrastructure | N/A                 | 15-50 years          |
| Streets                              | 40-50 years         | N/A                  |
| Alleys                               | 40-50 years         | N/A                  |
| Culverts                             | 40-50 years         | N/A                  |
| Storm sewers                         | 40-50 years         | N/A                  |
| Traffic signals                      | 20-25 years         | N/A                  |

Fully depreciated assets still in service are carried in the capital asset accounts.

### Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick leave benefits.

A liability for sick leave is accrued based on guidelines set forth in GASB Statement No. 16 “*Accounting for Compensated Absences*”. The vesting method was implemented and states that the City will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are expected to become eligible in the future to receive such payments, determined to be all employees with twenty years of service or more. The amount is based on accumulated sick leave and employees’ wage rates at year-end, taking into consideration any limits specified in the City’s termination policy. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

### **Long-Term Obligations**

In the government-wide and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

### **Fund Equity**

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balance has been reserved for encumbrances, prepaid expenses, inventory and endowment. The designation of fund balance in the other governmental funds is for the purpose of restricting, as required by city council, Smith Memorial Garden assets for the future maintenance of the grounds.

### **Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through 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. Of the City's \$1,410,945 in restricted net assets, none was restricted by enabling legislation.

### **Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

### Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without 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. Repayment from funds responsible for particular expenditures/expense to funds that initially paid for them are not presented on the financial statements.

## NOTE 2 – DEPOSITS AND INVESTMENTS

Monies of substantially all funds of the City are maintained or invested in a common group of bank accounts, STAROhio, a certificate of deposit and various federal securities. This is done in order to maximize the rate of interest that can be earned on invested funds. Investment earnings are distributed to the funds according to the charter and statutory requirements.

The provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code govern the investment and deposit of City monies. In accordance with these provisions, only financial institutions located in Ohio and primary securities dealers are eligible to hold public deposits. The provisions also permit the City to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAROhio) and obligations of the United States government or certain agencies thereof. The City may also enter into repurchase agreements with any eligible depository for a period not exceeding five years.

Public depositories must give security for all public funds on deposit. According to the City's Deposit and Investment Policy, these institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities, the face value of which is at least 105 percent of the total value of public monies on deposit at the institution.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

### Deposits

Custodial credit risk is the risk that, in the event of failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. Protection of the City’s cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institution.

At year end, the carrying amount of the City’s deposits was \$2,318,900 and the bank balance was \$2,723,640. Of the bank balance, \$419,993 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investments Risk Disclosures*”, \$2,303,647 of the City’s bank balance was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City’s name.

### Investments

At year-end, the City had the following investments:

|                           | Fair<br>Value | Investment Maturities (in Years) |                      |
|---------------------------|---------------|----------------------------------|----------------------|
|                           |               | Less than<br>One Year            | One to Five<br>Years |
| Federal Fam Credit Bureau | \$ 2,937,878  | \$ -                             | \$ 2,937,878         |
| Federal Home Loan Bank    | 11,004,760    | -                                | 11,004,760           |
| GECC Corporate Internotes | 956,610       |                                  | 956,610              |
| STAROhio                  | 1,270,526     | 1,270,526                        | -                    |
| Total                     | \$ 16,169,774 | \$ 1,270,526                     | \$ 14,899,248        |

*Interest Rate Risk* – The City’s investment policy states that the maximum maturity for any investment is limited to a final stated maturity of seven years, an expected call of seven years, or an expected average life of seven years, where the average life is estimated by nationally recognized firms independent of the dealer selling the security to the City.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

*Credit Risk* – The City’s investment policy states that investment in corporate entities must have a debt rating of AA or better by Standard & Poors’ or Moody’s rating service. The City’s investments in US government agencies all have a rating of AAA by Standard & Poors’. The City’s investment in STAROhio has an AAAM credit rating. The City’s investment in GECC Corporate Internotes are currently rated Aa2.

*Concentration of Credit Risk* – The City’s investment policy does not place any limit on investments in any single issuer. Five percent or more of the City’s investments are in the following:

| <u>Investment</u>          | <u>Percent</u> |
|----------------------------|----------------|
| Federal Farm Credit Bureau | 18.17%         |
| Federal Home Loan Bank     | 68.06%         |
| STAROhio                   | 7.86%          |
| GECC Corporate Internotes  | 5.91%          |

## NOTE 3 – RECEIVABLES AND PAYABLES

### Property Taxes

Property taxes include amounts levied against all real, public utility and tangible (used in business) personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2007 taxes.

Real property taxes are levied each December 31<sup>st</sup> on the assessed value listed as of the prior December 31<sup>st</sup>. Assessed values are established by State law at 35% of true value for real property and varying percentages of true value for public utility tangible personal property, generally 25%, and for tangible personal property at 6.25% for 2008. The percentage of tangible personal property will be reduced to zero percent in 2009. The State of Ohio will reimburse the City in full for lost revenue until 2010 and a reduced reimbursement for years 2011-2017. Property market values are required to be updated every three years and revalued every six years. A revaluation was completed in 2008.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## NOTE 3 – RECEIVABLES AND PAYABLES (Continued)

The property tax calendar is as follows:

|                                |                   |
|--------------------------------|-------------------|
| Levy date                      | December 31, 2007 |
| Lien date                      | December 31, 2007 |
| Tax bill mailed                | January 20, 2008  |
| First installment payment due  | February 15, 2008 |
| Second installment payment due | July 15, 2008     |

The assessed values for the City at December 31, 2007 were as follows:

|                                  | <u>Assessed Value</u> |
|----------------------------------|-----------------------|
| Real Estate                      | \$311,998,610         |
| Public Utility Personal Property | 1,424,600             |
| Tangible Personal Property       | <u>1,250,726</u>      |
| Total                            | <u>\$314,673,936</u>  |

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

### Income Tax

The City levies a municipal income tax of two and one-half percent on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax on income earned outside the City; however, a credit is allowed for income taxes paid to other municipalities. Filing is mandatory for all residents of the City.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## NOTE 3 – RECEIVABLES AND PAYABLES (Continued)

### Receivables / Deferred Revenue

Governmental funds report deferred revenue in connection with receivable for revenues that are not considered available to liquidate liabilities of the current period. The balances at December 31, 2008 were:

|                     | Governmental Funds  |                     |
|---------------------|---------------------|---------------------|
|                     | Receivable          | Deferred Revenue    |
| Property taxes      | \$ 1,418,162        | \$ 1,418,162        |
| Income taxes        | 2,214,717           | 1,730,836           |
| Accounts receivable | 99,509              | 61,516              |
| Special assessments | 138,679             | 138,679             |
| Interest            | 153,780             | 111,434             |
| Intergovernmental   | 681,571             | 585,809             |
|                     | <u>\$ 4,706,418</u> | <u>\$ 4,046,436</u> |

Accounts receivable consists of primarily charges for water and sewer services, sidewalk repair and emergency medical transportation services provided by the City of Oakwood. Special assessments consist of mainly charges for street lighting. Intergovernmental receivables are amounts due to the City from other governmental units, primarily estate and gasoline taxes.

### Payables

The governmental funds had \$1,479,007 in accounts payable and accrued liabilities at December 31, 2008. The payables and accrued liabilities were primarily for materials and services, payroll and payroll related liabilities that were expensed but the funds had not been disbursed, both due to the normal lag in processing such transactions at year-end.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

|   | Beginning<br>Balance | Additions           | Deletions           | Ending<br>Balance    |
|---|----------------------|---------------------|---------------------|----------------------|
| <i>Governmental Activities</i>              |                      |                     |                     |                      |
| Non-depreciable capital assets:             |                      |                     |                     |                      |
| Land  | \$ 4,370,035         | \$ -                | \$ -                | \$ 4,370,035         |
| Construction in progress                    | 231,230              | 2,321,856           | -                   | 2,553,086            |
| Non-depreciable capital assets              | <u>4,601,265</u>     | <u>2,321,856</u>    | <u>-</u>            | <u>6,923,121</u>     |
| Depreciable capital assets:                 |                      |                     |                     |                      |
| Buildings                                   | 14,968,867           | 185,623             | (338,536)           | 14,815,954           |
| Land Improvements                           | 1,160,373            | 896,377             | -                   | 2,056,750            |
| Equipment                                   | 2,040,988            | 79,918              | (112,739)           | 2,008,167            |
| Vehicles                                    | 2,499,804            | 305,292             | (20,330)            | 2,784,766            |
| Infrastructure                              | <u>30,252,654</u>    | <u>54,556</u>       | <u>-</u>            | <u>30,307,210</u>    |
| Depreciable capital assets                  | <u>50,922,686</u>    | <u>1,521,766</u>    | <u>(471,605)</u>    | <u>51,972,847</u>    |
| Less accumulated depreciation:              |                      |                     |                     |                      |
| Buildings                                   | (2,069,523)          | (427,273)           | 37,284              | (2,459,512)          |
| Land Improvements                           | (1,079,265)          | (22,345)            | -                   | (1,101,610)          |
| Equipment                                   | (1,614,092)          | (168,191)           | 112,024             | (1,670,259)          |
| Vehicles                                    | (2,196,453)          | (120,442)           | 20,330              | (2,296,565)          |
| Infrastructure                              | <u>(9,809,236)</u>   | <u>(536,517)</u>    | <u>-</u>            | <u>(10,345,753)</u>  |
| Accumulated depreciation                    | <u>(16,768,569)</u>  | <u>(1,274,768)</u>  | <u>169,638</u>      | <u>(17,873,699)</u>  |
| Depreciable capital assets, net             | <u>34,154,117</u>    | <u>246,998</u>      | <u>(301,967)</u>    | <u>34,099,148</u>    |
| Governmental activities capital assets, net | <u>\$ 38,755,382</u> | <u>\$ 2,568,854</u> | <u>\$ (301,967)</u> | <u>\$ 41,022,269</u> |

Depreciation expense was charged to governmental functions as follows:

|  |                     |
|--|---------------------|
| Public works   | \$ 515,115          |
| General government   | 468,118             |
| Security of persons and property   | 85,643              |
| Community environment  | 31,203              |
| Leisure time activities  | 19,165              |
| Transportation   | 19,057              |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets | <u>136,467</u>      |
| Total depreciation expense - governmental activities   | <u>\$ 1,274,768</u> |

## CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

### NOTE 4 – CAPITAL ASSETS (Continued)

|   | Beginning<br>Balance | Additions          | Deletions       | Ending<br>Balance   |
|---|----------------------|--------------------|-----------------|---------------------|
| <i>Business-type Activities</i>             |                      |                    |                 |                     |
| Non-depreciable capital assets:             |                      |                    |                 |                     |
| Land  | \$ 283,820           | \$ -               | \$ -            | \$ 283,820          |
| Depreciable capital assets:                 |                      |                    |                 |                     |
| Buildings                                   | 799,495              | -                  | -               | 799,495             |
| Land Improvements                           | 188,534              | -                  | -               | 188,534             |
| Equipment                                   | 2,550,313            | 16,274             | (13,539)        | 2,553,048           |
| Vehicles                                    | 381,450              | 20,400             | -               | 401,850             |
| Infrastructure                              | 4,539,115            | -                  | -               | 4,539,115           |
| Depreciable capital assets                  | <u>8,458,907</u>     | <u>36,674</u>      | <u>(13,539)</u> | <u>8,482,042</u>    |
| Less accumulated depreciation:              |                      |                    |                 |                     |
| Buildings                                   | (337,154)            | (18,925)           | -               | (356,079)           |
| Land Improvements                           | (100,912)            | (5,397)            | -               | (106,309)           |
| Equipment                                   | (2,483,362)          | (28,567)           | 13,539          | (2,498,390)         |
| Vehicles                                    | (360,723)            | (10,173)           | -               | (370,896)           |
| Infrastructure                              | <u>(2,784,070)</u>   | <u>(65,499)</u>    | <u>-</u>        | <u>(2,849,569)</u>  |
| Accumulated depreciation                    | (6,066,221)          | (128,561)          | 13,539          | (6,181,243)         |
| Depreciable capital assets, net             | <u>2,392,686</u>     | <u>(91,887)</u>    | <u>-</u>        | <u>2,300,799</u>    |
| Governmental activities capital assets, net | <u>\$ 2,676,506</u>  | <u>\$ (91,887)</u> | <u>\$ -</u>     | <u>\$ 2,584,619</u> |

### NOTE 5 – DEFINED BENEFIT PENSION PLANS

Both the Ohio Police and Fire Pension Fund and the Ohio Public Employees Retirement System are reported using GASB Statement No. 27 “Accounting for Pensions by State and Local Governmental Employers”. Substantially all City employees are covered by one of the two cost-sharing multiple-employer defined benefit pension plans, namely, the Ohio Police and Fire Pension Fund (OP&F) or the Ohio Public Employees Retirement System of Ohio (OPERS). Both funds provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

#### Ohio Public Employees Retirement System

The City of Oakwood participates in the Ohio Public Employees Retirement System of Ohio (OPERS), which administers three separate pension plans; the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CO). The TP is a cost sharing, multiple-employer defined benefit pension plan. The MD is a defined contribution plan in which the member invests both employee and employer contributions (employer

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## **NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)**

contributions vested over five years at 20 percent per year), and members accumulate retirement assets equal to the value of member and (vested) employer contribution plus any investment earnings. The CO is a cost sharing, multiple-employer defined benefit plan where employer contributions are invested by OPERS to provide a formula retirement benefit similar to the TP benefit, but the member contribution is self-directed by the members and accumulate retirement assets in a manner similar to the MD.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP and CO Plans. Members of the MD do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. The 2008 member contribution rate was 10.0% and the City's contribution rate was 14.0% of covered payroll. The City's required contributions to the plans for the years ending December 31, 2008, 2007 and 2006 were \$531,970, \$501,865, and \$471,243, respectively. Total contributions for 2008 represented 93.1% of required contributions for the year, with 100% being contributed for 2007 and 2006.

### **Ohio Police and Fire Pension Fund**

The City of Oakwood contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined pension plan. OP&F provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan member and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for the City's safety officers. The City's contributions to OP&F for the years ending December 31, 2008, 2007 and 2006 were \$546,278, \$512,494 and \$479,864, respectively. Total contributions for 2008 represented 72.9% of required contributions for the year, with 100% being contributed for 2007 and 2006.



# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## **NOTE 6 – OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 5, both the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension (OP&F) provide post retirement health care coverage, which meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB 45, “*Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension.*” For both systems, the Ohio Revised Code (ORC) permits, but does not mandate, OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in the ORC Chapter 145 for OPERS and Chapter 742 for OP&F.

### **Ohio Public Employees Retirement System**

OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CO), all of which are described in note 5. OPERS maintains a cost-sharing multiple employer defined benefit post employment healthcare plan, which provides a medical plan, prescription drug plan program and Medicare Part B premium reimbursement, to age and service retirees with 10 or more years of qualifying Ohio service credit of both the TP and CO. Members of the MD do not qualify for ancillary benefits, including post employment health care coverage. Health care coverage for disability recipients and qualified survivor benefit recipients is available.

The ORC provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer’s contribution is set aside for the funding of post retirement health care benefits. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 14.0%. The ORC states that the employer contribution may not exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS post employment healthcare plan was established 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 post employment healthcare benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. 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 surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. City contributions allocated to fund post employment benefits for 2008 were \$206,393.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## **NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

The Health Care Preservation Plan adopted by 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.

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

### **Ohio Police and Fire Pension Fund**

OP&F sponsors a cost-sharing multiple employer defined post retirement health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

The ORC provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OP&F. A portion of each employer's contribution is set aside for the funding of post retirement health care benefits. 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%. The ORC states that the employer contribution may not exceed 19.5% of covered payroll. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code section 115 trust accounts and one for Medicare Plan B reimbursements administered as an IRS code section 401(h) account, both of which are within the defined benefit pension plan, under authority granted by the ORC to the OP&F board of trustees. The board of trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to Section 155 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401(h). The OP&F board of trustees is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or surviving beneficiaries. Payment amounts vary depending upon the number of covered dependents and the coverage selected. City contributions allocated to fund post employment benefits for 2008 were \$199,022.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## **NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

### **Other Employee Benefits:**

#### **Compensated Absences:**

##### **Accumulated Unpaid Vacation**

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the City amounted to \$440,235 at December 31, 2008.

##### **Accumulated Unpaid Sick Leave**

City employees earn sick leave at a rate of ten hours per month. A maximum of 150 days of sick leave can be carried forward from year to year. Any employee who retires under the provisions of the Ohio Public Employees Retirement System or the Ohio Police and Fire Pension Fund, or any other plan of the State of Ohio or the City of Oakwood, will be compensated for accumulated sick leave of sixty (60) days or more, upon the basis of one day's pay for every three (3) days sick leave. If an employee has accumulated one hundred twenty (120) days of sick leave or more, the employee or his beneficiary will be compensated at retirement or death at one day's pay for each two (2) days of sick leave, on the same terms as outlined above, but in place of the formula outlined above. The total obligation for the sick leave accrual for the City amounted to \$166,887 at December 31, 2008.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## NOTE 7—LONG-TERM OBLIGATIONS AND OTHER FINANCING ARRANGEMENTS

### Short-term Obligations

In March, 2008 the City issued a general obligation note that will mature on March 12, 2009. The proceeds of the note were used to pay the debt service on the \$2.15 million 2007 Capital Facilities Note and the \$2.10 million 2007 Land Acquisition Note. These short-term notes were originally issued to provide financing for the construction of a new public works facility, the renovations to the City’s administration and safety building and the acquisition of land for parks and recreational activities. The note will be paid from general revenues and is backed by the full faith and credit of the City. Interest expense on the notes amounted to \$101,672 for the year ended December 31, 2008.

The following is a summary of the short-term note transactions for the year ended December 31, 2008:

|                                 |         | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Ending<br/>Balance</u> |
|---------------------------------|---------|------------------------------|---------------------|---------------------|---------------------------|
| <u>Governmental Activities:</u> |         |                              |                     |                     |                           |
| 2007 Capital Facilities Note    | - 4.00% | \$ 2,150,000                 | \$ -                | \$ 2,150,000        | \$ -                      |
| 2007 Land Acquisition Notes     | - 3.60% | 2,100,000                    | -                   | 2,100,000           | -                         |
| 2008 Various Purpose Notes      | - 1.99% | -                            | 3,700,000           | -                   | 3,700,000                 |
|                                 |         | <u>\$ 4,250,000</u>          | <u>\$ 3,700,000</u> | <u>\$ 4,250,000</u> | <u>\$ 3,700,000</u>       |

### Long-term Obligations

In 1969, the City entered into an agreement with the State of Ohio to fund the unfunded pension costs associated with police and fire service. The original obligation was \$718,825 and is being repaid through local property tax revenues.

In 1996, the City received an interest free loan through the State of Ohio’s Public Works Commission Issue II program in the amount of \$517,177. The proceeds were used to improve the City’s sanitary sewer system. Repayment is being made from operating revenues of the sewer fund.

Compensated absences will be paid from the fund in which the employee who has earned the leave is paid.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## NOTE 7—LONG-TERM OBLIGATIONS AND OTHER FINANCING ARRANGEMENTS (Continued)

The following is a summary of long-term liability activity for the year ended December 31, 2008:

|                                  | Beginning<br>Balance | Additions        | Reductions        | Ending<br>Balance   | Due within<br>One Year |
|----------------------------------|----------------------|------------------|-------------------|---------------------|------------------------|
| <u>Governmental Activities:</u>  |                      |                  |                   |                     |                        |
| Police and Fire Pension          | \$ 579,132           | \$ -             | \$ 11,450         | \$ 567,682          | \$ 11,940              |
| Compensated Absences Payable     | 636,115              | 20,013           | 96,888            | 559,240             | 84,791                 |
| Total                            | <u>\$ 1,215,247</u>  | <u>\$ 20,013</u> | <u>\$ 108,338</u> | <u>\$ 1,126,922</u> | <u>\$ 96,731</u>       |
| <u>Business-Type Activities:</u> |                      |                  |                   |                     |                        |
| OPWC Loan Payable                | \$ 219,801           | \$ -             | \$ 25,859         | \$ 193,942          | \$ 25,859              |
| Compensated Absences Payable     | 56,338               | 2,811            | 11,267            | 47,882              | 9,576                  |
| Total                            | <u>\$ 276,139</u>    | <u>\$ 2,811</u>  | <u>\$ 37,126</u>  | <u>\$ 241,824</u>   | <u>\$ 35,435</u>       |

Principal and interest requirements to retire the city's long-term obligations outstanding at December 31, 2008 were:

| Year Ending<br>December 31, | Police and Fire Pension |                   | OPWC Loan Payable |             |
|-----------------------------|-------------------------|-------------------|-------------------|-------------|
|                             | Principal               | Interest          | Principal         | Interest    |
| 2009                        | \$ 11,940               | \$ 24,001         | \$ 25,859         | \$ -        |
| 2010                        | 12,453                  | 23,488            | 25,859            | -           |
| 2011                        | 12,988                  | 22,953            | 25,859            | -           |
| 2012                        | 13,546                  | 22,395            | 25,859            | -           |
| 2013                        | 14,128                  | 21,814            | 25,859            | -           |
| 2014-2018                   | 80,279                  | 99,427            | 64,647            | -           |
| 2019-2023                   | 99,065                  | 80,641            | -                 | -           |
| 2024-2028                   | 122,248                 | 57,458            | -                 | -           |
| 2029-2033                   | 150,856                 | 28,850            | -                 | -           |
| 2034-2035                   | 50,179                  | 2,114             | -                 | -           |
| Total                       | <u>\$ 567,682</u>       | <u>\$ 383,141</u> | <u>\$ 193,942</u> | <u>\$ -</u> |

The Ohio Revised Code provides that the total net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of a municipal corporation cannot exceed 5.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. As of December 31, 2008, the City had legal debt margin for total debt of \$33,040,763 and a legal debt margin for unvoted debt of \$17,307,066.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City secures general liability, property and automobile coverage through The Ohio Plan. This plan does not operate as a risk pool, but provides insurance protection through reinsurance treaties. The plan retains 15% of the premiums and losses on the first \$250,000 of the casualty treaty and 10% of premiums and losses on the first \$1,000,000 of the property treaty.

The City pays an annual premium to The Ohio Plan for this coverage. Insurance will cover up to the limits as stated below:

|                                    | Per Occurrence | Annual Aggregate | Deductible                                   |
|------------------------------------|----------------|------------------|--|
| General liability                  | \$ 5,000,000   | \$ 7,000,000     | \$ 1,000                                     |
| Employers liability                | \$ 5,000,000   | \$ 5,000,000     | N/A  |
| Employee benefits liability        | \$ 1,000,000   | \$ 3,000,000     | N/A  |
| Law enforcement officers liability | \$ 5,000,000   | \$ 7,000,000     | \$ 2,500                                     |
| Public official liability          | \$ 5,000,000   | \$ 7,000,000     | \$ 2,500                                     |
| Automobile liability               | \$ 5,000,000   | N/A              | Comprehensive - \$500<br>Collision - \$1,000 |

There were no reductions in insurance coverage during the year in any category of risk. Settled claims did not exceed insurance coverage in each of the past three years.

The City pays the State Workers' Compensation System a premium based on salaries paid. The City also provides medical, dental, vision and life insurance to all full-time employees. In 2008, the City paid approximately 91% of the premiums for medical coverage, approximately 80% of the premiums for dental insurance, and 100% of the premiums for life insurance. The City is self-insured for vision insurance. Vision payments were \$9,302, \$8,169 and \$10,021 for the years ended December 31, 2008, 2007 and 2006, respectively.

# CITY OF OAKWOOD, OHIO

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

## NOTE 9 – CONTINGENT LIABILITIES

The City is named in a variety of lawsuits in the course of its normal governmental operations. Liability, if any, which might result from these proceedings would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Amounts received or receivables from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal or State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

## NOTE 10 – TRANSFERS

The following is a summary of transfers in and out for all funds in 2008:

| <u>Fund</u>         | <u>Transfers-in</u> | <u>Transfers-out</u> |
|---------------------|---------------------|----------------------|
| General             | \$ -                | \$ 2,055,060         |
| Refuse              | 976,000             | -                    |
| Capital improvement | 27,315              | -                    |
| Other governmental  | <u>1,051,745</u>    | <u>-</u>             |
| Total transfers     | <u>\$ 2,055,060</u> | <u>\$ 2,055,060</u>  |

All interfund transfers are routine in nature and are to subsidize the operations of the applicable fund.



**Required Supplementary Information**



# CITY OF OAKWOOD, OHIO

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual Budgetary (Non-GAAP) Basis  
General Fund  
For the Year Ended December 31, 2008

|   | Budget Amounts      |                     | Actual              | Variance with<br>Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
|   | Original            | Final               |                     |                               |
| <b>Revenues</b>                                     |                     |                     |                     |                               |
| Income taxes  | \$ 5,500,000        | \$ 5,500,000        | \$ 5,785,574        | \$ 285,574                    |
| Property taxes                                      | 1,872,800           | 1,872,800           | 1,854,522           | (18,278)                      |
| Intergovernmental                                   | 1,513,960           | 1,513,960           | 1,908,289           | 394,329                       |
| Charges for services                                | 105,143             | 105,143             | 137,522             | 32,379                        |
| Fines, licenses and permits                         | 121,950             | 121,950             | 116,218             | (5,732)                       |
| Investment earnings                                 | 690,000             | 690,000             | 1,040,778           | 350,778                       |
| Donations   | 51,200              | 51,200              | 96,955              | 45,755                        |
| Miscellaneous                                       | 112,700             | 112,700             | 133,921             | 21,221                        |
| <b>Total revenues</b>                               | <u>9,967,753</u>    | <u>9,967,753</u>    | <u>11,073,779</u>   | <u>1,106,026</u>              |
| <b>Expenditures</b>                                 |                     |                     |                     |                               |
| Current:  |                     |                     |                     |                               |
| Security of persons and property                    | 4,855,220           | 4,855,220           | 4,779,897           | (75,323)                      |
| Community environment                               | 577,395             | 577,395             | 593,631             | 16,236                        |
| General government                                  | 2,607,793           | 2,607,793           | 2,705,287           | 97,494                        |
| Debt service:                                       |                     |                     |                     |                               |
| Principal retirement                                | 4,250,000           | 4,250,000           | 4,250,000           | -                             |
| Interest and fiscal charges                         | 126,000             | 126,000             | 116,182             | (9,818)                       |
| <b>Total expenditures</b>                           | <u>12,416,408</u>   | <u>12,416,408</u>   | <u>12,444,997</u>   | <u>28,589</u>                 |
| <b>Excess of revenues over (under) expenditures</b> | <u>(2,448,655)</u>  | <u>(2,448,655)</u>  | <u>(1,371,218)</u>  | <u>1,077,437</u>              |
| <b>Other financing sources (uses)</b>               |                     |                     |                     |                               |
| Transfers in  | 143,669             | 143,669             | 143,668             | (1)                           |
| Transfers out                                       | (2,198,000)         | (2,198,000)         | (1,991,804)         | 206,196                       |
| Proceeds from sale of notes                         | 3,700,000           | 3,700,000           | 3,700,000           | -                             |
| <b>Total other financing sources (uses)</b>         | <u>1,645,669</u>    | <u>1,645,669</u>    | <u>1,851,864</u>    | <u>206,195</u>                |
| Net change in fund balance                          | (802,986)           | (802,986)           | 480,646             | 1,283,632                     |
| Fund balance, beginning of year                     | 9,181,087           | 9,181,087           | 9,181,087           | -                             |
| Prior Year Encumbrances Appropriated                | 60,673              | 60,673              | 60,673              | -                             |
| <b>Fund balance, end of year</b>                    | <u>\$ 8,438,774</u> | <u>\$ 8,438,774</u> | <u>\$ 9,722,406</u> | <u>\$ 1,283,632</u>           |

See notes to required supplementary information.

# CITY OF OAKWOOD, OHIO

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual Budgetary (Non-GAAP) Basis  
Refuse Fund  
For the Year Ended December 31, 2008

|   | Budget Amounts    |                   | Actual            | Variance with<br>Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
|   | Original          | Final             |                   |                               |
| <b>Revenues</b>                                     |                   |                   |                   |                               |
| Charges for services                                | \$ 272,000        | \$ 272,000        | \$ 267,184        | \$ (4,816)                    |
| Special assessments                                 | 7,500             | 7,500             | 5,659             | (1,841)                       |
| Miscellaneous                                       | 21,500            | 21,500            | 23,209            | 1,709                         |
| <b>Total revenues</b>                               | <u>301,000</u>    | <u>301,000</u>    | <u>296,052</u>    | <u>(4,948)</u>                |
| <b>Expenditures</b>                                 |                   |                   |                   |                               |
| Current:  |                   |                   |                   |                               |
| Community environment                               | 1,195,100         | 1,260,100         | 1,236,551         | (23,549)                      |
| <b>Total expenditures</b>                           | <u>1,195,100</u>  | <u>1,260,100</u>  | <u>1,236,551</u>  | <u>(23,549)</u>               |
| <b>Excess of revenues over (under) expenditures</b> | <u>(894,100)</u>  | <u>(959,100)</u>  | <u>(940,499)</u>  | <u>18,601</u>                 |
| <b>Other financing sources (uses)</b>               |                   |                   |                   |                               |
| Transfers in  | 976,000           | 976,000           | 976,000           | -                             |
| Transfers out                                       | (131,541)         | (131,541)         | (124,312)         | 7,229                         |
| <b>Total other financing sources (uses)</b>         | <u>844,459</u>    | <u>844,459</u>    | <u>851,688</u>    | <u>7,229</u>                  |
| Net change in fund balance                          | (49,641)          | (114,641)         | (88,811)          | 25,830                        |
| Fund balance, beginning of year                     | 650,255           | 650,255           | 650,255           | -                             |
| Prior Year Encumbrances Appropriated                | 18,981            | 18,981            | 18,981            | -                             |
| <b>Fund balance, end of year</b>                    | <u>\$ 619,595</u> | <u>\$ 554,595</u> | <u>\$ 580,425</u> | <u>\$ 25,830</u>              |

See notes to required supplementary information.

# CITY OF OAKWOOD, OHIO

Notes to the Required Supplementary Information  
For the Fiscal Year Ended December 31, 2008

## **Note 1 – Budgetary Basis of Accounting**

While the City is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balances – budget (non-GAAP) and actual presented for the general fund and the refuse collection fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Additionally, all annual appropriations lapse at year-end to the extent they have been expended or lawfully encumbered. The ending fund balances shown are unencumbered cash balances. This basis is utilized for all interim financial statements issued during the year.

## **Note 2 – Budgetary Process**

All funds, except for agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is Council's authorization to spend

# CITY OF OAKWOOD, OHIO

Notes to the Required Supplementary Information  
For the Fiscal Year Ended December 31, 2008

resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by the Council at the fund level for all funds. Appropriations may be allocated within each function, department and object level within each fund. Council must approve any revisions that alter total fund appropriations.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate at the time final appropriations were adopted.

The appropriation resolution is subject to amendment by Council throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covers the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

### **Note 3 – Reconciliation of Budget Basis to GAAP Basis**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements:

|                             | General<br>Fund | Refuse<br>Fund |
|-----------------------------|-----------------|----------------|
| GAAP Basis                  | \$ 737,469      | \$ (71,916)    |
| Revenue accruals            | 225,754         | (28,931)       |
| Expenditure accruals        | 86,388          | 180,637        |
| Encumbrances                | (162,633)       | (44,289)       |
| Principal retirement        | (4,250,000)     | -              |
| Transfers                   | 143,668         | (124,312)      |
| Proceeds from sale of notes | 3,700,000       | -              |
| Budgetary Basis             | \$ 480,646      | \$ (88,811)    |