

CITY OF OXFORD

Independent Auditors' Report on
Compliance and Internal Controls

December 31, 2002



**Auditor of State
Betty Montgomery**

To the City Council
City of Oxford
Oxford, Ohio

We have reviewed the Independent Auditor's Report of the City of Oxford, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 7, 2003

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

To the City Council
City of Oxford, Ohio:

We have audited the financial statements of the City of Oxford, Ohio, as of and for the year ended December 31, 2002, and have issued our report thereon dated April 24, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Oxford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the City of Oxford, Ohio, in a separate letter dated April 24, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Oxford's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, and City Council and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 24, 2003

CITY OF OXFORD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2002

PREPARED BY:

FINANCE DEPARTMENT

Thomas R. Peterson, CPA, CPFO, CGFM, Director

**CITY OF OXFORD, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2002**

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The Citizens of Oxford, Ohio,
Honorable Mayor and Members of City Council,

April 24, 2003

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

State law requires that the City of Oxford annually publish a complete set of financial statements for the results of its fiscal operations, presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. This report meets the state requirements for the auditor's opinion and the minimum basic financial statements, and it goes a step further by providing this Comprehensive Annual Financial Report (CAFR). This CAFR provides the reader additional information regarding the City's finances. The report information is presented in three major sections:

1. **The Introductory Section** includes the table of contents, this letter of transmittal which presents the City's organization, operational structure and accomplishments, a list of elected officials and key administrative personnel, an organizational chart, and the Certificate of Achievement for Excellence in Financial Reporting.
2. **The Financial Section** contains the Report of Independent Auditors, Management's Discussion and Analysis, and the City's basic financial statements, which include explanatory notes thereto. This section also includes additional supplementary information including the combining financial schedules and the individual fund budget-versus-actual schedules.
3. **The Statistical Section** presents social, economic and historical data in a multi-year format which can be used to identify financial trends and data relative to the fiscal capacity of the City.

A complete CAFR is not required to be prepared, but by doing so it represents a commitment by the City of Oxford (the City) to achieve the highest nationally recognized standards of excellence in financial reporting as established by the Government Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

Additionally, these financial statements have been prepared using the GASB's new reporting model under *GASB 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related GASB statements. The City of Oxford converted to the GASB 34 presentation beginning with the previous year's CAFR, a full two years early than required, thus demonstrating our commitment to full reporting and disclosure to our stakeholders. GASB 34 was developed to provide better, more understandable information about the government's finances. Except for the requirement to retroactively report general infrastructure assets, this report meets all requirements of Statement 34. The City's deadline for retroactively reporting general infrastructure assets is fiscal year 2007, and it is our plan to meet this requirement in our 2004 CAFR. As presented in accordance with GASB 34, this CAFR includes the following information for the reader:

- A Statement of Net Assets and a Statement of Activities shows the entire City as a whole on one page for each statement (pages 14 and 15). The Statement of Net Assets shows all assets, liabilities and net assets of the City, on a full accrual basis, classified as either government-type funds or business-type funds.
- The Statement of Activities shows the costs of providing services to citizens and the sources of revenue that the City uses to pay those costs.
- Expanded disclosure in the Notes to Financial Statements and improved schedules regarding the actual expenditures in comparison with the original and final appropriation budgets are also included.

- A narrative analysis specifically regarding the City's financial statements and financial condition provides greater insight into the City's finances. Readers are encouraged to refer to this report, entitled Management's Discussion and Analysis, beginning on page 3.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Clark, Schaefer, Hackett, and Co., Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2002 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2002, are fairly presented in conformity with GAAP. The independent auditor's opinion is presented as the first component of the financial section of this report.

GAAP require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Oxford is located southwest of Dayton and north of Cincinnati in a primarily rural area in the Miami Valley Region of Southwestern Ohio. The City lies approximately 6 miles east of the Indiana state line in the northwest corner of Butler County. The City has a population of 21,943 (2000 census) and covers an area of approximately 5.8 square miles. Oxford was organized as a municipality in 1830 as a direct result of the growing prominence of Miami University, which was founded in 1809 as a state university and plays a significant role in the community. Oxford possesses a college-town environment in a beautiful rural setting. The University, with a student population of approximately 16,000, is both a direct and indirect source of many jobs in the City. Because of its prestigious reputation, Miami University has a freshman applicant-to-acceptance ratio of 4:1. This assures continuing financial stability for the University and hence of the community. The University also contributes substantially to the social and cultural environment.

The City of Oxford is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The Charter, which provides for a Council-Manager form of government, was adopted in 1960. The governing Council is responsible for the enactment of ordinances and resolutions to establish policies and to conduct City business, including the annual budget ordinances, and resolutions approving the expenditure of money. The seven-member Council is elected by its citizens as follows: Four members are elected in an odd-numbered year with the remaining three elected in the following odd-numbered year. Council members serve four-year terms and are limited to two consecutive terms. The Mayor and Vice Mayor are chosen by Council from among its members to serve a two-year term. The City Council appoints a City Manager, a Law Director, and Finance Director/City Auditor. The City Manager is responsible for appointing the Department Heads and City staff. The City Manager is also responsible for the implementation of the Council's policies and other day-to-day administration and service delivery to its constituents. The City provides numerous services, including, among others, police, fire, and emergency services protection; the construction and maintenance of highways and streets; parks and recreational program services; and water, sewer, stormwater management, and refuse services.

The annual budget is the foundation for the City's financial planning and control. The budget process begins in the summer with the preparation of the 5-year Capital Improvement Plan (CIP). The City Manager typically presents her proposed CIP to the Council the fourth Tuesday in August. The approved capital projects for the forthcoming year are then incorporated into next year's annual operating budget. The operational budget preparation for the coming year begins in August. Department heads submit their budget requests in September, and meetings are held with the City Manager to discuss their requests. The City Manager's proposed budget is published early October, and budget hearings with Council are held in mid-to-late October. The budget is then approved by ordinance in November.

The legal level of budgetary control, that is, the level at which transfers of cannot be made without legislative approval, is established at the department level. The City Manager with the approval of the Finance Director can make transfers of appropriations for an unlimited amount within a department. Transfers may also be made for up to \$10,000 between departments within a division (or, in government accounting terms, a 'function') by the City Manager with the concurrence of the Finance Director. Budget-to-actual comparisons are provided in this report beginning on page 48-50 for the General and Parking funds, and beginning on page 67 for all other governmental funds for which an appropriation has been adopted.

FACTORS AFFECTING FINANCIAL CONDITION

Local economy. Despite the fact that the nation was affected by an economic slowdown during 2002, the local Oxford economy was less impacted, mostly due to the fact that the primary employer, Miami University, is not subject to significant cyclical fluctuations. As the largest employer in Oxford, Miami University generally provides stable employment despite any changes in the national or regional economy. Therefore, the City has a stable employment base providing a consistent income tax revenue stream, as shown in the ten-year table of income tax collections on page 90. This provides for financial stability and a solid basis for management and long-term planning decisions.

At December 31, 2002, the City's net asset and fund balances are in strong financial condition. The General fund has an unreserved fund balance of \$3,105,222, or 31% of expenditures and other financing uses of \$9,866,367, as shown on page 18. The Capital Improvement fund has an unreserved fund balance of \$4,072,426. For the City's other major operating funds, the Water fund has unrestricted net assets of \$3,804,103 and the Sewer fund, \$5,454,897, representing 163% and 208% of annual operating expenses, respectively. The utility fund reserves have been accumulated to fund both working capital and future capital improvements.

Long-term financial factors. Management is confident it will continue to financially manage the government in order to continue the strong financial condition of the City. For 2003, the City's anticipates income tax revenues will increase 3%. Being fiscally conservative, the City has reduced its operating budget for 2003 by 2.3%. Fund balance reserves will provide adequate working capital, and are sufficient to fund a number of capital improvement projects as planned under the Council's five-year improvement plan. Longer term, over the next ten years, management is positive regarding the outlook but is aware of greater financial challenges for a number of reasons. First, the State of Ohio is facing financial pressure to revise its funding for primary and secondary (K-12th grade) education as a result of an Ohio Supreme Court decision. The State is also experiencing financial shortfall in tax revenues as a result of the economic slowdown. As of this writing, the legislature has not finalized its biennial budget beginning July 2003, but the most recent information indicates they may freeze the amount provided. Longer-term, depending upon the impact on the state regarding school funding and their annual revenues, revenue assistance provided by the state to local governments, including the City, could be affected if the State needs to retain funds to balance its budget. The City received approximately \$900,000 in state revenue assistance in 2002. Additionally, local funding provided by the State to Miami University may be reduced. Because the University is the City's largest employer and is reliant upon the State for funding assistance, any reduction of funding by the State to the University could have an impact on its employment growth, and hence City income tax revenues. However, as mentioned before, the University has a 4:1 ratio of student applicants to acceptances. Any reduction in state funding is expected to be offset by tuition increases to maintain their revenue stream. And with a 4:1 applicant to acceptance ratio, the demand for enrollment would seem to support the ability to increase tuition. Secondly, the Federal government adopted a provision to phase-out inheritance taxes by the year 2011. There has been discussion by the State legislature to consider an elimination of the tax at the State level after 2006. The inheritance tax, when received, historically has been used by Council to fund capital improvements. Because the City in recent years has received roughly \$400,000 - \$500,000 of estate taxes, this elimination could have a substantial impact on capital improvement funding. Note that the City conservatively has not relied on state inheritance tax revenue to materially fund

annual operating costs, budgeting only \$65,000 in 2002. For 2003, the City continues to phase-out its reliance on this tax to fund General Fund operating costs, budgeting only \$50,000.

In 2002 the City earned \$663,627 of interest income and capital appreciation of fair value as a result of investments, compared to \$1,731,993 in 2001. The significant decrease was the result of two factors. First, investments which were made in 2000 and 2001 yielding 5%-6% or more, matured. Second, fund balances accumulated to fund major projects in the five-year capital improvement plan were spent on projects during the last two years, hence leaving less investment to earn interest. The earnings have historically been used mostly to fund capital expenditures, to some extent to fund annual operating expenditures. The 5%-6% investments matured during 2002 and funds not used for capital expenditures were reinvested in the current lower interest environment. Additionally, a portion of the reserves will be spent in 2003 and beyond to fund capital improvements. As a result, both the interest yields and balances are expected to decrease in future years, thus affecting interest income revenues available to fund future operations and capital improvements.

The City has been experiencing a significant increase in its employee health care costs in the last several years. In 2002, the City completed a study of its employee health care program and implemented changes effective January 1, 2003 to manage the cost of benefits provided and to provide adequate funding of the costs. Primarily changes include raising deductible and co-pay levels and initiating monthly employee contributions, where formerly the plan was non-contributory. Effective in 2003, the City also raised the amount by which it funds the benefit plan from \$500/month to \$600/month, per employee. Results thru April 2003 show that the changes have been effective in controlling costs and funding the benefit program.

The City opened a new 224-space parking garage in Uptown Oxford in October, 2001. Funding in 2001 for the \$2.7 million garage came from a no-interest interfund loan from the Capital Improvement fund to the Parking fund (which was ultimately transferred to the Parking Improvement fund for the expenditure). Initial revenues from the garage in early 2002 did not increase substantially until the new Holiday Inn hotel across from the garage opened in June, 2002. The hotel leases the top floor of the garage (59 spaces) for its guests. With the opening of the hotel, two restaurants, and a pub across from the parking garage in the summer of 2002, the parking garage and other revenues from uptown parking meters increased in latter 2002. Parking fund revenues are expected to be sufficient to fund annual repayments of the loan, over approximately 20-25 years, to the Capital Improvement fund. Parking revenues should continue to grow after the first year as the awareness of the new hotel and restaurants increases, as frequented by returning Miami University Alumni and other visitors to the City.

The economic factors above are presented to enable the reader to understand factors which may have an influence on the City's long-term finances. Management is confident it will be able to recognize and respond effectively to future changes in economic conditions. The City will continue to carefully monitor these proposals and continue to be conservative in its management philosophy.

CITY-WIDE INITIATIVES

Under the leadership of City Manager Jane Howington, the City continued its progress toward improved productivity and efficiency during 2002 in delivering services and capital improvements to its citizens. During the year the City tackled a wide and diverse range of issues and programs, many of which continue into 2003. Some of the key projects include:

The Oxford Community Park – In 1998 the City purchased a 113-acre undeveloped property just west of the City limits for just under \$700,000 to develop the City's new primary recreational community park. The need for a community park was identified in both the recently completed Parks Master Plan and the Comprehensive Plan. The City evaluated design proposals for the new park and adopted a three-phase approach for construction to be implemented over approximately ten years, subject to funding availability. Phase I, encompassing land acquisition, engineering design and construction, will cost approximately \$5 million. Construction began during the summer of 2002 and will be completed by in time for a grand opening ceremony scheduled for October, 2003. Casual use of the Park will begin in the fall of 2003, with organized sports league play planned for 2004. Phase I includes significant land and infrastructure development including grading and preparation of the northern portion of the park land, and installation of water, sewer, road and lighting improvements. Most importantly, Phase I also includes the development of softball/baseball fields, soccer fields, a shelter/restroom facility, a maintenance building, community garden area w/ gazebo, and basketball, shuffleboard, horseshoes, and sand volleyball areas. Funding for this construction comes from \$2,550,000 of the total of

\$3,915,000 of general obligation bonds issued in October, 1999. The remainder of Phase I costs will be funded from Parks and Open Spaces Fund capital reserves, interest earned on bond proceeds, and some state grants. Phase II of the Community Park development includes a family picnic area, basketball court, amphitheater, children's play area, and a nature center. Phase III includes basketball, tennis, volleyball, horseshoes, shuffleboard court areas, and a family shelter at the southern end of the park. Phases II and III will be constructed as grants and other funding become available.

Zoning code revision- During 2002 and continuing into the spring of 2003, work was completed on the comprehensive revision of the zoning code and related changes to the zoning map. The final revised plan is scheduled to be submitted to City Council for approval in May, 2003. The zoning code is the principle legislation regulating how land is used and how it is physically developed. The new code was developed to implement goals stated in the 1998 Comprehensive Plan.

Particular attention was given to revamping the standards for the original part of town known as the "Mile Square". This area contains the highest concentration of traditional homes from the late 1800 and early 1900's. Most of these homes have been converted to student rentals. As a result, the housing stock and public infrastructure has been overwhelmed and many community problems have resulted. To help address this issue, new zoning districts were created to stop the potential of subdividing single-family homes into duplexes and triplexes. New standards were added to improve parking, landscaping, and buffers between residential and non-residential uses. Also included in the code was a new approach to suburban Planned Unit Developments that encourages clustering houses to preserve farmland and reduce the unnecessary extension of roads and utilities. Provisions have been created that require environmentally-sensitive areas to be identified at the start of the design process to assure not only that they will be protected but also foster a better project design. The new code is significantly easier to read, understand, and implement. This will assist developers, administrators, decision makers and citizens in understanding the City's expectations, and will prevent the type of uncertainty that may have lead to questions of consistent application of the code in the past.

Five-Year Capital Improvement Plan (CIP) – In the summer of 2002, City Manager Jane Howington provided her proposed five-year CIP to City Council and the plan was adopted with minor revisions for a total of \$33,183,233 for the next five years, through 2007. The plan can be classified into three components: 1) Planned equipment purchases (\$2,546,165), including various police and other vehicle replacements, equipment for the new community park, and an aerial fire pumper truck, 2) Annual improvement projects including annual water and sewer line improvements; street and alley resurfacing; and sidewalk, curb and gutter programs, and 3) Major new construction projects dependent upon future grant, debt, or other capital reserves or available funding. These include the Phase II of the U.S. 27 North project; Community Park Phases II and III; Wastewater treatment plant improvements; Streetscape improvements for Uptown Oxford. These potential projects demonstrate the Council's and City Manager's vision for the future. As mentioned, the projects will be approved in the future as debt or grant funding is obtained.

Water Revenue Bond debt refunding – In the fall of 2002, the finance department completed a current refunding of the remaining \$10,040,000 of outstanding 1992 water bonds. These bonds yielded 6% and were due in 2014. The City used the services of an independent financial assistant to serve its interests in working with an underwriter. The City applied for and received a general obligation credit rating increase from Moody's Investor Services, Inc., from A1 to Aa3, due to its strong financial condition. General Obligation bonds were issued using competitive bidding, implementing new technology to receive 6 bids via the internet (and 4 by fax). The competitive bidding resulted in obtaining a net interest cost of 3.42%. Annual debt payments paid by the Water fund will decreased by \$209,000, beginning 2003.

CASH MANAGEMENT AND INVESTMENTS

Cash and investments are managed under the goals of safety, liquidity, and yield in that order, as stipulated by the City's legally adopted investment policy. City cash (except that which is restricted) is pooled in order to maximize investment return. Amounts above a minimum level are swept daily from the general checking account to an SEC-regulated U. S. Treasury money market fund. The City's investment in the money market fund is 100% liquid, accessible on a daily basis. In 2000, the City contracted with two professional public funds money management firms to manage the bulk of the City's investments. The decisions on investments are made by the managers based on the City's investment policy and the cash flow needs schedule provided by the finance department. Investment oversight is provided by regular monitoring by the finance department and by semiannual meetings of the Investment Review Committee. During 2002 the City was in compliance with its investment policy and the Ohio Revised Code with regard to its investments and collateralization.

During part of 2002 the City also maintained funds in a separate investment account for the Refuse fund. As explanation, the City was required by the Ohio EPA to environmentally seal its municipal landfill in 1996. Under requirements in place at the time, the City placed money into a separate investment landfill trust fund to comply with Ohio EPA 'Financial Assurance' regulations. As of March 28, 2000 the Ohio EPA approved the application by the City to meet new financial assurance requirements determined based on City fund balances and debt-to-equity ratios. As of that date, the OEPA terminated the landfill trust agreement, relinquishing full control of the funds to the City. The City continues to maintain tracking of the investments pertaining to the refuse funds. Annually the City must submit to the OEPA a calculation demonstrating that it meets 'Financial Assurance' tests, which include fund balance and debt-to-equity ratios. The City fully expects to meet requirements in the future. The City invests the funds in accordance with its investment policy. A portion of these investments are used annually to fund Refuse Fund operating costs and debt service. See Note 4 to the financial statements for additional information on deposits and investments.

RISK MANAGEMENT

The City has contracted with national insurance carriers for the provision of underlying bodily injury, personal injury, property damage, and general liability coverages. In addition, the City maintains excess general liability and public officials' coverage, vehicle liability coverage, municipal landfill property and liability, and police professional liability coverage. An annual review of the scope of the City's activities and insurance coverages is conducted with the help of the insurance carrier's representatives and the City's insurance agents. Additionally, every two or three years as circumstances dictate the City hires an outside insurance consultant to perform a study to review the changes in the insurance coverages and improve the insurance coverage. The adequacy of insurance coverage is reviewed to insure appropriate coverage on a cost-benefit basis. Regarding claims management, when a notice of material claim arises, it is referred to the insurance company, and claims monitoring is reviewed both by the administration and by the City's legal counsel where appropriate to assure that the City's interests are protected.

AWARDS AND ACKNOWLEDGEMENTS

GFOA Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oxford, Ohio for its CAFR for the fiscal year ended December 31, 2001. The Certificate of Achievement is a prestigious national award-recognizing presentation in accordance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The 2001 CAFR satisfied both GAAP and applicable legal standards.

The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting, and its attainment is a significant accomplishment by a governmental unit. The publication of this CAFR is indicative of the City's commitment to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City management and investors.

A Certificate of Achievement is valid for a period of one year only. The City of Oxford has received a Certificate of Achievement for the last eighteen consecutive years (years ended 1984-2001). We believe this report conforms to the reporting standards set forth by the GFOA, and we are submitting it to the GFOA to determination its eligibility for another certificate.

Acknowledgments

This report is the culmination of months of hard work by many individuals. I wish to thank Payroll and Benefits Specialist Heidi Alexander, Accounting Specialist LeAnn Isenhardt, and Accounting Assistant Katrina Bockover. With the departure of Accounting Manager Joe Reigelsperger in January, 2003, they carried out their duties and assisted with the duties of the accounting manager, and never skipped a beat to assist in completing this report in the usual time frame. I also wish to thank Faye Harsh, Utility Billing and Collections Supervisor, Joanna Murray, Utility Collections Specialist, and Mary Ann Eaton, Accounting Assistant, for their assistance with this CAFR and their continued high-quality work in diligently carrying out their responsibilities within the finance department. Additional thanks is also due to the staff of

the independent accounting firm of Clark, Schaefer, Hackett, and Co., Certified Public Accountants, and in particular, Kerry Roe, who worked side-by-side with City staff toward the preparation and independent examination of these financial statements.

Finally, a special word of thanks is necessary to recognize the efforts of members of City Council and the City Administration past and present whose conservative fiscal management and solid decision-making are reflected in the sound financial position of the City of Oxford.

As a result of their hard work, under the GASB 34-new reporting model format, this report presents information in an organized manner to provide greater insight regarding the City's finances. We hope readers of this financial report will find the report beneficial in understanding the City's financial organization, financial position and condition, net assets and results of operations.

Respectfully,

A handwritten signature in black ink, appearing to read "Thomas R. Peterson". The signature is fluid and cursive, with a large initial "T" and "P".

Thomas R. Peterson, CPA, CPFO, CGFM
Finance Director

CITY OF OXFORD, OHIO

CITY OFFICIALS AS OF DECEMBER 31, 2002

City Council (Elected Officials)

Ken Bogard	Mayor
Ted Beerman	Vice-Mayor
Jerome Conley	Council Member
Prue Dana	Council Member
Steve Flee	Council Member
Dave Prows	Council Member
Doug Ross	Council Member

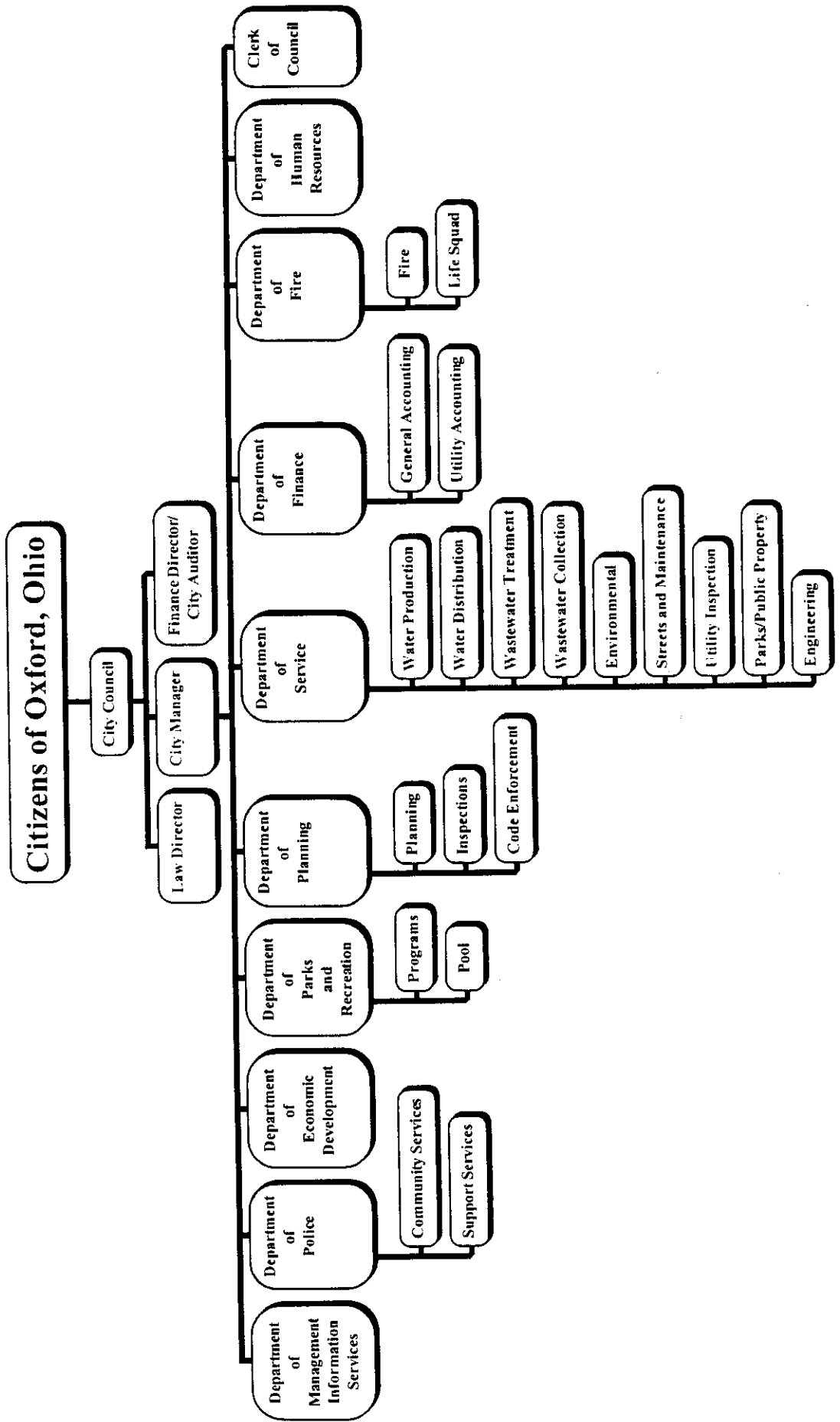
Administration

Jane Howington	City Manager
Gail Brahier	Parks & Recreation Director
Mike Dreisbach	Service Director
Len Endress	Fire Chief
Donna Heck	Human Resources Director and Clerk of Council
Steve McHugh	Law Director
Tom Peterson	Finance Director
Mike Ritcher	MIS Director
Steve Schwein	Police Chief
Bernadette Unger	Planning Director

Department of Finance

Tom Peterson	Finance Director
Joe Reigelsperger	Accounting Manager
Faye Harsh	Utility Billing and Collections Supervisor
Heidi Alexander	Payroll and Benefits Specialist
Joanna Murray	Utility Collections Specialist
LeAnn Isenhardt	Accounting Specialist
Mary Ann Eaton	Accounting Assistant
Katrina Bockover	Accounting Assistant

City of Oxford Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oxford,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Oxford, 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 Oxford, Ohio as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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 of Oxford, Ohio as of December 31, 2002, 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.

As described in Note 2 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units* for 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2003, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 3-13 and 48-51, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oxford, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 24, 2003



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the City of Oxford for the year ended December 31, 2002. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter on page i, and the City's financial statements, which begin on page 14.

I. USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

The Basic Financial Statements

- Financial Statements for the City as Whole. The Statement of Net Assets and the Statement of Activities (on pages 14 and 15) provide information about the activities of the City as a whole and present a longer-term view of the City's finances.
- Individual Fund Financial Statements. Fund financial statements also reflect the City's operations in more detail than the government-wide financial statements by providing information about the City's major funds. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. These statements begin on page 16.
- Fiduciary Financial Statements. The fiduciary statements (pages 23 and 24) provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.
- Notes to the Basic Financial Statements. The Notes (beginning on page 25) provide helpful information explaining the City's significant accounting procedures and provide greater detail regarding financial statement components.

Required Supplementary Information

- Schedules of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis. Schedules (pages 48 to 51) are presented for the General Fund and major special revenue funds that compare actual results to the original and final budgets for those funds.

Supplementary Information

- Combining Financial Statements. These statements (starting on page 58) provide financial information regarding non-major individual funds, which have been aggregated in the basic financial statements.
- Schedules of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis. These schedules compare actual results to the original and final budgets for the non-major governmental funds. These schedules begin on page 67.
- Capital Asset Schedules. These schedules (pages 85 and 86) show information regarding the City's investment in capital assets.

A. Reporting the City as a Whole

Government-wide statements

Our analysis of the City as a whole begins on page 5. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way

that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the 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 them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will want to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire and life squad, parking, parks and recreation departments, and general administration. Income taxes, property taxes, and state and federal grants finance most of these activities.
- Business-type activities – The City provides water, sewer, and refuse utility services to customers and charges a fee to cover the cost of those operations.

B. Reporting the City's Most Significant Funds

Fund financial statements

The City accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the fund financial statements that begin on page 16. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes, like parking, water, sewer, and refuse activities. City Council may also establish separate funds to show that it is meeting legal responsibilities for using certain taxes, grants, or other money, like grants received for community and economic development. The City's two kinds of funds – *governmental and proprietary* – use different accounting methods.

- Governmental funds – Most of the City's basic services are reported in governmental funds. The fund statements present how cash flows into and out of those funds, and show the balances remaining at year-end that are available for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. *Information in governmental fund statements helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.* The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The government-wide financials, as previously described, present the government funds on the whole using the full accrual accounting basis. The differences between governmental activities as reported in the government-wide financial statements and as reported in the fund statements are presented in a reconciliation on the right-hand side of the fund financial statements.
- Proprietary funds – There are two types of proprietary funds, enterprise funds and internal service funds. Proprietary funds are reported using the full accrual accounting basis. When the City charges customers for the services it provides with the intention that the charges will fully cover the cost of the services, these activities are reported in enterprise funds. Enterprise funds are generally reported in the same way that all activities are reported in the government-wide Statements of Net Assets and Statement of Activities. In fact, the City's three enterprise funds (water, sewer and refuse funds) are the same as we report in the combined business-type activities column in the government-wide statements. The individual fund statements for water, sewer, and refuse operations provide more detail and additional information, such as cash flows. Internal service funds are used to report activities within the government that are centralized for efficiency in separate funds in order to provide supplies and services to the other City programs and activities. The City has two separate funds: for fuel and postage services; and for employee health insurance. These internal service funds are combined and shown in a separate column in the proprietary funds statements. In the government-wide financials, their activities are consolidated into the governmental and business-type activities.

C. The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is responsible in a fiduciary capacity for other assets that can only be used for designated beneficiaries. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The financial statements for these funds are reported beginning on page 23. The City has three agency funds and one private-purpose trust fund. As it pertains to the agency funds, the City acts as the collection agent for three different activities, accounting for the proceeds collected in three agency funds and eventually forwarding the collections to the designated beneficiaries. As it pertains to the private purpose trust fund, in 1977 the City was appointed as trustee the Tricentennial Fund. This money was to be held in trust until the Nation's tricentennial, in 2076, to fund an appropriate celebration. During 2002, the trust fund's founders requested that the City turn the Tricentennial Fund's balance over to the Oxford Community Foundation, which was established in 1995, and hence was not in operation when the trust fund founders were initially seeking a long-term depository for their funds in 1977. The City complied with their request, and this fund was closed out in 2002.

II. THE CITY AS A WHOLE

A. Net assets at year-end

The following table presents a condensed summary of the City's overall financial position at December 31, 2002 and 2001:

	Governmental		Business-		Total	
	Activities		Type			
	2002	2001	2002	2001	2002	2001
Current and other assets	\$ 13,815	15,169	13,004	13,460	26,819	28,629
Capital assets	<u>12,608</u>	<u>9,785</u>	<u>30,287</u>	<u>30,552</u>	<u>42,895</u>	<u>40,337</u>
Total assets	<u>26,423</u>	<u>24,954</u>	<u>43,291</u>	<u>44,012</u>	<u>69,714</u>	<u>68,966</u>
Long-term debt outstanding	3,455	4,000	19,787	22,706	23,242	26,706
Other liabilities	<u>2,533</u>	<u>1,341</u>	<u>1,825</u>	<u>1,557</u>	<u>4,357</u>	<u>2,898</u>
Total liabilities	<u>5,988</u>	<u>5,341</u>	<u>21,612</u>	<u>24,263</u>	<u>27,599</u>	<u>29,604</u>
Net assets:						
Invested in capital assets, net of debt	9,003	9,768	13,260	11,120	22,263	20,888
Restricted:						
For capital purposes	817	3,664	-	-	817	3,664
Other purposes	838	838	539	1,287	1,377	2,125
Unrestricted	9,778	5,344	7,881	7,342	17,659	12,686
Rounding	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	-	<u>(1)</u>	<u>(1)</u>
Total net assets	<u>20,435</u>	<u>19,613</u>	<u>21,679</u>	<u>19,749</u>	<u>42,115</u>	<u>39,362</u>
Beginning net assets	19,613	16,837	19,749	16,669	39,362	33,506
Net increase	<u>822</u>	<u>2,776</u>	<u>1,930</u>	<u>3,080</u>	<u>2,752</u>	<u>5,856</u>
Ending net assets	\$ <u>20,435</u>	<u>19,613</u>	<u>21,679</u>	<u>19,749</u>	<u>42,115</u>	<u>39,362</u>

Net assets of governmental activities increased by \$822,000, from \$19,613,000 to \$20,435,000. The increase was the result of the City's deliberately conservative budgeting and spending practices. Actual 2002 revenues exceeded estimates, and expenditures came in lower than budgeted. Other liabilities increased due to additional accounts payable at year-end pertaining to the community park. Capital assets increased nearly \$3 million, principally as a result of expenditures on the new community park. This is likewise reflected in the reduction in net assets (cash raised from debt issued for the park construction) restricted for capital purposes.

Net assets of business-type activities increased for the same reason as governmental net assets: conservative financial practices led to actual revenues exceeding budgeted, and expenditures were less than appropriated. The increase in net assets is expected to be dedicated to investments capital assets for the water and sewer funds. Long-term debt decreased as a result of the current refunding of the 1992 Water Supply System Mortgage Revenue bonds, (1992 Water bonds) utilizing an additional \$1.3 million of restricted cash held in a revenue bond reserve fund.

B. Governmental and Business-type Activities

The following table presents a condensed summary of the City's activities during 2002 and the resulting change in net assets.

Table 2
Changes in Net Assets (in thousands)

	Governmental Activities		Business- Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Revenues						
Program revenues:						
Charges for services	\$ 1,128	986	7,361	7,018	8,489	8,004
Operating grants and contributions	379	357	-	-	379	357
Capital grants and contributions	83	47	298	1,309	381	1,356
Total program revenues	<u>1,590</u>	<u>1,390</u>	<u>7,659</u>	<u>8,327</u>	<u>9,249</u>	<u>9,717</u>
General revenues:						
Income taxes	5,467	5,538	-	-	5,467	5,538
Property taxes	713	690	-	-	713	690
Other taxes	1,708	1,254	-	-	1,708	1,254
Grants and contributions not restricted to specific programs	150	171	-	-	150	171
Investment earnings	237	851	427	881	664	1,732
Miscellaneous (and rounding)	49	161	5	127	54	288
Total general revenues	<u>8,324</u>	<u>8,665</u>	<u>432</u>	<u>1,008</u>	<u>8,756</u>	<u>9,673</u>
Total revenues	<u>9,914</u>	<u>10,055</u>	<u>8,091</u>	<u>9,335</u>	<u>18,005</u>	<u>19,390</u>
Program expenses						
Security of persons and property	3,568	3,311	-	-	3,568	3,311
Public health services	129	93	-	-	129	93
Leisure time activities	1,149	1,002	-	-	1,149	1,002
Community environment	1,217	237	-	-	1,217	237
Transportation	1,228	1,072	-	-	1,228	1,072
General government	1,607	1,364	-	-	1,607	1,364
Interest on long-term debt	194	199	-	-	194	199
Water utility operations	-	-	2,361	2,419	2,361	2,419
Sewer utility operations	-	-	2,667	2,545	2,667	2,545
Refuse utility operations	-	-	1,133	1,291	1,133	1,291
Rounding	-	1	-	-	-	1
Total program expenses	<u>9,092</u>	<u>7,279</u>	<u>6,161</u>	<u>6,255</u>	<u>15,253</u>	<u>13,534</u>
Increase in net assets	\$ <u>822</u>	<u>2,776</u>	<u>1,930</u>	<u>3,080</u>	<u>2,752</u>	<u>5,856</u>

Of the changes in revenues, the most significant one affecting total City revenues was the decrease in interest income. The Interest decrease contributed \$1,068,000 of the total decrease of \$1,385,000. The interest decrease was the result of lower interest rates and decreased principal invested due to capital expenditures. For Governmental activities, Other Taxes increased from \$1,254,000 to \$1,708,000 reflecting an increase in estate taxes of \$434,000. For Business-type activities, charges for services reflect a slight increase in revenue. Business-

type funds capital grants show a decrease because a large capital grant was received in 2001 for the U.S. Route 27 North water and sewer improvements. Miscellaneous revenues for governmental and business-type activities decreased because a workers compensation refund was received in 2001. Program expenses are discussed in the following sections.

1) Governmental activities

Table 3 presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 17% of the cost of the general government programs was recouped in program revenues in 2002 compared with 19% in 2001. Security of Persons and Property costs increased 7.8% from \$3,311,000 to \$3,568,000 as a result of implementing a new police contract and increased overtime in 2002. Leisure Time activities increased 15% from \$1,002,000 to \$1,149,000 due to recreation costs including pool maintenance and increased participation in recreation programs including soccer and little league play. Community Environment activities increased from \$237,000 to \$1,217,000. Much of the increase is the result of providing economic development funding to an outside agency, the Oxford Community Improvement Corporation. Transportation costs increased over 2001 because the city's new parking garage, opened in November, 2001, was fully functional during 2002. Hence costs of parking garage maintenance increased (funded by increased parking revenues). General Government costs increased from \$1,364,000 to \$1,607,000 for, among other reasons, increased health care costs.

Table 3
Governmental Activities (in thousands)

	<u>Total Cost of Services</u>		<u>Program Revenues</u>		<u>Net Cost of Services</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Security of persons and property	\$ 3,568	3,311	284	288	3,284	3,023
Public health services	129	93	3	-	126	93
Leisure time activities	1,149	1,002	329	293	820	709
Community environment	1,217	237	227	189	990	48
Transportation	1,228	1,072	718	598	510	474
General government	1,607	1,364	29	22	1,578	1,342
Interest on long-term debt	194	199	-	-	194	199
Rounding	-	1	-	-	(1)	1
Total	\$ <u>9,092</u>	<u>7,279</u>	<u>1,590</u>	<u>1,390</u>	<u>7,502</u>	<u>5,889</u>

2) Business-type activities

The following table (rounded to nearest thousand) summarizes the business-type activities:

Table 4
Business-type Activities (in thousands)

	<u>Total Cost of Services</u>		<u>Program Revenues</u>		<u>Net Revenue from Operations</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Water utility operations	\$ 2,361	2,419	2,763	3,063	401	644
Sewer utility operations	2,667	2,545	3,660	4,054	994	1,509
Refuse utility operations	1,133	1,291	1,236	1,210	103	(81)
Total	\$ <u>6,161</u>	<u>6,255</u>	<u>7,659</u>	<u>8,327</u>	<u>1,498</u>	<u>2,072</u>

The City's water and sewer utilities generated revenues in excess of operating expenditures in 2002 and 2001. However, included in the revenues for 2001 were capital grants of \$562,000 and \$747,000 respectively, from the State for Issue II funds for the improvements to U.S. Route 27 North. The remaining water and sewer revenues in excess of expenses will be used to fund capital expenditures planned under the City's five-year Capital Improvement

Plan. The Refuse utility operations reflect a net excess of revenues over expenses in 2002, compared with a deficit in 2001. The 2001 deficit reflects an adjustment for an increase in costs for the remaining 26-year post-closure period for the City's municipal landfill. Business-type activities are discussed in greater detail in the following section

III. THE CITY'S INDIVIDUAL FUNDS

A. Governmental funds

The financial statements for the City's governmental funds, accounted for under the modified accrual basis of accounting, are presented beginning on page 16. The City has fifteen governmental funds, four of which are considered major funds: General Fund, Parking Fund, Capital Improvement Fund, and Parks and Open Spaces Fund. Assets of these four funds at December 31, 2002 comprise \$14,625,014 (89%) of the total \$16,442,796 governmental funds assets. The following provides an analysis of these major funds.

Table 5
Financial Highlights
Major Governmental Funds (in thousands)

	<u>General Fund</u>		<u>Parking Fund</u>		<u>Capital Improvement Fund</u>		<u>Parks & Open Spaces Fund</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Total assets	\$ 5,743	6,515	565	560	6,883	5,388	1,434	3,753
Total liabilities	2,354	2,353	2,651	2,706	41	98	617	84
Rounding	-	-	-	(1)	-	-	-	(1)
Fund balance	<u>3,389</u>	<u>3,778</u>	<u>(2,086)</u>	<u>(2,147)</u>	<u>6,842</u>	<u>5,290</u>	<u>817</u>	<u>3,668</u>
Unreserved fund balance	<u>3,105</u>	<u>3,778</u>	<u>(2,105)</u>	<u>(2,159)</u>	<u>4,072</u>	<u>2,373</u>	<u>127</u>	<u>3,634</u>
Revenues	9,068	9,161	338	289	25	10	172	209
Expenditures	6,781	5,684	256	144	423	447	3,023	217
Other financing sources (uses)	(3,059)	(1,935)	(20)	(2,795)	1,950	1,200		
Rounding	(1)	-	(1)	-	-	1	(1)	(1)
Net change in fund balance	<u>\$ (773)</u>	<u>1,542</u>	<u>61</u>	<u>(2,650)</u>	<u>1,552</u>	<u>764</u>	<u>(2,852)</u>	<u>(9)</u>

General Fund. The fund balance at the end of 2002 was \$3,389,000, including \$3,105,000 of unreserved balance, which represents 31% of annual expenditures and other financing uses. The net remaining revenue in excess of expenditures for the year, before deducting the capital transfers of \$2,450,000, was \$1,677,000. This unexpended amount was the result of very conservative revenue estimates and conservative spending, recognizing the national economic slowdown. Revenues in excess of estimated revenues budgeted include \$460,000 of estate taxes in excess of budget. The City has reduced its reliance on estate taxes for funding operations to \$65,000 in 2002, anticipating the possible elimination of the estate tax by the State of Ohio. Actual income tax revenues exceeded the budget by \$222,000 due primarily to very conservative budgeting anticipating the economic slowdown. The unspent portion of appropriations for 2002 totaled \$384,000. Conservative budgeting resulted in an increase General fund balance increase. Historically, as the balance in the General fund increases, every two or three years the City will transfer a portion of this accumulation from the General fund to the Capital Equipment and the Capital Improvement funds. In December, 2002, the City Council approved a supplemental budget transferring \$1,000,000 to the Capital Improvement fund, and \$300,000 to the Capital Equipment fund. Other financing uses of \$3,059,000 represent operating, capital reserve, and debt service transfers. This amount includes the total amount of \$2,450,000 transferred to the Capital Improvement and Capital Equipment Funds in 2002 (with the remainder being the annual operating transfers to the Street and the Debt Service funds).

Parking Fund. Liabilities reflect an interfund loan of \$2,700,000 in 2001 from the Capital Improvement Fund, net of repayment in 2002 of \$125,000. The funds were used in 2001 to construct a four-story parking garage with 224 spaces in Uptown Oxford. The garage opened in October, 2001. Revenues and expenses show an increase in 2002, the first full year of the garage operations. Revenues from future parking fees and lease garage spaces will be the source for repayment of the interfund loan to the Capital Improvement Fund. The Parking Fund shows a fund deficit because the capital asset (parking garage) is not reflected as an asset under modified accrual accounting, which would otherwise offset the interfund loan payable.

Capital Improvement Fund. Total fund balance at December 31, 2002 of \$6,842,000 includes the interfund loan receivable from the Parking Fund of \$2,575,000. Other financing sources reflect the transfers during 2002 from the General Fund, totaling \$1,950,000. The primary expenditure for 2002 was for the annual street repaving program.

Parks and Open Spaces fund. In 2002 the City spent \$3,023,000 from this fund, almost entirely toward the new community park. Assets at year-end of \$1,434,000 consist primarily of pooled cash and investments. These funds are primarily from the Parks Improvement Bonds issued in 1999 (plus interest earned and existing fund balance prior to the 1999 debt issuance). The cash will be used during 2003 for the continued construction of the new Oxford Community Park, and is anticipated to be fully spent in 2003.

B. Proprietary funds

1) Enterprise funds

The following table provides financial highlights regarding the City's three enterprise funds for its water, sewer and refuse utility operations. The information differs slightly from the government-wide proprietary fund information shown in section II. B. 2 in that the information below does not include the consolidation of internal service fund activity. For greater detail, please refer to the financial statements for the City's proprietary funds, which are presented beginning on page 20.

Table 6
Financial Highlights
Enterprise Funds (in thousands)

	Water Fund		Sewer Fund		Refuse Fund	
	2002	2001	2002	2001	2002	2001
Total assets	\$ 16,826	18,201	23,565	22,934	2,898	2,799
Total liabilities	8,890	10,811	8,489	9,004	4,233	4,448
Rounding				(1)		
Total net assets	<u>7,936</u>	<u>7,390</u>	<u>15,076</u>	<u>13,929</u>	<u>(1,335)</u>	<u>(1,649)</u>
Unrestricted net assets	<u>3,804</u>	<u>4,103</u>	<u>5,455</u>	<u>4,857</u>	<u>(1,380)</u>	<u>(1,696)</u>
Operating revenues	2,570	2,557	3,560	3,377	1,236	1,212
Operating expenses	1,713	1,714	2,193	2,056	999	1,151
Net non-operating rev (exp)	(342)	153	(250)	511	77	105
Capital contributions	30	72	30	69		
Rounding	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in net assets	\$ <u>546</u>	<u>1,067</u>	<u>1,147</u>	<u>1,901</u>	<u>314</u>	<u>166</u>

Water Fund. Total assets and total liabilities decreased significantly as a result of a current refinancing in 2002 of the 1992 Water bonds discussed further under section V. Capital Asset and Debt Administration. As part of the refunding, approximately \$1,300,000 of restricted cash and investments held in a reserve fund as a result of the revenue bond were used for the refunding. The fund ended the year with \$546,000 increase in net assets. Historically, net asset increases have been used to fund future capital projects.

Non-operating expenses of \$342,000 reflect the decrease from the prior year in interest income, which was \$343,000 in 2001 and \$106,000 in 2002, as previously discussed. Also, in 2001 the City received proceeds of \$490,000 from a capital grant from the State for U.S. Route 27 North road water line construction. Non-operating expenses also include \$614,000 for interest paid on mortgage revenue bonds, comparable to \$680,000 in 2001.

Sewer Fund. The net change in net assets of \$1,147,000 reflects a solid margin, but much of this was used to fund principal payments on outstanding debt which is reflected in the decrease in total liabilities. Also, \$579,000 was used for capital improvements. The net change in net assets increases the total accumulated unrestricted net assets of \$5,455,000. Much of this will be used for capital improvements. The City's five-year capital improvement plan includes projected costs of \$7,668,000 which includes costs for Phase II of sewer plant and collection system engineering design and construction improvements and Phase III design costs under a plan determined under the direction of the Ohio EPA.

Non-operating revenues included interest income of \$114,000, reflecting a decrease from \$296,000 in 2001, as previously discussed. Also, in 2001 the City received proceeds of \$490,000 from a capital grant from the State for U.S. Route 27 North road sewer line construction. Non-operating expenses of \$ 435,000 consist of interest paid on outstanding debt, comparable to \$463,000 in 2001.

Refuse Fund. The City contracts with a private vendor for refuse service provided to its customers. Total assets of \$2,898,000 reflects the accumulation of pooled cash and investments for funding working capital purposes. The cash and investments total also includes \$2,279,000 resulting from the release in 2000 by the Ohio EPA of landfill post-closure trust funds. In 1996 the City 'environmentally' closed the municipal landfill, and at the time was required to set aside into a trust the current estimated cost for the next 30 years of post-closure landfill monitoring. The EPA released the trust funds in 2000 as a result of the City's ability to demonstrate sufficient equity and net asset reserves. These funds will be used in the future to fund annual operating and debt service costs, to be utilized over the next 13 years parallel with the remaining term of outstanding debt. At year-end, the City has outstanding debt of \$2,868,000, borrowed to fund the cost of the landfill closure in 1996. The final year of payment of this debt will be 2015. The net assets deficit of \$1,380,000 is the result of the closing of the landfill. In 1996 the City incurred costs of \$4 million to meet Ohio EPA regulation standards for the environmental closing of the municipal landfill. In accordance with GASB 18, these costs were expensed, hence resulting in the deficit in net assets. The long-term debt borrowed to fund the closure, payable through the year 2015, is reflected in the liabilities. The annual debt service is being funded through the refuse utility rates.

Operating expenses decreased in 2002 compared to the prior year because 2001 reflects an adjustment for an increase in costs for the remaining 26-year post-closure period for the City's municipal landfill. The city's contract with a vendor for refuse hauling provides for a 3% cost increase for 2002 and a 4% increase in 2003 rates for non-residential customers. The City Council increased billing rates to its non-residential customers effective January 2003 and 2004 to pass-through the contract cost increases.

Non-operating revenues include investment income of \$207,000 earned on invested cash, including the landfill post-closure funds. This compares with \$242,247 in 2001. The decrease is less as compared with other funds because, knowing the funds were not needed, the majority of refuse funds were invested in 2000 in a 5 year, 7% U.S. Treasury bond. Non-operating expenses of \$130,000 consist of interest paid on outstanding debt, comparable to \$137,000 in 2001.

2) Internal service funds

Net assets at year-end and activity for the year for the City's two internal service funds is reported in a combined column in the proprietary fund statements beginning on page 20. The financial condition of one of the internal service funds, the Employee benefits (health insurance) Fund, deserves additional mention. During 2002, costs of \$925,000 exceeded revenues of \$667,000 by \$258,000. This operating loss was funded primarily by reserves in the beginning net asset balance. The fund ended the year with a deficit of \$74,329 reflecting \$100,425 of accrued claim costs. The deficit will be funded by 2003 fund transfers. The operating loss for the year is the result of increasing health care costs, which exceeded amounts funded by interfund transfers from operating funds. The City billed the departments that have employees at a rate of \$500 per employee per month. Actual costs incurred averaged approximately \$741 per employee per month. During 2002, the City completed a study of its health care program and instituted changes for 2003. As a result, the City increased the monthly employee interfund billing rate to \$600, which it was able to absorb in the 2003 operating budgets, and made other changes to implement monthly employee health care contributions and increase employee co-payment percentages to restore the financial condition of the fund.

IV. BUDGETED ACTIVITY AND ACTUAL RESULTS

The schedules comparing the City's original and final budgets and actual results are included in the required supplementary information for the General and Parking funds beginning on page 48. Other governmental funds with adopted budgets are presented in schedules on pages 67-79. The City underspent the appropriations for its funds in 2002. Regarding the General fund, the City made the following significant changes to the original budget:

- \$450,000 for payment to the Oxford Community Improvement Corporation for funding economic development efforts in Oxford,
- Transfers of accumulated General Fund reserves to the Capital Improvement fund (\$1,000,000) and to the Capital Equipment fund (\$300,000) (see further discussion under section VI, Economic Factors and Next Year's Budgets and Rates).

V. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital assets

At the end of 2002, the City had \$42,894,854 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, a parking garage, and water and sewer lines and plant facilities. The capital assets do not reflect the investment in general government infrastructure made prior to 2001. (The City has not implemented the retroactive capitalization of general government infrastructure as part of the conversion to GASB Statement 34, but plans to do so for the 2004 financial statements.) More detailed information regarding the City's capital assets is presented in Notes 1 and 8 to the financial statements.

Table 7
Capital Assets at Year-End (in thousands)
(Net of Depreciation)

	Governmental		Business- Type		Total	
	Activities		Activities			
	2002	2001	2002	2001	2002	2001
Land	\$ 1,623	1,623	369	369	1,992	1,992
Construction in progress	3,291	385	168	4	3,499	389
Buildings and improvements	5,442	5,577	7,194	7,629	12,636	13,206
Equipment	2,069	2,034	1,413	1,505	3,441	3,539
Infrastructure	184	167	21,143	21,046	21,327	21,213
Rounding	(1)	(1)		(1)	(1)	(2)
Total	<u>\$ 12,608</u>	<u>9,785</u>	<u>30,287</u>	<u>30,552</u>	<u>42,895</u>	<u>40,337</u>

This year's major additions included \$3,140,000 for the new community park, and \$613,000 for the Tallawanda Lane water and sewer lines for which Miami University provided funding of \$200,000.

During 2002, the City updated its prior year five-year capital improvement plan (CIP). The CIP serves as a planning document to provide general priorities for future capital investment in general, water, and sewer infrastructure, land, buildings, and equipment. The CIP serves as a general planning tool, to be updated annually to reflect current priority needs as determined by City Council. As updated in 2002, the total cost of planned investments in the CIP for the five years beginning 2003 was \$33,183,233. The plan represents the current 'wish list' for the next five years, and not necessarily all projects will be funded. Projects will be funded to the degree that cash and debt capacity are available at the planned date of implementation.

The City's 2003 operating budget calls for it to spend another \$3,578,350 for equipment and capital construction projects. This includes \$1,000,000 for the upgrade of the sewer line on Route 63 Oxford-Trenton road, and \$240,000 for the sidewalk extension on Fairfield road, which will connect residential areas to the new community park. The City has also budgeted \$300,000 for its annual street resurfacing program, and \$286,500 for road

improvements to the intersection Tallawanda Lane and High Street, for which Miami University will provide \$125,000 of funding.

B. Debt

Debt activity for 2002 consisted of scheduled principal and interest payments on existing debt, plus a current refunding on the 1992 Water Bonds. The remaining principal balance of \$10,040,000 on 1992 Water bonds had a call date of December 1, 2002. The existing term bonds that were called were due in 2014 carried an interest rate of 6%. The new 2002 Water Supply System Refunding bonds were issued as general obligation bonds to refund the 1992 revenue bonds. The new bonds are serial bonds and will be fully paid by the same year (2014) as the refunded bonds. The True Interest Cost, or average interest rate on the new bonds, is 3.42%. The refunding provided the City with a net reduction of approximately \$2,000,000 in future interest payments between 2003 and 2014, and an economic gain of \$1,210,000 (present value savings on their interest, net of the costs of issuance). Annual debt payments from the Water fund will decrease \$209,000. For this refunding, the City's general obligation credit rating was increased by Moody's Investor Services, Inc., from A1 to Aa3.

Total long term debt outstanding at year-end was \$25,389,973. The City has a total of seven individual debt issuances outstanding. The City has two general obligation debts outstanding. The Parks Improvement Bonds issued in 1999, with principal outstanding at year-end of \$3,570,000, are paid from the general fund revenues. The 2002 Water refunding bonds, with an outstanding balance of \$,025,000 at year-end, are paid by Water Utility revenues. The City has five individual debts borrowed by the Sewer (four) and Refuse (one) enterprise funds, payable from their respective utility revenues. These borrowings were issued by the Ohio Water Development Authority for capital improvements between 1987 and 1998. Refer to Note 14 for additional debt information.

VI. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Governmental funds

While the national economy continued to endure a mild recession during 2002, the City was shielded from the effects because the primary employer, Miami University, is less subject to economic downturns because of its stable enrollment. Nonetheless, the City budgeted conservatively for 2002, increasing income tax revenue estimates by only 3% rather than 4% as had been used in several previous years. The operating costs showed a decrease of 2.3%. The City continues to budget conservatively and this results in providing substantial funds remaining at year for additional transfer to capital funds. In December 2002, the City transferred an additional \$1,000,000 to the Capital Improvement fund and \$300,000 to the Capital Equipment fund. These transfers came from reserves accumulated in the General fund since the last similar transfer in 2000. No new major operating programs were initiated in 2002, although minor changes were made so that City staff may continue seek ways to improve service delivery and operating and cost efficiencies. A study of police and fire communications operations determined that it may be beneficial to consider merging dispatch operations with Miami University. Options for execution of this possible combination will be studied in 2003, but a merger is not expected to be enacted until sometime beyond 2003. Major capital improvements budgeted for 2003 were discussed in Section V.

In 2001 the Parking fund received a no-interest interfund advance (loan) of \$2,701,000 from the Capital Improvement fund for the purpose of the construction of a four-story parking garage. The garage opened for business in mid-October, 2001. Future annual repayment terms on the loan were fixed, but payments will be made annually based upon available revenues. The Holiday Inn across the street from the garage, and two restaurants and a bar in the hotel, opened in June 2002. For the seven months during which the hotel was opened in 2002, the hotel's lease of the fourth floor of the parking garage, coupled with increased parking resulting from the hotel and restaurant customers, contributed to the parking revenue stream to fund the 2002 debt payment. In 2002, \$125,000 was paid on the loan to the Capital Improvement fund. Most of this payment was funded by Parking fund revenues in 2002, although a portion of it came from fund balance. For 2003, the Parking fund will receive the revenue benefit of parking garage usage for a full twelve months from customer patronage of the hotel and restaurants. For 2003 the City has budgeted for a repayment on the interfund loan of \$120,000, resulting from a full twelve months of revenue from such parking revenues. Hence Parking fund revenues are currently sufficient to maintain a loan repayment plan towards paying off the loan from the Capital improvement fund within 20-25 years.

Enterprise funds

Water rates, which have not increased since June, 1990, were studied in 2002 to determine if a rate increase was necessary. Because of the increase in water revenues in 2002, and the reduction in annual debt payments as a result of the water bond refunding, no such rate increase was warranted. Management intends to study the water fund

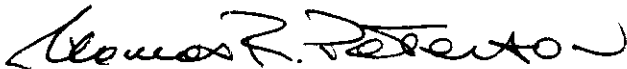
finances annually to consider the need for a minor inflation-based increase in order to maintain adequate funding for operating costs and capital improvement set-asides. Sewer rates continue to provide adequate funding for operating and debt service costs. Additionally, Sewer rates are generating sufficient revenues to continue setting aside funds for future planned wastewater treatment plant capital improvements. Under a master plan as accepted by the Ohio EPA, and as included in its 2002 5-year capital improvement plan, the City expects to incur an estimated \$5,170,000 for Phase II of improvements to the sewer plant. Sewer rates were last increased in March 1997 to fund approximately \$9 million of debt borrowed to fund Phase I improvements and to generate funds for Phase II improvements. The current revenue and costs trends for the Sewer fund continue to generate funds for Phase II improvements, as demonstrated by the unrestricted fund balance of \$5,454,897 at year-end. Refuse rates for non-residential customers were increased in January, 2003, passing through the 4% increase in costs for commercial customers from the private contractor's contract (there was no increase for residential customers). Year 2003 is the second of three option years under the existing contract with the refuse hauler. This contract will expire in December, 2004.

Employee benefits (health insurance) fund

In recent years, the Employee Benefits (health insurance) internal service fund had continued to experience health care cost increases in excess of amounts billed to the interfund departments, including during 2002. A study was completed during 2002 using an outside consultant to determine appropriate changes to the funding levels and benefits of the plan. These changes were implemented effective in January, 2003. Medical conditions covered under the plan were not significantly changed, and there were no changes to coverages under the vision or dental plans. For the medical plan, the City increased its funding to the internal service fund from the operating funds from \$500 per employee per month to \$600. The 2003 budgeted revenues of the affected funds (General, Parking, Street, Water, Sewer, and Refuse funds) were sufficient to absorb this cost increase. Monthly employee contributions were instituted in 2003, the deductible levels were increased from \$100 to \$200 per each family member (capped at three family members), and co-payment levels were increased from 10% to 20% with the annual limit increased to \$2,500. The City's stop loss level was increased from \$25,000 to \$30,000, and insurance premiums from various health insurance stop loss carriers were solicited to obtain the most cost-effective choice. The changes have been effective in early 2003 in reducing costs and increasing revenue funding. On the budgetary basis, the fund balance in the health insurance fund has increased from \$1,709 at December 31, 2002 to \$63,160 for April, 2003.

VII. REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at the City of Oxford, 101 East High Street, Oxford, OH, 45056.



Thomas R. Peterson, CPA, CPFO, CGFM
Finance Director
April 24, 2003

CITY OF OXFORD, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2002

	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled cash and investments	\$ 10,750,272	12,096,160	22,846,432
Cash with fiscal agents	150,053	-	150,053
Receivables:			
Taxes	1,569,686	-	1,569,686
Accounts	66,069	581,014	647,083
Special assessments	25,321	28,370	53,691
Loans	85,614	-	85,614
Interest	48,094	75,962	124,056
Due from other governments	985,631	-	985,631
Prepaid items	33,689	25,236	58,925
Supplies inventory	102,144	135,380	237,524
Internal balances	(1,813)	1,813	-
Deferred charges	-	60,075	60,075
Capital assets, net	12,607,935	30,286,919	42,894,854
Total assets	<u>26,422,695</u>	<u>43,290,929</u>	<u>69,713,624</u>
Liabilities			
Accounts payable	885,068	126,656	1,011,724
Accrued salaries and benefits	289,083	84,396	373,479
Due to other governments	67,629	14,967	82,596
Deferred revenue	689,780	-	689,780
Accrued interest payable	15,705	35,792	51,497
Noncurrent liabilities:			
Due within one year	585,267	1,562,485	2,147,752
Due in more than one year	3,454,833	19,787,388	23,242,221
Total liabilities	<u>5,987,365</u>	<u>21,611,684</u>	<u>27,599,049</u>
Net Assets			
Invested in capital assets, net of related debt	9,002,748	13,259,832	22,262,580
Restricted for:			
Capital projects	816,577	-	816,577
Other purposes	837,917	538,760	1,376,677
Unrestricted	9,778,088	7,880,653	17,658,741
Total net assets	<u>\$ 20,435,330</u>	<u>21,679,245</u>	<u>42,114,575</u>

See accompanying notes to the basic financial statements.

CITY OF OXFORD, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>							
Governmental activities:							
Security of persons and property	\$ 3,568,033	211,776	72,213	-	(3,284,044)	-	(3,284,044)
Public health services	129,143	3,293	-	-	(125,850)	-	(125,850)
Leisure time activities	1,148,401	231,937	17,696	78,446	(820,322)	-	(820,322)
Community environment	1,216,854	193,498	29,407	4,929	(989,020)	-	(989,020)
Transportation	1,228,329	458,226	259,700	-	(510,403)	-	(510,403)
General government	1,607,227	29,376	-	-	(1,577,851)	-	(1,577,851)
Interest on long-term debt	193,588	-	-	-	(193,588)	-	(193,588)
Total governmental activities	<u>9,091,575</u>	<u>1,128,106</u>	<u>379,016</u>	<u>83,375</u>	<u>(7,501,078)</u>	<u>1,498,413</u>	<u>(7,501,078)</u>
Business-type activities:							
Water	2,360,881	2,565,524	-	196,799	-	401,442	401,442
Sewer	2,666,563	3,559,278	-	101,149	-	993,864	993,864
Refuse	1,133,177	1,236,284	-	-	-	103,107	103,107
Total business-type activities	<u>6,160,621</u>	<u>7,361,086</u>	<u>-</u>	<u>297,948</u>	<u>-</u>	<u>1,498,413</u>	<u>1,498,413</u>
Total	\$ 15,252,196	8,489,192	379,016	381,323	(7,501,078)	1,498,413	(6,002,665)
General revenues:							
Taxes:							
Income taxes					5,466,898	-	5,466,898
Property taxes					712,771	-	712,771
Other taxes					1,708,355	-	1,708,355
Grants and contributions not restricted to specific programs					149,863	-	149,863
Investment earnings					236,556	427,071	663,627
Miscellaneous					48,856	5,142	53,998
Total general revenues					<u>8,323,299</u>	<u>432,213</u>	<u>8,755,512</u>
Change in net assets					822,221	1,930,626	2,752,847
Net assets beginning of year					19,613,109	19,748,619	39,361,728
Net assets end of year					<u>20,435,330</u>	<u>21,679,245</u>	<u>42,114,575</u>

See accompanying notes to the basic financial statements.

CITY OF OXFORD, OHIO

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2002

	General Fund	Parking Fund	Capital Improvement Fund	Parks and Open Spaces Fund	Non-major Governmental Funds
Assets					
Pooled cash and investments	\$ 3,087,648	565,095	4,282,624	1,267,159	1,479,205
Cash with fiscal agents	-	-	-	150,053	-
Receivables:					
Taxes	1,569,686	-	-	-	-
Accounts	44,038	-	-	16,425	-
Special assessments	-	-	25,321	-	-
Loans	-	-	-	-	85,614
Interest	48,094	-	-	-	-
Due from other governments	823,712	-	-	-	161,919
Prepays	19,847	-	-	-	-
Supplies inventory	-	-	-	-	91,044
Advances to other funds	150,000	-	2,575,312	-	-
Total assets	<u>5,743,025</u>	<u>565,095</u>	<u>6,883,257</u>	<u>1,433,637</u>	<u>1,817,782</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	22,393	62,213	15,876	617,080	60,849
Accrued salaries and benefits	261,590	6,968	-	-	20,525
Due to other governments	62,788	1,097	-	-	3,744
Advances from other funds	-	2,575,312	-	-	150,000
Deferred revenue	2,007,088	5,130	25,321	-	232,104
Total liabilities	<u>2,353,859</u>	<u>2,650,720</u>	<u>41,197</u>	<u>617,080</u>	<u>467,222</u>
Fund balances:					
Reserved for:					
Encumbrances	114,097	18,953	194,322	689,114	138,389
Advance	150,000	-	2,575,312	-	-
Inventory	-	-	-	-	91,044
Prepays	19,847	-	-	-	-
Unreserved, reported in:					
General Fund	3,105,222	-	-	-	-
Special Revenue Funds	-	(2,104,578)	-	-	550,876
Debt Service Fund	-	-	-	-	1,703
Capital Projects Funds	-	-	4,072,426	127,443	568,548
Total fund balances	<u>3,389,166</u>	<u>(2,085,625)</u>	<u>6,842,060</u>	<u>816,557</u>	<u>1,350,560</u>
Total liabilities and fund balances	\$ <u>5,743,025</u>	<u>565,095</u>	<u>6,883,257</u>	<u>1,433,637</u>	<u>1,817,782</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities

December 31, 2002

Total Governmental Funds	Total governmental fund balances	\$ 10,312,718
	<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
10,681,731 150,053	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,603,218
1,569,686 60,463 25,321 85,614 48,094 985,631 19,847 91,044 <u>2,725,312</u>	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	481,537 1,098,326
	Income taxes receivable	
	Intergovernmental and other receivables	
16,442,796	Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(4,664)
778,411 289,083 67,629 2,725,312 2,269,643 <u>6,130,078</u>	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	(3,570,000) (35,187) (434,913) <u>(15,705)</u>
	General obligation bonds	
	Capital lease obligations	
	Compensated absences	
	Accrued interest on long-term debt	
	Net assets of governmental activities	\$ <u>20,435,330</u>
1,154,875 2,725,312 91,044 19,847 3,105,222 (1,553,702) 1,703 4,768,417 <u>10,312,718</u> <u>16,442,796</u>		

CITY OF OXFORD, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fund	Parking Fund	Capital Improvement Fund	Parks and Open Spaces Fund	Non-major Governmental Funds
Revenues:					
Property and other taxes	\$ 705,495	-	-	-	-
Municipal income taxes	5,649,198	-	-	-	-
Intergovernmental	1,448,038	-	54,000	-	428,947
Charges for services	405,511	257,772	-	-	14,299
Fines, costs and forfeitures	242,962	65,007	-	-	3,120
Licenses, permits and inspections	304,287	-	-	-	-
Special assessments	-	-	6,718	-	-
Interest	248,321	14,647	(35,551)	63,068	7,426
Contributions	47,098	-	-	108,446	23,925
Other	16,815	180	-	-	2,792
Total revenues	<u>9,067,725</u>	<u>337,606</u>	<u>25,167</u>	<u>171,514</u>	<u>480,509</u>
Expenditures:					
Current:					
Security of persons and property	3,425,265	-	-	-	13,058
Public health services	129,143	-	-	-	-
Leisure time activities	883,344	-	-	-	-
Community environment	983,536	-	-	-	235,631
Transportation	-	256,429	-	-	592,591
General government	1,360,079	-	-	-	-
Capital outlay	-	-	423,002	3,023,362	311,281
Debt Service:					
Principal retirement	-	-	-	-	130,000
Interest and fiscal charges	-	-	-	-	194,054
Total expenditures	<u>6,781,367</u>	<u>256,429</u>	<u>423,002</u>	<u>3,023,362</u>	<u>1,476,615</u>
Excess of revenues over (under) expenditures	<u>2,286,358</u>	<u>81,177</u>	<u>(397,835)</u>	<u>(2,851,848)</u>	<u>(996,106)</u>
Other financing sources (uses):					
Transfers in	-	-	1,950,000	-	1,145,000
Transfers out	(3,085,000)	(20,000)	-	-	-
Proceeds from capital lease	26,058	-	-	-	-
Total other financing sources (uses)	<u>(3,058,942)</u>	<u>(20,000)</u>	<u>1,950,000</u>	<u>-</u>	<u>1,145,000</u>
Net change in fund balances	(772,584)	61,177	1,552,165	(2,851,848)	148,894
Fund balance, beginning of year	4,161,750	(2,146,802)	5,289,895	3,668,405	1,188,258
Increase (decrease) in reserve for inventory	-	-	-	-	13,408
Fund balance, end of year	<u>\$ 3,389,166</u>	<u>(2,085,625)</u>	<u>6,842,060</u>	<u>816,557</u>	<u>1,350,560</u>

See accompanying notes to the basic financial statements.

CITY OF OXFORD, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2002

	Business-type Activities				Governmental
	Water	Sewer	Refuse	Totals	Activities - Internal Service Funds
Assets					
Current assets:					
Equity in pooled cash and investments	\$ 3,864,949	5,435,424	2,795,787	12,096,160	68,541
Receivables:					
Accounts	235,176	343,438	2,400	581,014	5,606
Special assessments	-	28,370	-	28,370	-
Interest	17,291	24,317	34,354	75,962	-
Prepaid items	4,495	447	20,294	25,236	13,842
Materials and supplies inventory	114,116	21,264	-	135,380	11,100
Deferred charges	60,075	-	-	60,075	-
Total current assets	<u>4,296,102</u>	<u>5,853,260</u>	<u>2,852,835</u>	<u>13,002,197</u>	<u>99,089</u>
Noncurrent assets:					
Capital assets, net	<u>12,530,060</u>	<u>17,711,444</u>	<u>45,415</u>	<u>30,286,919</u>	<u>4,717</u>
Total non-current assets	<u>12,530,060</u>	<u>17,711,444</u>	<u>45,415</u>	<u>30,286,919</u>	<u>4,717</u>
Total assets	<u>16,826,162</u>	<u>23,564,704</u>	<u>2,898,250</u>	<u>43,289,116</u>	<u>103,806</u>
Liabilities					
Current liabilities:					
Accounts payable	14,443	34,834	77,379	126,656	6,232
Accrued salaries and benefits	38,449	41,985	3,962	84,396	-
Due to other governments	6,753	7,514	700	14,967	-
Claims payable	-	-	-	-	100,425
Accrued interest payable	35,792	-	-	35,792	-
Current portion of long term debt	<u>655,000</u>	<u>547,456</u>	<u>177,001</u>	<u>1,379,457</u>	<u>-</u>
Total current liabilities	<u>750,437</u>	<u>631,789</u>	<u>259,042</u>	<u>1,641,268</u>	<u>106,657</u>
Noncurrent liabilities:					
Long term debt	8,057,598	7,767,033	2,690,734	18,515,365	-
Landfill post-closure care payable	-	-	1,272,023	1,272,023	-
Compensated absences payable	<u>81,881</u>	<u>89,951</u>	<u>11,196</u>	<u>183,028</u>	<u>-</u>
Total noncurrent liabilities	<u>8,139,479</u>	<u>7,856,984</u>	<u>3,973,953</u>	<u>19,970,416</u>	<u>-</u>
Total liabilities	<u>8,889,916</u>	<u>8,488,773</u>	<u>4,232,995</u>	<u>21,611,684</u>	<u>106,657</u>
Net Assets					
Invested in capital assets, net of related debt	3,817,462	9,396,955	45,415	13,259,832	-
Restricted for other purposes	314,681	224,079	-	538,760	-
Unrestricted	<u>3,804,103</u>	<u>5,454,897</u>	<u>(1,380,160)</u>	<u>7,878,840</u>	<u>(2,851)</u>
Total net assets	\$ <u>7,936,246</u>	<u>15,075,931</u>	<u>(1,334,745)</u>	<u>21,677,432</u>	<u>(2,851)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,813	
Total net assets from above				<u>21,677,432</u>	
Net assets of business-type activities				\$ <u>21,679,245</u>	

See accompanying notes to the basic financial statements.

CITY OF OXFORD, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities				Governmental
	Water	Sewer	Refuse	Totals	Activities - Internal Service Funds
Operating revenues:					
Charges for services	\$ 2,565,524	3,559,278	1,236,284	7,361,086	748,115
Other	<u>4,670</u>	<u>472</u>	<u>-</u>	<u>5,142</u>	<u>-</u>
Total operating revenues	<u>2,570,194</u>	<u>3,559,750</u>	<u>1,236,284</u>	<u>7,366,228</u>	<u>748,115</u>
Operating expenses:					
Personnel services	827,015	930,223	87,019	1,844,257	-
Contractual services	283,677	331,699	896,755	1,512,131	219,159
Supplies and materials	169,519	156,101	7,496	333,116	82,021
Other	34,554	3,721	6,067	44,342	-
Claims	-	-	-	-	705,800
Depreciation	<u>397,941</u>	<u>771,717</u>	<u>1,959</u>	<u>1,171,617</u>	<u>2,203</u>
Total operating expenses	<u>1,712,706</u>	<u>2,193,461</u>	<u>999,296</u>	<u>4,905,463</u>	<u>1,009,183</u>
Operating income (loss)	857,488	1,366,289	236,988	2,460,765	(261,068)
Non-operating revenues (expenses):					
Interest revenue	105,737	113,907	207,427	427,071	3,745
Intergovernmental	166,399	70,749	-	237,148	-
Interest expense and fiscal charges	<u>(614,123)</u>	<u>(434,800)</u>	<u>(130,298)</u>	<u>(1,179,221)</u>	<u>(28)</u>
Total non-operating revenues (expenses)	<u>(341,987)</u>	<u>(250,144)</u>	<u>77,129</u>	<u>(515,002)</u>	<u>3,717</u>
Income (loss) before contributions and transfers	515,501	1,116,145	314,117	1,945,763	(257,351)
Capital contributions	30,400	30,400	-	60,800	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Change in net assets	545,901	1,146,545	314,117	2,006,563	(247,351)
Net assets, beginning of year	<u>7,390,345</u>	<u>13,929,386</u>	<u>(1,648,862)</u>		<u>244,500</u>
Net assets, end of year	\$ <u>7,936,246</u>	<u>15,075,931</u>	<u>(1,334,745)</u>		<u>(2,851)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(75,937)</u>	
Changes in net assets of business-type activities				\$ <u>1,930,626</u>	

See accompanying notes to the basic financial statements.

CITY OF OXFORD, OHIO
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities				Governmental
	Water	Sewer	Refuse	Totals	Activities - Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 2,570,891	3,503,744	1,236,362	7,310,997	3,415
Cash receipts from interfund services provided	-	-	-	-	744,700
Cash payments for employee services and benefits	(810,704)	(901,523)	(84,149)	(1,796,376)	-
Cash payments to suppliers for goods and services	(435,232)	(516,630)	(927,253)	(1,879,115)	(300,624)
Cash payments for employee medical claims	-	-	-	-	(682,133)
Cash payments for landfill post-closure	-	-	(51,886)	(51,886)	-
Cash payments for other operating expenses	(63,989)	(3,477)	-	(67,466)	-
Cash received from other operating revenue	4,670	472	-	5,142	-
Net cash provided (used) by operating activities	<u>1,265,636</u>	<u>2,082,586</u>	<u>173,074</u>	<u>3,521,296</u>	<u>(234,642)</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	-	10,000
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(327,635)	(579,037)	-	(906,672)	-
Intergovernmental	166,399	70,749	-	237,148	-
Principal paid on capital lease	-	-	-	-	(1,470)
Interest paid on capital lease	-	-	-	-	(28)
Proceeds from refunding bonds	9,025,000	-	-	9,025,000	-
Principal payments	(10,600,000)	(517,639)	(169,545)	(11,287,184)	-
Interest paid	(696,075)	(434,800)	(130,298)	(1,261,173)	-
Call premium paid on bonds	(200,800)	-	-	(200,800)	-
Capital contribution for capacity	30,400	30,400	-	60,800	-
Capital contributed by special assessments	-	10,259	-	10,259	-
Net cash used by capital and related financing activities	<u>(2,602,711)</u>	<u>(1,420,068)</u>	<u>(299,843)</u>	<u>(4,322,622)</u>	<u>(1,498)</u>
Cash flows from investing activities:					
Interest	165,335	132,555	196,311	494,201	3,745
Net change	(1,171,740)	795,073	69,542	(307,125)	(222,395)
Cash and pooled investments beginning of year	5,036,689	4,640,351	2,726,245	12,403,285	290,936
Cash and pooled investments end of year	<u>3,864,949</u>	<u>5,435,424</u>	<u>2,795,787</u>	<u>12,096,160</u>	<u>68,541</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	857,488	1,366,289	236,988	2,460,765	(261,068)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	397,941	771,717	1,959	1,171,617	2,203
Changes in assets and liabilities:					
Receivables	5,367	(55,534)	78	(50,089)	(5,606)
Prepaid items	(784)	(447)	(20,294)	(21,525)	(1,442)
Materials and supplies inventory	21,988	(1,564)	-	20,424	853
Accounts payable	(32,675)	(26,575)	3,359	(55,891)	1,145
Claims payable	-	-	-	-	29,273
Accrued salaries and benefits	7,377	8,531	610	16,518	-
Due to other governments	3,706	3,714	426	7,846	-
Compensated absences payable	5,228	16,455	1,834	23,517	-
Landfill post-closure liability	-	-	(51,886)	(51,886)	-
Net cash provided (used) by operating activities	\$ <u>1,265,636</u>	<u>2,082,586</u>	<u>173,074</u>	<u>3,521,296</u>	<u>(234,642)</u>

See accompanying notes to the basic financial statements.

CITY OF OXFORD, OHIO
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2002

		<u>Agency Funds</u>	<u>Private- Purpose Trust Fund</u>	<u>Total</u>
<i>Assets</i>				
Pooled cash and investments	\$	117,421	-	117,421
Receivables:				
Taxes		5,248	-	5,248
Total assets		<u>122,669</u>	<u>-</u>	<u>122,669</u>
<i>Liabilities</i>				
Due to others		122,669	-	122,669
Total liabilities		<u>122,669</u>	<u>-</u>	<u>122,669</u>
<i>Net Assets</i>				
Held in trust	\$	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to the basic financial statements.

CITY OF OXFORD, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

		<u>Private- Purpose Trust Fund</u>
<i>Additions:</i>		
Interest	\$	<u>14</u>
Total additions		<u>14</u>
 <i>Deductions:</i>		
Distribution to community foundation		<u>6,962</u>
Total deductions		<u>6,962</u>
Change in net assets		(6,948)
Net assets, beginning of year		<u>6,948</u>
Net assets, end of year	\$	<u><u>-</u></u>

See accompanying notes to the basic financial statements.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Oxford are prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City follows Financial Accounting Standards Board (FASB) standards of accounting and financial reporting issued on or before November 30, 1989 in its government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict GASB guidance. The significant accounting policies used in the preparation of these financial statements are summarized below.

A. Reporting Entity

The City of Oxford (the "City") is a home rule municipal corporation organized under the laws of the State of Ohio that operates under its own charter. The City was organized as a village in 1830 and the municipal charter was adopted in 1960. The municipal government provided by the charter is known as a council-manager form of government. A seven-member council is elected and the council selects one of its members to serve as mayor. The council appoints a city manager, an auditor/finance director, and a law director who execute the laws and administer the government of the City. The city manager appoints all other employees of the City.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are fairly presented. The City follows the guidelines of GASB Statement No. 14 "The Financial Reporting Entity".

The primary government of the City consists of all funds and departments that comprise the legal entity of the City. They provide various services including police and fire protection, parks and recreation, planning, street maintenance and repair, community development, water, sewer and refuse collection.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The City is associated with McCullough-Hyde Hospital, Inc., which is defined as a related organization (Note 19).

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

B. Basis of Presentation

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. The statements distinguish between those activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues; and business-type activities, which rely to a significant extent upon fees and charges for support. Interfund and internal service fund activities are generally eliminated to avoid the "doubling-up" effect on revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of expenses with program revenues identifies the extent to which each governmental function or business-type segment is self-financing or relies upon general revenues of the City.

The caption "Capital assets, net of related debt" consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net assets are reported as restricted when constraints placed upon their use are either: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restriction on their net asset use. When both restricted and non-restricted resources are available for use, it is the City's policy to use non-restricted resources first, and then restricted resources, as they are needed.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other funds are aggregated and reported as non-major governmental or non-major proprietary funds.

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's major governmental funds:

General Fund - The General Fund is used to account for all financial resources 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.

Parking Fund - To account for operation of parking control activities within the City funded by revenues from meter collections, garage fees and fines.

Capital Improvement Fund - To account for financial resources for the acquisition or construction of major capital facilities.

Parks and Open Spaces Fund - To account for financial resources used for the acquisition of or improvements to parks and open spaces.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

Proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The following are the City's major proprietary funds:

Water Fund - Accounts for the provision of water service to the City and surrounding areas.

Sewer Fund - Accounts for the provision of sanitary sewer service to the City and surrounding areas.

Refuse Fund - Accounts for the provision of refuse collection and disposal to the City as well as costs associated with the municipal landfill post-closure monitoring.

Additionally, the City reports the following fund types:

Internal Service Funds - to account for medical self-insurance and supplies provided to other departments of the City on a cost-reimbursement basis.

Agency Funds - to account for assets held in a fiduciary capacity on behalf of others.

Private-Purpose Trust Fund - to account for a trust agreement under which principal and income will be used by the Oxford Tricentennial Committee to celebrate the United State's tricentennial in 2076. During 2002, the balance of this fund was distributed to the Oxford Community Foundation to be used in accordance with donor wishes.

C. Basis of Accounting

Governmental funds. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the City is thirty-one days after year-end. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest earnings, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, grants, and municipal income tax.

The City reports deferred revenues on its governmental funds' balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Current and delinquent property taxes measurable as of December 31, 2002, whose availability is indeterminable and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside the available period, the entire amount has been deferred.

Since governmental funds' financial statements use a different measurement focus and basis of accounting than the government-wide statements, governmental funds' financial statements include reconciliations to the government-wide statements.

Proprietary Funds. All proprietary funds - enterprise funds and internal service funds - are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accrual basis of accounting is utilized by the proprietary fund types. Under this method, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

Fiduciary Funds. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are accounted for using the accrual basis of accounting.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than fiduciary funds, are legally required to be budgeted and appropriated.

The legal level of budgetary control (that is, the level at which transfers of budget amounts cannot be made without legislative approval) is established at the department level. Budget transfers over \$10,000 made between departments within a function require council approval. Transfers of any amount from one function to another, or increases in budget, require legal approval. For budgetary presentation, all funds only have one department except for the General Fund.

Tax Budget

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all of the previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or before January 31, the certificate of estimated resources is amended to include any unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

Appropriations

The annual appropriation ordinance must be passed no later than April 1 of each year for the period January 1 to December 31. A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The appropriation ordinance fixes spending authority at the fund and department level. The appropriation ordinance may be amended during the year, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and functions within a fund may be modified with approval of both the city manager and finance director for those up to \$10,000 made between departments, which are within a function. All other modifications may only be made by resolution of City Council. During the year a number of supplemental appropriation measures were passed but were not material in relation to the original appropriations.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for governmental funds since they do not constitute expenditures or liabilities.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation lapses and is restored to the respective fund from which it was appropriated and becomes subject to future appropriation. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

E. Pooled Cash and Investments

Cash balances of the City's funds, except restricted cash held by a trustee or fiscal agent, are pooled and invested to improve cash management. For purposes of the statement of cash flows, investments with original maturities of three months or less are considered to be cash equivalents. GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments be recorded at their fair value and that changes in the fair value be reported in the operating statement. Interest earned by the City is distributed to the funds according to City Ordinance. Interest earned during 2002 amounted to approximately \$664,000.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

G. Supplies Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Also included in capital assets are infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, drainage systems and similar items) constructed or acquired on or after January 1, 2001. Pursuant to GASB Statement No. 34, for all fiscal years beginning after June 15, 2006, the City must retroactively report all infrastructure assets acquired before January 1, 2001. The City expects to accomplish retroactive reporting of infrastructure prior to that deadline.

The City defines capital assets as those with an individual cost of more than \$2,500 and an estimated useful life in excess of one year. All capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received. Interest on constructed capital assets is capitalized. When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	20 - 60 years
Equipment	5 - 20 years
Improvements	20 - 60 years
Sewer lines/water lines	50 years
Infrastructure	50 years

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

I. Deferred Charges

Bond issuance costs for proprietary fund types are deferred and amortized over the terms of the bonds using the straight-line method.

J. Compensated Absences

The City follows the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

Vested vacation and sick leave is recorded as an expense in the government-wide statements for the period in which the leave was earned. For governmental funds, an expenditure is recorded only for the portion of unpaid compensated absences that is expected to be paid using current expendable available resources.

Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore timing of future payments is not readily determinable. Management believes that sufficient resources will be available when payment is due.

K. Reservations of Fund Balances

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 specific future use. Fund balances have been reserved for encumbrances, advances, and inventories of materials and supplies.

L. Accounting Estimates

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

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

M. Grants and Other Intergovernmental Revenues

Grants made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

For 2002, the City implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* which defines circumstances in which legally separate tax-exempt entities may need to be included in the reporting entity. The implementation of this standard had no impact on the City's financial statements.

NOTE 3 – FUND DEFICITS

At December 31, 2002, the Refuse Fund had deficit net assets of \$1,334,745. The Refuse Fund deficit reflects the expense to operations in previous years to properly account for the landfill closure and post-closure liability in accordance with GASB 18. This fund deficit will be eliminated over time by increased rates charged for solid waste removal. Also, the Parking Fund has a deficit fund balance of \$2,085,625 is due to interfund borrowing for the construction of the new parking garage. Finally, the Community Development Block Grant Fund had a deficit fund balance of \$50,501, which was created by the application of generally accepted accounting principles in regards to the advance from the General Fund.

NOTE 4 - POOLED CASH AND INVESTMENTS

The City maintains a cash deposit and investment pool for all funds. Each fund's share of cash deposits and investments is shown separately on the statement of net assets and balance sheets as "Pooled Cash and Investments".

Cash Deposits - At year-end, the carrying amount of the City's deposits was \$2,028,036 (including \$150,053 deposited in escrow accounts for retainage payable to contractors) and the bank balance was \$2,384,914. Of the bank balance, \$181,517 was covered by federal depository insurance. The remaining amounts are considered uninsured and uncollateralized as defined by GASB 3. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. At year-end, the City had deposits of \$2,203,397 covered by collateral pools.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

Investments - In accordance with State statutes and City ordinance, the City may invest in the State Treasury Asset Reserve of Ohio (STAROhio), certificates of deposit, repurchase agreements, U.S. Treasury bills and notes, U.S. Government Agency securities, bonds and other obligations of the State of Ohio, bankers acceptances and commercial paper of the highest rating. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of debt for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City. Investments may only be made through eligible dealers and institutions as approved by City Council.

GASB 3 requires that the City's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Mutual Funds are not required to be categorized by GASB 3.

	<u>Fair Value</u>	<u>Risk Category</u>
U.S. Treasury Notes	\$ 1,056,415	Category 2
Federal National Mortgage Assoc. Notes	3,094,636	Category 2
Federal Home Loan Bank Notes	4,882,580	Category 2
Federal Home Loan Mortgage Corp. Notes	3,268,797	Category 2
Treasury Mutual Funds	<u>8,783,442</u>	Unclassified
	\$ <u>21,085,870</u>	

NOTE 5 - LOANS RECEIVABLE

Loans receivable consist of low-interest loans for development projects granted to eligible businesses under the Community Development Block Grant (CDBG) program. During 2002, the City made two loans totaling \$95,000. The amount of loans outstanding at December 31, 2002 is \$85,614 and is considered fully collectible.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 6 - PROPERTY TAXES

Property taxes are levied against all real, public utility and tangible (used in business) property located in the City. Real property and public utility taxes collected during 2002 were levied on December 31, 2001 on assessed values listed as of January 1, 2001, the lien date. One-half of these taxes were due on February 15, 2002 with the remaining balance due on July 20, 2002. Tangible personal property taxes collected during 2002 had a levy date of December 31, 2001. One-half of these taxes were due between February 15, 2002 and April 30, 2002, with the remaining balance due on October 20, 2002.

Assessed values of real property are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The most recent revaluation was completed in 2002. Public utility property taxes are assessed on tangible personal property as well as land improvements at true value (50% of cost). Tangible personal property assessments are 25% of true value.

The Butler County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Oxford. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2002, was \$3.65 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Real Property Assessed Valuation	\$	195,537,850
Public Utility Real Property Assessed Valuation		7,056,880
Tangible Personal Property Assessed Valuation		<u>7,772,421</u>
Total	\$	<u>210,367,151</u>

NOTE 7 - INCOME TAX

The City levies a municipal income tax of 1.75% on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current tax rate. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are used for general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by the Council. In 2002, the proceeds were receipted to the General Fund.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2002 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,622,731	-	-	1,622,731
Construction in progress	384,528	2,906,682	-	3,291,210
Subtotal	<u>2,007,259</u>	<u>2,906,682</u>	<u>-</u>	<u>4,913,941</u>
<i>Capital assets being depreciated:</i>				
Buildings	5,152,359	9,850	-	5,162,209
Improvements	1,843,833	28,005	-	1,871,838
Equipment	3,831,680	423,132	(134,894)	4,119,918
General infrastructure	168,876	20,206	-	189,082
Subtotal	<u>10,996,748</u>	<u>481,193</u>	<u>(134,894)</u>	<u>11,343,047</u>
Totals at historical cost	<u>13,004,007</u>	<u>3,387,875</u>	<u>(134,894)</u>	<u>16,256,988</u>
Less accumulated depreciation:				
Buildings	1,065,888	87,566	-	1,153,454
Improvements	352,956	87,061	-	440,017
Equipment	1,798,081	380,993	(128,761)	2,050,313
General infrastructure	1,689	3,580	-	5,269
Total accumulated depreciation	<u>3,218,614</u>	<u>559,200</u>	<u>(128,761)</u>	<u>3,649,053</u>
Capital assets, net	<u>\$ 9,785,393</u>	<u>2,828,675</u>	<u>(6,133)</u>	<u>12,607,935</u>

Depreciation expense was charged to governmental functions as follows:

Security of persons and property	\$ 231,317
Leisure time activities	39,388
Community environment	97,212
Transportation	121,552
General government	69,731
Total depreciation expense	<u>\$ 559,200</u>

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

Business-type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 368,605	-	-	368,605
Construction in progress	3,692	168,287	(3,692)	168,287
Subtotal	<u>372,297</u>	<u>168,287</u>	<u>(3,692)</u>	<u>536,892</u>
<i>Capital assets being depreciated:</i>				
Buildings	8,377,154	7,692	-	8,384,846
Improvements	7,949,921	-	-	7,949,921
Equipment	3,742,650	115,620	(26,680)	3,831,590
Infrastructure	25,842,808	618,765	-	26,461,573
Subtotal	<u>45,912,533</u>	<u>742,077</u>	<u>(26,680)</u>	<u>46,627,930</u>
Totals at historical cost	<u>46,284,830</u>	<u>910,364</u>	<u>(30,372)</u>	<u>47,164,822</u>
Less accumulated depreciation:				
Buildings	2,446,279	208,477	-	2,654,756
Improvements	6,251,731	234,364	-	6,486,095
Equipment	2,237,952	207,216	(26,680)	2,418,488
Infrastructure	4,797,004	521,560	-	5,318,564
Total accumulated depreciation	<u>15,732,966</u>	<u>1,171,617</u>	<u>(26,680)</u>	<u>16,877,903</u>
Capital assets, net	<u>\$ 30,551,864</u>	<u>(261,253)</u>	<u>(3,692)</u>	<u>30,286,919</u>

Depreciation expense was charged to segments as follows:

Water	\$ 397,941
Sewer	771,717
Refuse	1,959
Total depreciation expense	<u>\$ 1,171,617</u>

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

The City contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members, other than law enforcement and public safety employees, are required to contribute 8.5% of their annual covered salary. The law enforcement classification consists of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The City was required to contribute 13.55% of covered payroll for employees and 16.70% for employees engaged in law enforcement and public safety. The City's required contributions to PERS for the years ended December 31, 2002, 2001, and 2000 were approximately \$491,000, \$460,000, and \$355,000, respectively, equal to the required contributions for each year.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 10% of their annual covered salary while the City is required to contribute 19.5% and 24%, respectively for police officers and firefighters. The City's required contributions to the Fund for the years ended December 31, 2002, 2001, and 2000 were approximately \$301,000, \$270,000, and \$269,000, respectively, equal to the required contributions for each year.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 10 - POSTEMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The PERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2002 employer contribution rate was 13.55% of covered payroll for employees not engaged in law enforcement; 5.0% was the portion that was used to fund health care for the year. The 2002 employer contribution rate was 16.70% and 5.0% was used to fund health care for both the law enforcement and public safety divisions.

Actuarial Review. The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2001.

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return. The investment assumption rate for 2001 was 8.00%.

Active Employee Total Payroll. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care. Health care costs were assumed to increase 4.00% annually.

The OPEB's are advance-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The portion of the City's contributions that were used to fund postemployment benefits was approximately \$181,000. At December 31, 2001, the actuarial value of the Retirement System's net assets available for OPEB was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Ohio Police and Fire Pension Fund

The Ohio and Police Fire Pension Fund (OP&F) provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program in 2002.

In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. The number of participants eligible to receive health care benefits as of December 31, 2001, (the latest information available) was 13,174 for police and 10,239 for firefighters. The Fund's total health care expenses for the year ended December 31, 2001 were \$122.3 million, which was net of member contributions of \$6.9 million. The City's actual contributions for 2002 that were used to fund OPEB were approximately \$119,000.

NOTE 11 – OTHER EMPLOYEE BENEFITS

Deferred Compensation Plans

City employees and elected officials have the option to participate in two independently-managed deferred compensation plans, both created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseen emergency.

Compensated Absences

Accumulated Unpaid Vacation and Compensatory Time

City employees earn vacation leave at varying rates based upon length of service. They may earn compensatory time at one and one-half times their regular rate of pay in lieu of overtime pay for all hours worked in excess of the 40-hour workweek. In the case of death or separation from employment, an employee (or their estate) is paid for any unused vacation or compensatory leave. The obligation for accrued unpaid vacation and compensatory time for the City as a whole amounted to \$350,149 at December 31, 2002.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

Accumulated Unpaid Sick Leave

City employees earn sick leave at the rate of 10 hours a month. Sick leave is cumulative without limit. In the event of death or separation, a non-police employee (or their estate) is paid one-third of their accumulated sick leave up to a maximum of 1,200 hours. Police officers grandfathered per the contract beginning January 1, 1992 may convert their first 600 hours at one-half and an additional 600 hours at a one-to-one ratio. During the month of April, all other employees have the option to convert a maximum of 1,200 hours of sick leave to cash at a five-to-one ratio. This payout option requires an employee to retain a 240 hour sick leave balance. The obligation for accrued unpaid sick leave for the City as a whole amounted to \$267,792 at December 31, 2002.

NOTE 12 - RISK MANAGEMENT

The City maintains comprehensive insurance coverage with private carriers for real property, building contents, vehicle, property and general liability insurance, property and general liability for the closed municipal landfill, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

The City has established a medical self-insurance fund. The purpose of this fund is to pay medical claims of employees and their covered dependents and minimize the total cost of annual medical insurance to the City. Medical claims exceeding \$30,000 per individual or \$661,260 in the aggregate in a given year are covered through a private insurance carrier.

The claims liability of \$100,425 reported in the fund at December 31, 2002 is based on the requirements of GASB Statement No. 10 which requires that a liability for unpaid claims costs be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for the past two years were:

	<u>2002</u>	<u>2001</u>
Unpaid claims, beginning of year	\$ 71,152	47,106
Incurred claims (including IBNR)	705,800	574,755
Claim payments	<u>(676,527)</u>	<u>(550,709)</u>
Unpaid claims, end of year	\$ <u>100,425</u>	<u>71,152</u>

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 13 – INTERFUND ASSETS/LIABILITIES

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 150,000	-
Parking Fund	-	2,575,312
Capital Improvement Fund	2,575,312	
Non-major governmental fund	<u>-</u>	<u>150,000</u>
	<u>\$ 2,725,312</u>	<u>2,725,312</u>

The General Fund advanced \$150,000 to the Community Development Block Grant Fund to provide operating capital for projects since the federal program is funded on a reimbursement basis. The Parking Fund originally borrowed \$2,700,312 from the Capital Improvement Fund to construct a parking garage. Neither of these interfund loans is expected to be repaid within one year.

NOTE 14 - LONG-TERM LIABILITIES

The following is a summary of changes during 2002 and balances for long-term liabilities of the City as of December 31, 2002:

	Balance January 1, <u>2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2002	Due Within <u>One Year</u>
Governmental activities:					
General Obligation Bonds					
1999 Park Improvement,					
1999-2019, 3.9% to 5.55%	\$ 3,700,000	-	130,000	3,570,000	140,000
Capital lease obligations	17,803	26,058	8,674	35,187	10,354
Compensated absences	<u>418,449</u>	<u>523,465</u>	<u>507,001</u>	<u>434,913</u>	<u>434,913</u>
Total	\$ <u>4,136,252</u>	<u>549,523</u>	<u>645,675</u>	<u>4,040,100</u>	<u>585,267</u>

City Council authorized the issuance of Park Improvement Bonds dated October 1, 1999 in the amount of \$3,915,000 for the purpose of design and construction of municipal parks. The bonds have a final maturity date of December 1, 2019 and are backed by the full faith and credit of the City and will be repaid from the Debt Service Fund. Unused proceeds from these bonds are included in net assets restricted for capital projects.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1, <u>2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2002	Due Within <u>One Year</u>
Business-type activities:					
Water Fund:					
Mortgage Revenue Bonds:					
1992 Water Supply System	\$ 10,600,000	-	10,600,000	-	-
General Obligation Bonds:					
2002 Water Supply System					
2003-2014, 1.75% to 3.9%	-	9,025,000	-	9,025,000	655,000
Less deferred amount on refunding	-	(312,402)	-	(312,402)	-
Subtotal	<u>10,600,000</u>	<u>8,712,598</u>	<u>10,600,000</u>	<u>8,712,598</u>	<u>655,000</u>
Sewer Fund:					
1987 OWDA Loan 7.73%	2,055,807	-	232,304	1,823,503	250,261
1997 OWDA Loan 4.12%	572,484	-	27,030	545,454	28,155
1997 OWDA Loan 4.12%	5,922,309	-	246,445	5,675,864	256,703
1998 OWDA Loan 3.98%	281,528	-	11,860	269,668	12,337
Subtotal	<u>8,832,128</u>	<u>-</u>	<u>517,639</u>	<u>8,314,489</u>	<u>547,456</u>
Refuse Fund:					
1995 OWDA Loan 4.35%	3,037,280	-	169,545	2,867,735	177,001
Landfill post-closure payable	<u>1,323,909</u>	<u>-</u>	<u>51,886</u>	<u>1,272,023</u>	<u>-</u>
Subtotal	<u>4,361,189</u>	<u>-</u>	<u>221,431</u>	<u>4,139,758</u>	<u>177,001</u>
Compensated absences	<u>159,511</u>	<u>212,918</u>	<u>189,401</u>	<u>183,028</u>	<u>183,028</u>
Total	\$ <u>23,952,828</u>	<u>8,925,516</u>	<u>11,528,471</u>	<u>21,349,873</u>	<u>1,562,485</u>

The general obligation bonds are paid from operating revenues of the Water Fund. The 1995 Ohio Works Development Authority (OWDA) loans payable, representing amounts borrowed from the OWDA for closure costs for the landfill, are paid from Refuse Fund revenue. The remaining OWDA loans were for sewer plant and collection system construction and will be paid from Sewer Fund revenue.

The City issued \$9,025,000 of general obligations bonds for a current refunding of \$10,040,000 of outstanding Water Fund mortgage revenue bonds, which also required a 2% call premium. The City paid the difference in principal balances and call premium from existing cash balances. The refunding was undertaken to remove restrictive bond covenants associated with the revenue bonds and to reduce total future debt service payments.

CITY OF OXFORD, OHIO
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The reacquisition price exceeded the net carrying amount of the old debt by \$312,402. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the refunded debt. The transaction also resulted in an economic gain of \$1,210,000 and a reduction of approximately \$2,000,000 in future debt service payments.

As of December 31, 2002, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$18,518,551. Principal and interest requirements to retire the City's outstanding obligations at December 31, 2002 were:

	<u>Government Activities</u>		<u>Business-type Activities</u>			
	Park Improvement Bonds		Mortgage Revenue Bonds		OWDA Loans	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 140,000	189,099	655,000	280,113	724,458	527,824
2004	145,000	182,811	675,000	268,650	763,939	488,343
2005	150,000	176,151	680,000	255,150	805,771	446,511
2006	160,000	169,108	695,000	238,150	850,107	402,175
2007	165,000	161,432	710,000	220,775	897,108	355,174
2008-2012	545,000	684,862	3,870,000	757,380	3,540,939	1,155,599
2013-2017	-	628,540	1,740,000	101,520	3,104,363	426,177
2018-2019	<u>2,265,000</u>	<u>251,416</u>	<u>-</u>	<u>-</u>	<u>495,539</u>	<u>15,342</u>
Total	\$ <u>3,570,000</u>	<u>2,443,419</u>	<u>9,025,000</u>	<u>2,121,738</u>	<u>11,182,224</u>	<u>3,817,145</u>

NOTE 15 - CAPITALIZED LEASES

The City has leased copiers under capital leases. The assets under capital lease were recorded at \$61,421, which represented the present value of the future minimum lease payments at acquisition. The following is a schedule of future minimum lease payments under the capital leases and the net present value of the minimum lease payments as of December 31, 2002:

	<u>Year Ending</u> <u>December 31</u>
	2003
	2004
	2005
	2006
	<u>2007</u>
Minimum lease payments	\$ 13,077
	12,027
	6,506
	6,290
	<u>3,028</u>
Minimum lease payments	40,928
Less: Amount representing interest	<u>5,741</u>
Present value of minimum lease payments	\$ <u>35,187</u>

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 – TRANSFERS

The City made the following transfers during 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	3,085,000
Parking Fund	-	20,000
Capital Improvement Fund	1,950,000	-
Non-major governmental funds	1,145,000	-
Internal Service Fund	<u>10,000</u>	<u>-</u>
	\$ <u>3,105,000</u>	<u>3,105,000</u>

The General Fund transferred \$325,000 to the Debt Service Fund for general obligation bond retirement and \$300,000 to the Street Fund for operating costs associated with street maintenance. The General Fund also transferred \$1,950,000 and \$500,000, respectively, to the Capital Improvement and Capital Replacement funds for capital projects and equipment purchases. Finally, the General Fund transferred \$10,000 to provide operating cash to pay health care expenses.

The Parking Fund transferred \$20,000 to the Parking Improvement Fund for capital improvements.

NOTE 17 – LANDFILL POST-CLOSURE CARE

During 1986, the City stopped receiving refuse in its public landfill. State and federal laws and regulations require the City to permanently close the landfill and to perform certain maintenance and monitoring functions at the site for thirty years after closure. This amount is based on what it would cost to perform all future post-closure care in 1996. The Ohio Environmental Protection Agency officially certified the closure of the landfill in May 1996. The remaining post-closure liability recorded in the Refuse Fund is \$1,272,023. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. This liability will be paid from Refuse fund revenue. The reporting of the landfill closure and post-closure liability in the refuse fund follows the guidelines set by GASB Statement No. 18.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 18 – CONDUIT DEBT

In 1996, the City issued \$6,300,000 of First Mortgage Hospital Facilities Revenue Bonds under a lease-purchase agreement between a bank, the City, and McCullough-Hyde Memorial Hospital. The bonds are to be repaid in varying monthly amounts through January 1, 2013. In 1998, the City issued \$3,658,000 of First Mortgage Hospital Facilities Revenue Bonds under a lease-purchase agreement between a bank, the City, and McCullough-Hyde Memorial Hospital for current and future equipment purchases. The bonds are to be repaid in equal monthly installments through October 2003. The total outstanding at December 31, 2002 is \$4,989,334. Under the terms of the debt agreements, the Hospital is responsible for all principal and interest payments. The rights to debt service payments on the hospital revenue bonds have been assigned to a third-party financial institution as trustee. The City does not act as agent in any capacity to collect or disburse debt service payments. The City has no liability for repayment of these bonds and, therefore, they are not included in these financial statements. The Hospital property acts as security for the indebtedness.

The City issued \$6,250,000 of Industrial Development Revenue Bonds on September 14, 2001 under an agreement between UHI Acquisition Corp., a bank and the City for the acquisition of Utility Holdings, Inc. The bonds are to be repaid over fifteen years at a variable interest rate. The amount outstanding at December 31, 2002 is \$5,939,149.

Under the terms of the debt agreements, UHI Acquisition Corp. is responsible for all principal and interest payments. The City does not act as agent in any capacity to collect or disburse debt service payments. The City has no liability for repayment of these bonds and, therefore, they are not included in these financial statements.

NOTE 19 – RELATED ORGANIZATIONS

The Mayor of Oxford, with approval of City Council, appoints the Board of Trustees of McCullough-Hyde Hospital, Inc. The City's accountability for the hospital does not extend beyond making the appointments. During 2002, the City made no contributions to the Hospital.

NOTE 20 – CONTINGENT LIABILITIES

Litigation

The City is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect on the financial condition of the City.

Federal and State Grants

The City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes all expenditures meet grant qualifications.

**CITY OF OXFORD, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Revenues:				
Property and other taxes	\$ 705,200	705,200	705,495	295
Municipal income taxes	5,478,622	5,478,622	5,718,368	239,746
Intergovernmental	1,044,225	1,063,580	1,542,313	478,733
Charges for services	296,100	296,100	310,871	14,771
Fines, costs and forfeitures	172,000	172,000	243,083	71,083
Licenses, permits and inspections	275,800	275,800	318,199	42,399
Interest	250,000	250,000	302,582	52,582
Contributions	33,875	33,875	50,069	16,194
Other	6,000	6,000	16,815	10,815
Total revenues	<u>8,261,822</u>	<u>8,281,177</u>	<u>9,207,795</u>	<u>926,618</u>
Expenditures:				
Current:				
Security of persons and property				
Police law enforcement	2,502,680	2,502,680	2,440,654	62,026
Traffic control	55,500	55,500	55,261	239
Animal control	32,288	32,288	31,593	695
Communications	535,557	535,557	530,795	4,762
Firefighting and training	233,557	241,137	239,004	2,133
Life squad	82,555	84,055	83,404	651
Civil defense	9,450	9,450	7,631	1,819
Street lighting	62,000	62,000	58,663	3,337
Total security of persons and property	<u>3,513,587</u>	<u>3,522,667</u>	<u>3,447,005</u>	<u>75,662</u>
Public health services				
Cemeteries	13,550	13,550	13,369	181
Public health	6,500	6,500	5,946	554
Community assistance	105,500	114,611	112,696	1,915
Total public health services	<u>125,550</u>	<u>134,661</u>	<u>132,011</u>	<u>2,650</u>
Leisure time activities				
Senior citizens and community center	42,400	42,400	35,265	7,135
Swimming pool	114,700	114,700	112,855	1,845
Recreation programs	503,733	503,733	466,802	36,931
Parks maintenance	170,749	170,749	169,783	966
Recreation administration	106,275	106,275	106,329	(54)
Total leisure time activities	<u>937,857</u>	<u>937,857</u>	<u>891,034</u>	<u>46,823</u>

(Continued)

**CITY OF OXFORD, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Community environment				
Planning department	221,725	221,725	199,716	22,009
Inspections	269,831	269,831	237,984	31,847
Affordable housing	31,000	31,000	31,000	-
Urban forestry	35,238	35,238	34,962	276
Economic development	75,000	535,725	496,521	39,204
Total community environment	<u>632,794</u>	<u>1,093,519</u>	<u>1,000,183</u>	<u>93,336</u>
General government:				
Public information	112,544	112,544	102,837	9,707
City manager	150,980	150,980	130,309	20,671
Administrative support	61,800	61,800	54,404	7,396
Finance department	229,125	229,125	224,263	4,862
Income tax collections	131,000	131,000	122,886	8,114
Law	140,450	140,450	136,452	3,998
Civil service and personnel	47,920	47,920	44,524	3,396
Auditing				-
Clerk of council	84,500	84,500	77,933	6,567
Legislative	43,160	43,160	39,836	3,324
Municipal building	108,461	108,461	96,369	12,092
City garage	117,793	117,793	105,134	12,659
Court house	39,436	39,436	32,520	6,916
Engineering	97,505	97,505	86,893	10,612
Insurance	119,212	119,212	94,625	24,587
Contingency	6,000	6,000	-	6,000
Total general government	<u>1,489,886</u>	<u>1,489,886</u>	<u>1,348,985</u>	<u>140,901</u>
Total expenditures	<u>6,699,674</u>	<u>7,178,590</u>	<u>6,819,218</u>	<u>359,372</u>
Excess of revenues over expenditures	<u>1,562,148</u>	<u>1,102,587</u>	<u>2,388,577</u>	<u>1,285,990</u>
Other uses:				
Operating transfers out	(1,800,000)	(3,110,000)	(3,085,000)	25,000
Total other financing uses	<u>(1,800,000)</u>	<u>(3,110,000)</u>	<u>(3,085,000)</u>	<u>25,000</u>
Excess of revenues over (under) expenditures and other uses	(237,852)	(2,007,413)	(696,423)	1,310,990
Fund balance, beginning of year	3,407,344	3,407,344	3,407,344	
Prior year encumbrances appropriated	258,107	258,107	258,107	
Fund balance, end of year	<u>\$ 3,427,599</u>	<u>1,658,038</u>	<u>2,969,028</u>	

CITY OF OXFORD, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
PARKING FUND
YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Charges for services	\$ 292,816	292,816	263,082	(29,734)
Fines, costs, and forfeitures	64,000	64,000	65,007	1,007
Interest	18,000	18,000	22,223	4,223
Total revenues	<u>374,816</u>	<u>374,816</u>	<u>350,312</u>	<u>(24,504)</u>
Expenditures:				
Current:				
Transportation	<u>207,747</u>	<u>293,047</u>	<u>273,378</u>	<u>19,669</u>
Total expenditures	<u>207,747</u>	<u>293,047</u>	<u>273,378</u>	<u>19,669</u>
Excess of revenues over expenditures	<u>167,069</u>	<u>81,769</u>	<u>76,934</u>	<u>(4,835)</u>
Other financing uses:				
Operating transfers out	<u>(145,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>
Total other financing uses	<u>(145,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other uses	22,069	(63,231)	(68,066)	(4,835)
Fund balance, beginning of year	539,598	539,598	539,598	
Prior year encumbrances appropriated	12,397	12,397	12,397	
Fund balance, end of year	<u>\$ 574,064</u>	<u>488,764</u>	<u>483,929</u>	

CITY OF OXFORD, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2002

Budgetary Basis of Accounting

While the City reports 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, requires accounting for certain transactions according to cash receipts, disbursements, appropriations, and encumbrances. The Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis, are 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 as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures 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 (budget basis) rather than as a reservation of fund balance.
4. Proceeds from and principal payments on debt obligations are reported on the operating statement (budget basis) rather than a balance sheet transaction (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended December 31, 2002, on the GAAP basis to the budget basis are as follows:

	<u>General</u> <u>Fund</u>	<u>Parking</u> <u>Fund</u>
Net change in fund balance - GAAP Basis	\$ (772,584)	61,177
Increase / (decrease):		
Due to revenues	140,070	12,706
Due to expenditures	84,723	64,217
Due to encumbrances	(122,574)	(81,166)
Due to other sources (uses)	<u>(26,058)</u>	<u>(125,000)</u>
Excess of revenues and other sources over (under) expenditures and other uses - Budget Basis	\$ <u>(696,423)</u>	<u>(68,066)</u>

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SUPPLEMENTAL SECTION

GENERAL FUND

The General Fund is used to account for all financial resources traditionally associated with governments, except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for financial resources for which specific uses are mandated by City ordinances or Federal and State statutes.

Major Special Revenue Fund:

Parking Fund - To account for operation of parking control activities within the City, funded by revenues from meter collections, garage fees and fines.

Non-major Special Revenue Funds:

Street Fund - Required by State law to account for that portion of the gasoline tax and motor vehicle license fees designated for maintenance of streets within the City.

State Highway Fund - Required by State law to account for that portion of the gasoline tax and motor vehicle license fees designated for maintenance of state highways within the City.

Community Development Block Grant Fund - To account for monies received from the federal government under the Community Development Block Grant Program.

Community Development Block Grant Loan Fund - To account for monies received from the federal government under the Community Development Block Grant Program. The monies are used for economic development loans.

Law Enforcement Fund - To account for monies received from the State for purposes of drug enforcement.

Enforcement and Education Fund - To account for monies received from the State for purposes of law enforcement and education.

Non-major Special Revenue Funds (continued):

Life Squad Fund - To account for contributions from private sources for the purpose of improving life squad services in the City and surrounding area.

Recreation Gift Fund - To account for contributions from private sources to benefit the parks and recreation facilities of the City. Closed in 2002.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

Major Capital Projects Funds:

Capital Improvement Fund – To account for financial resources for the acquisition or construction of various capital projects.

Parks and Open Spaces Fund – To account for financial resources used for the acquisition of or improvements to parks and open spaces.

Non-major Capital Projects Fund:

Capital Equipment Fund – To account for financial resources used for the acquisition of equipment.

Parking Improvement Fund – To account for financial resources used for the acquisition, construction, or improvement to municipal parking lots and garage.

ENTERPRISE FUNDS

Enterprise Funds are established to account for operations where the intent of the City is that the costs of providing goods or services on a continuing basis be recovered primarily through user charges.

Major Enterprise Funds:

Water Fund – To account for the provision of water service to the City and surrounding areas.

Sewer Fund – To account for the provision of sanitary sewer service to the City and surrounding areas.

Refuse Fund – To account for the provision of refuse collection and disposal services to the City as well as costs associated with the municipal landfill post-closure monitoring.

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of services provided by one department to other departments of the City, on a cost-reimbursement basis.

Employee Benefits Fund – To accumulate monies for the payment of employee health insurance, life insurance and medical claims under a self-insured plan. The City charges departments for insurance and pays actual claims, administrative costs, and insurance premiums from this fund.

Internal Service Fund – To account for financing of services provided by one department to another department for postage, gasoline, and copies.

PRIVATE-PURPOSE TRUST FUND

Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Tricentennial Fund - To account for contributions and investments to be given to the Oxford Tricentennial celebration committee. Closed in 2002.

AGENCY FUNDS

Agency funds are used to account for assets held in a custodial capacity.

Hotel Tax Fund – Used as a clearing fund for guest tax revenues collected by the City from hotels within the City for the benefit of the Oxford Visitors and Convention Bureau.

Board of Building Standards Fund – To account for monies received on building permits which will be disbursed to the State of Ohio.

Oxford Natural Gas Refund Fund – To account for monies to be refunded to City residents from the Oxford Natural Gas Company.

**CITY OF OXFORD, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2002**

		Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<i>Assets:</i>					
Equity in pooled cash and investments	\$	781,473	1,703	696,029	1,479,205
Receivables:					
Loans		85,614	-	-	85,614
Due from other governments		161,919	-	-	161,919
Supplies inventory		91,044	-	-	91,044
Total assets		<u>1,120,050</u>	<u>1,703</u>	<u>696,029</u>	<u>1,817,782</u>
<i>Liabilities and Fund Balances</i>					
<i>Liabilities:</i>					
Accounts payable		45,399	-	15,450	60,849
Accrued salaries payable		20,525	-	-	20,525
Due to other governments		3,744	-	-	3,744
Deferred revenue		232,104	-	-	232,104
Advances from other funds		150,000	-	-	150,000
Total liabilities		<u>451,772</u>	<u>-</u>	<u>15,450</u>	<u>467,222</u>
<i>Fund balances:</i>					
Reserved for:					
Encumbrances		26,358	-	112,031	138,389
Inventory		91,044	-	-	91,044
Unreserved		550,876	1,703	568,548	1,121,127
Total fund balances		<u>668,278</u>	<u>1,703</u>	<u>680,579</u>	<u>1,350,560</u>
Total liabilities and fund equity	\$	<u>1,120,050</u>	<u>1,703</u>	<u>696,029</u>	<u>1,817,782</u>

**CITY OF OXFORD, OHIO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	\$ 428,947	-	-	428,947
Charges for services	14,299	-	-	14,299
Fines, costs and forfeitures	3,120	-	-	3,120
Interest	13,876	-	(6,450)	7,426
Contributions	18,996	-	4,929	23,925
Other	292	-	2,500	2,792
Total revenues	<u>479,530</u>	<u>-</u>	<u>979</u>	<u>480,509</u>
Expenditures:				
Current:				
Security of persons and property	13,058	-	-	13,058
Community environment	235,631	-	-	235,631
Transportation	592,591	-	-	592,591
Capital outlay	-	-	311,281	311,281
Debt service:				
Principal retirement	-	130,000	-	130,000
Interest and fiscal charges	-	194,054	-	194,054
Total expenditures	<u>841,280</u>	<u>324,054</u>	<u>311,281</u>	<u>1,476,615</u>
Excess of revenues over (under) expenditures	<u>(361,750)</u>	<u>(324,054)</u>	<u>(310,302)</u>	<u>(996,106)</u>
Other financing sources:				
Transfers in	<u>300,000</u>	<u>325,000</u>	<u>520,000</u>	<u>1,145,000</u>
Total other financing sources	<u>300,000</u>	<u>325,000</u>	<u>520,000</u>	<u>1,145,000</u>
Excess of revenues and other sources over (under) expenditures	(61,750)	946	209,698	148,894
Fund balance at beginning of year	716,620	757	470,881	1,188,258
Increase in reserve for inventory	13,408	-	-	13,408
Fund balance at end of year	<u>\$ 668,278</u>	<u>1,703</u>	<u>680,579</u>	<u>1,350,560</u>

**CITY OF OXFORD, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2002**

	<u>Street</u>	<u>State Highway</u>	<u>Community Development Block Grant</u>
<i>Assets:</i>			
Equity in pooled cash and investments	\$ 131,275	9,574	134,323
Receivables:			
Loans	-	-	-
Due from other governments	92,782	7,522	61,615
Supplies inventory	<u>91,044</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>315,101</u></u>	<u><u>17,096</u></u>	<u><u>195,938</u></u>
<i>Liabilities and Fund Equity:</i>			
<i>Liabilities:</i>			
Accounts payable	10,575	-	34,824
Accrued salaries and benefits	20,525	-	-
Due to other governments	3,744	-	-
Deferred revenue	78,510	6,365	61,615
Advances from other funds	<u>-</u>	<u>-</u>	<u>150,000</u>
Total liabilities	<u><u>113,354</u></u>	<u><u>6,365</u></u>	<u><u>246,439</u></u>
<i>Fund Balances:</i>			
Reserved for:			
Encumbrances	9,725	1,845	14,788
Inventory	91,044	-	-
Unreserved	<u>100,978</u>	<u>8,886</u>	<u>(65,289)</u>
Total fund balances	<u><u>201,747</u></u>	<u><u>10,731</u></u>	<u><u>(50,501)</u></u>
Total liabilities and fund equity	<u><u>\$ 315,101</u></u>	<u><u>17,096</u></u>	<u><u>195,938</u></u>

Community Development Block Grant Loan	Law Enforcement	Enforcement and Education	Life Squad	Recreation Gift	<i>TOTAL</i>
441,376	16,454	5,282	43,189	-	781,473
85,614	-	-	-	-	85,614
-	-	-	-	-	161,919
-	-	-	-	-	91,044
<u>526,990</u>	<u>16,454</u>	<u>5,282</u>	<u>43,189</u>	-	<u>1,120,050</u>
-	-	-	-	-	45,399
-	-	-	-	-	20,525
-	-	-	-	-	3,744
85,614	-	-	-	-	232,104
-	-	-	-	-	150,000
<u>85,614</u>	-	-	-	-	<u>451,772</u>
-	-	-	-	-	26,358
-	-	-	-	-	91,044
441,376	16,454	5,282	43,189	-	550,876
441,376	16,454	5,282	43,189	-	668,278
<u>526,990</u>	<u>16,454</u>	<u>5,282</u>	<u>43,189</u>	-	<u>1,120,050</u>

**CITY OF OXFORD, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2002**

		<u>Capital Equipment</u>	<u>Parking Improvement</u>	<u><i>TOTAL</i></u>
Assets:				
Equity in pooled cash and investments	\$	<u>693,510</u>	<u>2,519</u>	<u>696,029</u>
Total assets		<u><u>693,510</u></u>	<u><u>2,519</u></u>	<u><u>696,029</u></u>
 Liabilities and Fund Equity:				
Liabilities:				
Accounts payable		<u>15,450</u>	<u>-</u>	<u>15,450</u>
Total liabilities		<u>15,450</u>	<u>-</u>	<u>15,450</u>
 Fund Equity:				
Fund Balances:				
Reserved for encumbrances		112,031	-	112,031
Unreserved		<u>566,029</u>	<u>2,519</u>	<u>568,548</u>
Total fund equity		<u>678,060</u>	<u>2,519</u>	<u>680,579</u>
Total liabilities and fund equity	\$	<u><u>693,510</u></u>	<u><u>2,519</u></u>	<u><u>696,029</u></u>

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**CITY OF OXFORD, OHIO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Street</u>	<u>State Highway</u>	<u>Community Development Block Grant</u>
Revenues:			
Intergovernmental	\$ 236,115	15,052	174,085
Charges for services	2,631	-	-
Fines, costs and forfeitures	-	-	-
Interest	3,600	264	(1,422)
Contributions	-	-	-
Other	192	-	-
Total revenues	<u>242,538</u>	<u>15,316</u>	<u>172,663</u>
Expenditures:			
Current:			
Security of persons and property	-	-	-
Community environment	-	-	138,749
Transportation	<u>573,465</u>	<u>19,126</u>	<u>-</u>
Total expenditures	<u>573,465</u>	<u>19,126</u>	<u>138,749</u>
Excess of revenues over (under) expenditures	<u>(330,927)</u>	<u>(3,810)</u>	<u>33,914</u>
Other financing sources (uses)			
Transfers in	<u>300,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>300,000</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(30,927)	(3,810)	33,914
Fund balance at beginning of year	219,266	14,541	(84,415)
Increase in reserve for inventory	<u>13,408</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 201,747</u>	<u>10,731</u>	<u>(50,501)</u>

Community Development Block Grant Loan	Law Enforcement	Enforcement and Education	Life Squad	Recreation Gift	<i>TOTAL</i>
-	-	-	3,695	-	428,947
11,668	-	-	-	-	14,299
-	935	2,185	-	-	3,120
9,980	351	119	972	12	13,876
-	5,991	-	13,000	5	18,996
-	100	-	-	-	292
<u>21,648</u>	<u>7,377</u>	<u>2,304</u>	<u>17,667</u>	<u>17</u>	<u>479,530</u>
-	4,681	5,341	3,036	-	13,058
95,000	-	-	-	1,882	235,631
-	-	-	-	-	592,591
<u>95,000</u>	<u>4,681</u>	<u>5,341</u>	<u>3,036</u>	<u>1,882</u>	<u>841,280</u>
<u>(73,352)</u>	<u>2,696</u>	<u>(3,037)</u>	<u>14,631</u>	<u>(1,865)</u>	<u>(361,750)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
(73,352)	2,696	(3,037)	14,631	(1,865)	(61,750)
514,728	13,758	8,319	28,558	1,865	716,620
-	-	-	-	-	13,408
<u>441,376</u>	<u>16,454</u>	<u>5,282</u>	<u>43,189</u>	<u>-</u>	<u>668,278</u>

**CITY OF OXFORD, OHIO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Capital Equipment</u>	<u>Parking Improvement</u>	<u><i>TOTAL</i></u>
Revenues:			
Interest	\$ (6,372)	(78)	(6,450)
Contributions	4,929	-	4,929
Other	2,500	-	2,500
Total revenues	<u>1,057</u>	<u>(78)</u>	<u>979</u>
Expenditures:			
Capital outlay	<u>288,093</u>	<u>23,188</u>	<u>311,281</u>
Total expenditures	<u>288,093</u>	<u>23,188</u>	<u>311,281</u>
Excess of revenues over (under) expenditures	<u>(287,036)</u>	<u>(23,266)</u>	<u>(310,302)</u>
Other financing sources			
Transfers in	<u>500,000</u>	<u>20,000</u>	<u>520,000</u>
Total other financing sources	<u>500,000</u>	<u>20,000</u>	<u>520,000</u>
Excess of revenues and other sources over (under) expenditures	212,964	(3,266)	209,698
Fund balance at beginning of year	<u>465,096</u>	<u>5,785</u>	<u>470,881</u>
Fund balance at end of year	\$ <u><u>678,060</u></u>	<u><u>2,519</u></u>	<u><u>680,579</u></u>

CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
STREET FUND
YEAR ENDED DECEMBER 31, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Revenues:				
Intergovernmental	\$ 231,500	231,500	235,710	4,210
Charges for services	-	-	1,131	1,131
Interest	4,500	4,500	5,599	1,099
Other	-	-	1,691	1,691
Total revenues	<u>236,000</u>	<u>236,000</u>	<u>244,131</u>	<u>8,131</u>
Expenditures:				
Current:				
Transportation	<u>571,557</u>	<u>577,057</u>	<u>568,206</u>	<u>8,851</u>
Total expenditures	<u>571,557</u>	<u>577,057</u>	<u>568,206</u>	<u>8,851</u>
Excess of revenues over (under) expenditures	<u>(335,557)</u>	<u>(341,057)</u>	<u>(324,075)</u>	<u>16,982</u>
Other financing sources:				
Operating transfers in	<u>325,000</u>	<u>325,000</u>	<u>300,000</u>	<u>(25,000)</u>
Total other financing sources	<u>325,000</u>	<u>325,000</u>	<u>300,000</u>	<u>(25,000)</u>
Excess of revenues and other sources over (under) expenditures	(10,557)	(16,057)	(24,075)	(8,018)
Fund balance, beginning of year	137,518	137,518	137,518	
Prior year encumbrances appropriated	<u>8,107</u>	<u>8,107</u>	<u>8,107</u>	
Fund balance, end of year	\$ <u>135,068</u>	<u>129,568</u>	<u>121,550</u>	

CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
STATE HIGHWAY FUND
YEAR ENDED DECEMBER 31, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Revenues:				
Intergovernmental	\$ 14,500	14,500	15,019	519
Interest	<u>100</u>	<u>100</u>	<u>446</u>	<u>346</u>
Total revenues	<u>14,600</u>	<u>14,600</u>	<u>15,465</u>	<u>865</u>
Expenditures:				
Current:				
Transportation	<u>22,688</u>	<u>22,688</u>	<u>20,970</u>	<u>1,718</u>
Total expenditures	<u>22,688</u>	<u>22,688</u>	<u>20,970</u>	<u>1,718</u>
Excess of revenues over expenditures	(8,088)	(8,088)	(5,505)	2,583
Fund balance, beginning of year	5,546	5,546	5,546	
Prior year encumbrances appropriated	<u>7,688</u>	<u>7,688</u>	<u>7,688</u>	
Fund balance, end of year	\$ <u>5,146</u>	<u>5,146</u>	<u>7,729</u>	

CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED DECEMBER 31, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Revenues:				
Intergovernmental	\$ 137,000	137,000	174,085	37,085
Total revenues	<u>137,000</u>	<u>137,000</u>	<u>174,085</u>	<u>37,085</u>
Expenditures:				
Current:				
Community environment	196,072	196,072	193,007	3,065
Total expenditures	<u>196,072</u>	<u>196,072</u>	<u>193,007</u>	<u>3,065</u>
Excess of revenues over (under) expenditures	<u>(59,072)</u>	<u>(59,072)</u>	<u>(18,922)</u>	<u>40,150</u>
Fund balance, beginning of year	44,561	44,561	44,561	
Prior year encumbrances appropriated	59,072	59,072	59,072	
Fund balance, end of year	<u>\$ 44,561</u>	<u>44,561</u>	<u>84,711</u>	

CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
COMMUNITY DEVELOPMENT BLOCK GRANT LOAN FUND
YEAR ENDED DECEMBER 31, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Revenues:				
Interest	\$ 15,000	15,000	16,949	1,949
Other	-	-	11,668	11,668
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>28,617</u>	<u>13,617</u>
Expenditures:				
Current:				
Community environment	497,000	497,000	95,000	402,000
Total expenditures	<u>497,000</u>	<u>497,000</u>	<u>95,000</u>	<u>402,000</u>
Excess of revenues over (under) expenditures	(482,000)	(482,000)	(66,383)	415,617
Fund balance, beginning of year	462,759	462,759	462,759	
Prior year encumbrances appropriated	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	
Fund balance, end of year	\$ <u>25,759</u>	<u>25,759</u>	<u>441,376</u>	

CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
LAW ENFORCEMENT FUND
YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines, costs, and forfeitures	\$ 1,200	1,200	935	(265)
Interest	350	350	537	187
Other	-	-	6,091	6,091
Total revenues	<u>1,550</u>	<u>1,550</u>	<u>7,563</u>	<u>6,013</u>
Expenditures:				
Current:				
Security of persons and property	<u>6,000</u>	<u>6,000</u>	<u>4,680</u>	<u>1,320</u>
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>4,680</u>	<u>1,320</u>
Excess of revenues over (under) expenditures	(4,450)	(4,450)	2,883	7,333
Fund balance, beginning of year	13,571	13,571	13,571	
Prior year encumbrances appropriated	-	-	-	
Fund balance, end of year	<u>\$ 9,121</u>	<u>9,121</u>	<u>16,454</u>	

**CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
ENFORCEMENT AND EDUCATION FUND
YEAR ENDED DECEMBER 31, 2002**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines, costs, and forfeitures	\$ -	-	2,440	2,440
Interest	200	200	228	28
Total revenues	<u>200</u>	<u>200</u>	<u>2,668</u>	<u>2,468</u>
Expenditures:				
Current:				
Security of persons and property	3,000	6,000	5,341	659
Total expenditures	<u>3,000</u>	<u>6,000</u>	<u>5,341</u>	<u>659</u>
Excess of revenues over (under) expenditures	(2,800)	(5,800)	(2,673)	3,127
Fund balance, beginning of year	7,955	7,955	7,955	
Prior year encumbrances appropriated	-	-	-	
Fund balance, end of year	<u>\$ 5,155</u>	<u>2,155</u>	<u>5,282</u>	

CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
LIFE SQUAD FUND
YEAR ENDED DECEMBER 31, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Revenues:				
Intergovernmental	\$ 4,000	4,000	3,695	(305)
Interest	1,000	1,000	1,358	358
Contributions	<u>7,500</u>	<u>7,500</u>	<u>13,000</u>	<u>5,500</u>
Total revenues	<u>12,500</u>	<u>12,500</u>	<u>18,053</u>	<u>5,553</u>
Expenditures:				
Current:				
Security of persons and property	<u>8,000</u>	<u>8,000</u>	<u>3,036</u>	<u>4,964</u>
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>3,036</u>	<u>4,964</u>
Excess of revenues over (under) expenditures	4,500	4,500	15,017	10,517
Fund balance, beginning of year	28,172	28,172	28,172	
Prior year encumbrances appropriated	-	-	-	
Fund balance, end of year	<u>\$ 32,672</u>	<u>32,672</u>	<u>43,189</u>	

**CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
RECREATION GIFT FUND
YEAR ENDED DECEMBER 31, 2002**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest	\$ 50	42	37	(5)
Contributions	-	-	5	5
Total revenues	<u>50</u>	<u>42</u>	<u>42</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property	-	1,882	1,882	-
Total expenditures	<u>-</u>	<u>1,882</u>	<u>1,882</u>	<u>-</u>
Excess of revenues over expenditures	50	(1,840)	(1,840)	-
Fund balance, beginning of year	1,840	1,840	1,840	
Prior year encumbrances appropriated	-	-	-	
Fund balance, end of year	<u>\$ 1,890</u>	<u>-</u>	<u>-</u>	

CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Revenues:				
Other	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt service:				
Principal	130,000	130,000	130,000	-
Interest	<u>195,000</u>	<u>195,000</u>	<u>194,054</u>	<u>946</u>
Total expenditures	<u>325,000</u>	<u>325,000</u>	<u>324,054</u>	<u>946</u>
Excess of revenues over (under) expenditures	<u>(325,000)</u>	<u>(325,000)</u>	<u>(324,054)</u>	<u>946</u>
Other financing sources (uses):				
Operating transfers in	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>	<u>-</u>
Total other financing sources	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	-	-	946	946
Fund balance, beginning of year	757	757	757	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, end of year	<u>\$ 757</u>	<u>757</u>	<u>1,703</u>	

**CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2002**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 6,500	6,500	6,718	218
Intergovernmental	30,000	30,000	54,000	24,000
Other	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total revenues	<u>161,500</u>	<u>161,500</u>	<u>185,718</u>	<u>24,218</u>
Expenditures:				
Capital outlay	<u>3,103,251</u>	<u>3,103,251</u>	<u>653,565</u>	<u>2,449,686</u>
Total expenditures	<u>3,103,251</u>	<u>3,103,251</u>	<u>653,565</u>	<u>2,449,686</u>
Excess of revenues over (under) expenditures	<u>(2,941,751)</u>	<u>(2,941,751)</u>	<u>(467,847)</u>	<u>2,473,904</u>
Other financing sources (uses):				
Operating transfers in	<u>950,000</u>	<u>1,950,000</u>	<u>1,950,000</u>	<u>-</u>
Total other financing sources	<u>950,000</u>	<u>1,950,000</u>	<u>1,950,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(1,991,751)</u>	<u>(991,751)</u>	<u>1,482,153</u>	<u>2,473,904</u>
Fund balance, beginning of year	2,337,023	2,337,023	2,337,023	
Prior year encumbrances appropriated	<u>253,251</u>	<u>253,251</u>	<u>253,251</u>	
Fund balance, end of year	<u>\$ 598,523</u>	<u>1,598,523</u>	<u>4,072,427</u>	

CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
PARKING IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Revenues:				
Total revenues	\$ -	-	-	-
Expenditures:				
Capital outlay	23,500	23,500	23,187	313
Total expenditures	<u>23,500</u>	<u>23,500</u>	<u>23,187</u>	<u>313</u>
Excess of revenues over (under) expenditures	<u>(23,500)</u>	<u>(23,500)</u>	<u>(23,187)</u>	<u>313</u>
Other financing sources:				
Operating transfers in	20,000	20,000	20,000	-
Total other financing sources	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(3,500)	(3,500)	(3,187)	313
Fund balance, beginning of year	5,206	5,206	5,206	
Prior year encumbrances appropriated	500	500	500	
Fund balance, end of year	\$ <u>2,206</u>	<u>2,206</u>	<u>2,519</u>	

**CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
CAPITAL EQUIPMENT FUND
YEAR ENDED DECEMBER 31, 2002**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Contributions	\$ 5,000	5,000	7,427	2,427
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>7,427</u>	<u>2,427</u>
Expenditures:				
Capital outlay	415,225	415,225	405,687	9,538
Total expenditures	<u>415,225</u>	<u>415,225</u>	<u>405,687</u>	<u>9,538</u>
Excess of revenues over (under) expenditures	<u>(410,225)</u>	<u>(410,225)</u>	<u>(398,260)</u>	<u>11,965</u>
Other financing sources:				
Operating transfers in	200,000	500,000	500,000	-
Total other financing sources	<u>200,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(210,225)	89,775	101,740	11,965
Fund balance, beginning of year	400,564	400,564	400,564	
Prior year encumbrances appropriated	63,725	63,725	63,725	
Fund balance, end of year	<u>\$ 254,064</u>	<u>554,064</u>	<u>566,029</u>	

**CITY OF OXFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
PARKS AND OPEN SPACES FUND
YEAR ENDED DECEMBER 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Revenues:				
Interest	\$ 50,000	50,000	113,472	63,472
Contributions	<u>217,979</u>	<u>217,979</u>	<u>92,021</u>	<u>(125,958)</u>
Total revenues	<u>267,979</u>	<u>267,979</u>	<u>205,493</u>	<u>(62,486)</u>
Expenditures:				
Capital outlay	<u>3,096,821</u>	<u>3,688,395</u>	<u>3,656,093</u>	<u>32,302</u>
Total expenditures	<u>3,096,821</u>	<u>3,688,395</u>	<u>3,656,093</u>	<u>32,302</u>
Excess of revenues over (under) expenditures	(2,828,842)	(3,420,416)	(3,450,600)	(30,184)
Fund balance, beginning of year	3,583,175	3,583,175	3,583,175	
Prior year encumbrances appropriated	<u>89,321</u>	<u>89,321</u>	<u>89,321</u>	
Fund balance, end of year	\$ <u>843,654</u>	<u>252,080</u>	<u>221,896</u>	

**CITY OF OXFORD, OHIO
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2002**

	<u>Employee Benefits</u>	<u>Internal Service</u>	<u>Total</u>
<i>Assets</i>			
Equity in pooled cash and investments	\$ 6,648	61,893	68,541
Receivables:			
Accounts	5,606	-	5,606
Prepays	13,842	-	13,842
Materials and supplies inventory	-	11,100	11,100
Capital assets, net	-	4,717	4,717
Total assets	<u>26,096</u>	<u>77,710</u>	<u>103,806</u>
<i>Liabilities</i>			
Accounts payable	-	6,232	6,232
Claims payable	100,425	-	100,425
Total liabilities	<u>100,425</u>	<u>6,232</u>	<u>106,657</u>
<i>Net Assets</i>			
Unrestricted	\$ <u>(74,329)</u>	<u>71,478</u>	<u>(2,851)</u>

**CITY OF OXFORD, OHIO
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Employee Benefits</u>	<u>Internal Service</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 667,227	80,888	748,115
Total operating revenues	<u>667,227</u>	<u>80,888</u>	<u>748,115</u>
Operating expenses:			
Contractual services	219,187	-	219,187
Supplies and materials	-	81,993	81,993
Claims	705,800	-	705,800
Depreciation	-	2,203	2,203
Total operating expenses	<u>924,987</u>	<u>84,196</u>	<u>1,009,183</u>
Operating income (loss)	<u>(257,760)</u>	<u>(3,308)</u>	<u>(261,068)</u>
Non-operating revenues (expenses):			
Interest revenue	2,380	1,365	3,745
Interest and fiscal charges	-	(28)	(28)
Total non-operating revenues (expenses)	<u>2,380</u>	<u>1,337</u>	<u>3,717</u>
Change in net assets before transfers	(255,380)	(1,971)	(257,351)
Transfers in	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Change in net assets	(245,380)	(1,971)	(247,351)
Net assets, beginning of year	<u>171,051</u>	<u>73,449</u>	<u>244,500</u>
Net assets, end of year	\$ <u><u>(74,329)</u></u>	<u><u>71,478</u></u>	<u><u>(2,851)</u></u>

**CITY OF OXFORD, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Employee Benefits	Internal Service	Total
Cash flows from operating activities:			
Cash received from customers	\$ -	3,415	3,415
Cash received from interfund services provided	667,227	77,473	744,700
Cash payments to suppliers for goods and services	(220,629)	(79,995)	(300,624)
Cash payments for employee medical claims	(682,133)	-	(682,133)
Net cash provided (used) by operating activities	<u>(235,535)</u>	<u>893</u>	<u>(234,642)</u>
Cash flows from noncapital financing activities:			
Transfers in	10,000	-	10,000
Net cash provided by noncapital financing activities	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Cash flows from capital and related financing activities:			
Principal payments on capital lease	-	(1,470)	(1,470)
Interest payments on capital lease	-	(28)	(28)
Net cash used for capital and related financing activities	<u>-</u>	<u>(1,498)</u>	<u>(1,498)</u>
Cash flows from investing activities:			
Interest	2,380	1,365	3,745
Net cash provided by investing activities	<u>2,380</u>	<u>1,365</u>	<u>3,745</u>
Net change in cash and investments	(223,155)	760	(222,395)
Cash and investments beginning of year	229,803	61,133	290,936
Cash and investments end of year	<u>\$ 6,648</u>	<u>61,893</u>	<u>68,541</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (257,760)	(3,308)	(261,068)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	-	2,203	2,203
Changes in assets and liabilities:			
Receivables	(5,606)	-	(5,606)
Prepaid items	(1,442)	-	(1,442)
Materials and supplies inventory	-	853	853
Accounts payable	-	1,145	1,145
Claims payable	29,273	-	29,273
Net cash provided (used) by operating activities	<u>\$ (235,535)</u>	<u>893</u>	<u>(234,642)</u>

CITY OF OXFORD, OHIO
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2002

		Hotel Tax Fund	Board of Building Standards Fund	Oxford Natural Gas Refund Fund	Total Agency Funds
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Assets</i>					
Pooled cash and investments	\$	144	189	117,088	117,421
Receivables:					
Taxes		5,248	-	-	5,248
Total assets		<u>5,392</u>	<u>189</u>	<u>117,088</u>	<u>122,669</u>
<i>Liabilities</i>					
Due to others		5,392	189	117,088	122,669
Total liabilities	\$	<u>5,392</u>	<u>189</u>	<u>117,088</u>	<u>122,669</u>

CITY OF OXFORD, OHIO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2002

	Beginning Balance 1/1/02	Additions	Deductions	Ending Balance 12/31/02
HOTEL TAX FUND				
Assets:				
Pooled cash and cash equivalents	\$ -	119,866	119,722	144
Taxes receivable	<u>5,179</u>	<u>5,248</u>	<u>5,179</u>	<u>5,248</u>
	<u>5,179</u>	<u>125,114</u>	<u>124,901</u>	<u>5,392</u>
Liabilities:				
Due to others	<u>5,179</u>	<u>125,114</u>	<u>124,901</u>	<u>5,392</u>
<hr/>				
BOARD OF BUILDING AND STANDARDS FUND				
Assets:				
Pooled cash and cash equivalents	<u>1</u>	<u>895</u>	<u>707</u>	<u>189</u>
Liabilities:				
Due to others	<u>1</u>	<u>895</u>	<u>707</u>	<u>189</u>
<hr/>				
OXFORD NATURAL GAS REFUND FUND				
Assets:				
Pooled cash and cash equivalents	<u>409,840</u>	<u>12,136</u>	<u>304,888</u>	<u>117,088</u>
Liabilities:				
Due to others	<u>409,840</u>	<u>12,136</u>	<u>304,888</u>	<u>117,088</u>
<hr/>				
TOTAL				
Assets:				
Pooled cash and cash equivalents	409,841	132,897	425,317	117,421
Taxes receivable	<u>5,179</u>	<u>5,248</u>	<u>5,179</u>	<u>5,248</u>
	<u>415,020</u>	<u>138,145</u>	<u>430,496</u>	<u>122,669</u>
Liabilities:				
Due to others	\$ <u>415,020</u>	<u>138,145</u>	<u>430,496</u>	<u>122,669</u>

CITY OF OXFORD, OHIO
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2002

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
SECURITY OF PERSONS AND PROPERTY:							
Police department	\$ -	226,962	11,410	824,432	13,328	32,105	1,108,237
Fire and life squad	121,003	314,663	100,844	987,002	-	-	1,523,512
Civil defense	-	-	54,494	34,066	-	-	88,560
Street lighting	-	-	-	-	20,041	-	20,041
Communications	-	18,733	-	385,499	-	-	404,232
Total	<u>121,003</u>	<u>560,358</u>	<u>166,748</u>	<u>2,230,999</u>	<u>33,369</u>	<u>32,105</u>	<u>3,144,582</u>
LEISURE TIME ACTIVITIES:							
Recreation and parks administration	8,000	414,695	37,658	229,702	-	398,206	1,088,261
Senior citizens	45,000	787,145	-	10,279	-	-	842,424
Total	<u>53,000</u>	<u>1,201,840</u>	<u>37,658</u>	<u>239,981</u>	<u>-</u>	<u>398,206</u>	<u>1,930,685</u>
COMMUNITY ENVIRONMENT:							
Planning	-	-	-	24,280	-	-	24,280
Building inspection	-	-	-	24,943	-	-	24,943
Housing inspection	-	-	3,431	7,050	-	-	10,481
Parks and public property	726,579	78,555	1,608,646	96,227	-	2,851,972	5,361,979
Recycling center	-	16,450	-	-	-	-	16,450
Total	<u>726,579</u>	<u>95,005</u>	<u>1,612,077</u>	<u>152,500</u>	<u>-</u>	<u>2,851,972</u>	<u>5,438,133</u>
TRANSPORTATION:							
Parking control	709,864	2,659,850	18,894	138,687	-	-	3,527,295
Street maintenance and repair	7,285	-	4,195	694,499	155,713	8,927	870,619
Total	<u>717,149</u>	<u>2,659,850</u>	<u>23,089</u>	<u>833,186</u>	<u>155,713</u>	<u>8,927</u>	<u>4,397,914</u>
GENERAL GOVERNMENT:							
City Manager	-	-	-	24,593	-	-	24,593
MIS	-	-	-	108,595	-	-	108,595
Finance	-	-	-	131,390	-	-	131,390
Municipal building	5,000	287,147	24,617	229,120	-	-	545,884
Courthouse	-	239,480	-	9,992	-	-	249,472
Engineering	-	-	-	70,061	-	-	70,061
Service	-	-	-	24,657	-	-	24,657
Garage	-	118,529	7,649	35,552	-	-	161,730
Total	<u>5,000</u>	<u>645,156</u>	<u>32,266</u>	<u>633,960</u>	<u>-</u>	<u>-</u>	<u>1,316,382</u>
INTERNAL SERVICE	-	-	-	29,292	-	-	29,292
TOTAL GOVERNMENTAL CAPITAL ASSETS	\$ <u>1,622,731</u>	<u>5,162,209</u>	<u>1,871,838</u>	<u>4,119,918</u>	<u>189,082</u>	<u>3,291,210</u>	<u>16,256,988</u>

CITY OF OXFORD, OHIO
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
SECURITY OF PERSONS AND PROPERTY:				
Police department	\$ 965,671	178,645	36,077	1,108,239
Fire and life squad	1,503,672	19,839	-	1,523,511
Civil defense	67,464	21,095	-	88,559
Street lighting	13,163	6,878	-	20,041
Communications	356,732	47,500	-	404,232
Total	<u>2,906,702</u>	<u>273,957</u>	<u>36,077</u>	<u>3,144,582</u>
LEISURE TIME ACTIVITIES:				
Recreation and parks administration	616,346	471,915	-	1,088,261
Senior citizens	842,424	-	-	842,424
Total	<u>1,458,770</u>	<u>471,915</u>	<u>-</u>	<u>1,930,685</u>
COMMUNITY ENVIRONMENT:				
Planning	30,032	-	5,752	24,280
Building inspection	24,943	-	-	24,943
Housing inspection	10,481	-	-	10,481
Parks and public property	2,877,135	2,484,844	-	5,361,979
Recycling center	16,450	-	-	16,450
Total	<u>2,959,041</u>	<u>2,484,844</u>	<u>5,752</u>	<u>5,438,133</u>
TRANSPORTATION:				
Parking control	3,467,849	59,446	-	3,527,295
Street maintenance and repair	826,799	43,820	-	870,619
Total	<u>4,294,648</u>	<u>103,266</u>	<u>-</u>	<u>4,397,914</u>
GENERAL GOVERNMENT:				
City Manager	31,196	-	6,603	24,593
MIS	104,932	3,663	-	108,595
Finance	168,287	9,368	46,265	131,390
Municipal building	512,672	33,212	-	545,884
Courthouse	249,472	-	-	249,472
Engineering	110,257	-	40,196	70,061
Service	24,657	-	-	24,657
Garage	154,081	7,649	-	161,730
Total	<u>1,355,554</u>	<u>53,892</u>	<u>93,064</u>	<u>1,316,382</u>
INTERNAL SERVICE	<u>29,292</u>	<u>-</u>	<u>-</u>	<u>29,292</u>
TOTAL GOVERNMENTAL CAPITAL ASSETS	\$ <u>13,004,007</u>	<u>3,387,874</u>	<u>134,893</u>	<u>16,256,988</u>

STATISTICAL SECTION

**CITY OF OXFORD, OHIO
GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN YEARS**

Year	Income and Property Taxes	Inter-Governmental	Charges for Services	Fines, Costs and Forfeitures	Interest	Miscellaneous	Total
1993	\$2,682,962	\$786,916	\$394,855	\$189,241	\$57,619	\$120,564	\$4,232,157
1994	4,251,870	1,117,429	408,153	196,914	88,109	431,009	6,493,484
1995	4,871,314	1,348,535	426,349	158,075	194,138	299,512	7,297,923
1996	4,546,037	1,317,148	448,760	154,772	265,004	411,039	7,142,760
1997	5,261,661	1,619,888	451,166	345,327	258,330	346,592	8,282,964
1998	5,360,319	2,283,539	536,202	326,554	349,681	509,541	9,365,836
1999	5,704,553	1,797,751	519,316	211,638	387,415	380,395	9,001,068
2000	6,112,025	1,777,536	575,533	266,803	806,230	594,957	10,133,084
2001	6,224,989	1,824,656	590,228	252,287	718,038	505,177	10,115,375
2002	6,354,693	1,930,985	677,582	311,089	297,911	510,261	10,082,521

NOTES: Information includes all Governmental Fund types.

Reflects increase in income tax rate from 1.0% to 1.75% effective January 1, 1994.

Miscellaneous revenue include Licenses, Permits and Inspections, Special Assessments, Contributions and Other.

Source: City of Oxford Finance Department

**CITY OF OXFORD, OHIO
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN YEARS**

Year	Security of Persons and Property	Public Health Services	Leisure Time Activities	Community Environment	Transportation	General Government	Capital Outlay	Debt Service	Total
1993	\$1,810,079	\$24,756	\$432,121	\$337,223	\$436,252	\$957,066	\$294,199	\$46,194	\$4,337,890
1994	2,008,646	38,654	452,965	484,339	470,026	1,047,783	911,481	69,321	5,483,215
1995	2,189,567	42,929	500,586	632,344	413,010	1,414,345	917,964	42,294	6,153,039
1996	2,674,983	181,164	514,932	617,428	528,460	1,162,220	1,241,857	24,928	6,945,972
1997	2,469,600	63,870	533,122	823,971	483,715	1,182,371	967,221	12,201	6,536,071
1998	2,712,829	74,364	562,200	975,852	576,046	1,176,293	2,065,350	1,270	8,144,204
1999	2,921,136	65,820	703,067	811,216	645,045	1,234,501	1,214,492	1,203	7,596,480
2000	3,060,053	79,450	733,136	606,858	710,463	1,329,800	3,223,963	331,056	10,074,779
2001	3,037,664	93,150	794,010	713,293	680,714	1,251,747	3,772,896	324,243	10,667,717
2002	3,438,323	129,143	883,344	1,219,167	849,020	1,360,079	3,757,645	324,054	11,960,775

NOTE: Information includes all Governmental Fund types.

Source: City of Oxford Finance Department

**CITY OF OXFORD, OHIO
INCOME TAX REVENUES
LAST TEN YEARS**

Year	Amount	% of Change
1993	\$2,065,877	25.8 %
1994	3,707,877	79.5
1995	4,050,556	9.2
1996	3,935,038	-2.9
1997	4,562,889	16.0
1998	4,769,853	4.5
1999	5,093,693	6.8
2000	5,412,771	6.3
2001	5,535,437	2.3
2002	5,649,198	2.1

NOTE: Reflects increase in income tax rate from 1.0% to 1.75%
effective January 1, 1994.

Source: City of Oxford Finance Department

**CITY OF OXFORD, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Year	Current Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
1993	\$400,534	\$390,849	97.6 %	\$11,361	\$402,210	100.4 %	\$15,017	3.7 %
1994	443,835	432,501	97.4	11,403	443,904	100.1	14,948	3.4
1995	451,419	439,326	97.3	16,447	455,773	101.0	10,594	2.3
1996	477,058	412,176	86.4	9,412	421,588	88.37	66,064	13.9
1997	482,023	474,506	98.4	12,277	486,783	101.0	61,304	12.7
1998	542,976	535,143	98.5	12,170	547,313	100.7	56,967	10.4
1999	571,315	554,900	97.1	14,712	569,612	99.7	58,670	10.3
2000	647,975	646,301	99.7	9,538	655,839	101.2	50,806	7.8
2001	707,705	641,337	90.6	9,811	651,148	92.0	107,363	15.2
2002	700,176	661,680	94.6	15,741	677,421	96.7	130,118	18.5

Source: Butler County Auditor's Office

**CITY OF OXFORD, OHIO
 ASSESSED AND ESTIMATED TRUE VALUES OF TAXABLE PROPERTY
 LAST TEN YEARS**

Year	ASSESSED VALUATIONS			ESTIMATED TRUE VALUES		
	Real Property	Public Utility Property	Personal Property	Total	(1) Real Property	(1) Personal Property
1993	\$101,113,060	\$7,960,160	\$8,749,081	\$117,822,301	\$288,894,457	\$32,404,003
1994	112,840,290	8,441,600	8,260,417	129,542,307	322,400,829	33,041,668
1995	114,597,730	8,780,890	8,248,280	131,626,900	327,422,086	32,993,120
1996	139,414,540	9,346,080	9,857,804	158,618,424	398,725,584	39,431,216
1997	143,924,230	8,933,890	12,468,584	165,326,704	411,212,086	49,874,336
1998	147,573,240	8,951,300	10,372,048	166,896,588	421,637,829	41,488,192
1999	172,268,090	8,882,460	11,324,795	192,475,345	492,194,543	45,299,180
2000	174,752,420	7,815,440	11,323,978	193,891,838	499,292,629	45,295,912
2001	174,924,750	6,939,160	9,965,115	191,829,025	499,785,000	39,860,460
2002	195,537,850	7,056,880	7,772,421	210,367,151	559,238,251	31,089,684

Source: Butler County Auditor's Office

(1) Does not include Public Utility Property

**CITY OF OXFORD, OHIO
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS**

Year	City	County	Township	School	Vocational School	Total Rate
1993	\$3.65	\$7.45	\$0.24	\$51.80	\$1.97	\$65.11
1994	3.65	7.45	0.24	51.80	1.93	65.07
1995	3.65	7.44	0.24	51.80	1.93	65.06
1996	3.65	8.44	0.24	46.30	1.93	60.56
1997	3.65	8.45	0.24	43.80	1.93	58.07
1998	3.65	8.45	0.24	43.80	1.93	58.07
1999	3.65	8.45	0.24	43.80	1.93	58.07
2000	3.65	8.45	0.24	50.30	1.93	64.57
2001	3.65	8.75	0.24	50.30	1.93	64.87
2002	3.65	8.75	0.24	50.30	1.93	64.87

Source: Butler County Treasurer's Office

**CITY OF OXFORD, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

Year	Total Assessments Due	Total Assessments Collected	Total Outstanding Assessments	Ratio of Collections To Amount Due
1993	\$9,456	\$7,727	\$1,729	81.7 %
1994	26,436	23,043	3,393	87.1
1995	50,286	43,061	7,225	85.6
1996	52,093	24,399	27,694	47.0
1997	50,449	39,970	10,479	79.2
1998	29,516	19,033	10,483	64.5
1999	20,476	19,629	847	95.9
2000	18,810	16,991	1,819	90.3
2001	17,377	17,264	113	99.3
2002	16,806	16,977	-171	99.3

Source: Butler County Auditor's Office

**CITY OF OXFORD, OHIO
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS**

Year	Population	Assessed Value	Net General Obligation Bonded Debt Outstanding	Bonded Debt Per Capita	Ratio of Bonded Debt to Assessed Value
1993	18,937	\$117,822,301	\$32,700	\$1.73	0.0278 %
1994	* 19,455	129,542,307	12,800	0.66	0.0099
1995	19,455	131,626,900	-	-	-
1996	19,455	158,618,424	-	-	-
1997	19,455	165,326,704	-	-	-
1998	19,455	166,896,588	-	-	-
1999	19,455	192,475,345	3,915,000	201.23	2.0340
2000	21,943	193,891,838	3,825,000	174.32	1.9727
2001	21,943	191,829,025	3,700,000	168.62	1.9288
2002	21,943	210,367,151	3,570,000	162.69	1.6970

Source: 1990 and 2000 U.S. Census Bureau

* Federal Census Bureau Division of Population Estimate
Butler County Auditor's Office
City of Oxford Finance Department

**CITY OF OXFORD, OHIO
 LEGAL DEBT MARGIN
 DECEMBER 31, 2002**

Total Assessed Property Value \$210,367,151

10-1/2% limitation

Overall Debt Limitations - 10-1/2% of Assessed Valuation		22,088,551
Gross Indebtedness	\$25,389,973	
Less Debt Outside Limitations	21,819,973	
Debt Within 10-1/2% Limitation	3,570,000	
Less Debt Service Fund Balance Available	0	
Net Debt Within 10-1/2% Limitation		3,570,000
Legal Debt Margin Within 10-1/2% Limitation		\$18,518,551

5-1/2% limitation

Unvoted Debt Limitation - 5-1/2% of Assessed Valuation		\$11,570,193
Gross Indebtedness Authorized by Council	\$25,389,973	
Less Debt Outside Limitations	21,819,973	
Debt Within 5-1/2% Limitation	3,570,000	
Less Debt Service Fund Balance Available	0	
Net Debt Within 5-1/2% Limitation		3,570,000
Legal Debt Margin Within 5-1/2% Limitation		\$8,000,193

Source: City of Oxford Finance Department

**CITY OF OXFORD, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING
 GENERAL OBLIGATION BONDED DEBT
 DECEMBER 31, 2002**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Oxford	Amount Applicable to City of Oxford
DIRECT:			
City of Oxford	\$3,570,000	100.00 %	\$3,570,000
OVERLAPPING:			
Talawanda School District	110,000	43.04	47,344
Butler County Career Center School District	1,995,000	3.61	72,020
Butler County	75,091,600	3.11	2,335,349
Total Overlapping Debt	<u>77,196,600</u>		<u>2,454,713</u>
Total	<u><u>\$80,766,600</u></u>		<u><u>\$6,024,713</u></u>

Source: Ohio Municipal Advisory Council

**CITY OF OXFORD, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO
TOTAL GENERAL GOVERNMENT EXPENDITURES
LAST TEN YEARS**

Year	Debt Principal	Interest	Debt Service Expenditures	Governmental Expenditures	Ratio of Debt Service Expenditures to Total General Governmental Expenditures
1993	\$18,500	\$3,358	\$21,858	\$4,337,890	0.50 %
1994	19,900	2,082	21,982	5,483,215	0.40
1995	12,800	238	13,038	6,153,039	0.21
1996	-	-	-	6,945,972	-
1997	-	-	-	6,536,071	-
1998	-	-	-	8,144,204	-
1999	-	-	-	7,596,480	-
2000	90,000	236,680	326,680	10,074,779	3.24
2001	125,000	199,243	324,243	10,667,717	3.04
2002	130,000	194,054	324,054	11,960,775	2.71

Source: City of Oxford Finance Department

**CITY OF OXFORD, OHIO
REVENUE BOND COVERAGE
WATER FUND
LAST TEN YEARS**

Year	Gross Revenues	Operating Expenditures	Net Revenue Available for Debt Service	Annual Debt Service			Debt Coverage Ratio
				Principal	Interest	Total	
1993	\$2,482,015	\$906,966	\$1,575,049	\$375,000	\$822,273	\$1,197,273	132 %
1994	2,619,621	987,370	1,632,251	385,000	810,085	1,195,085	137
1995	2,639,853	1,117,652	1,522,202	400,000	795,455	1,195,455	127
1996	2,640,607	1,097,988	1,542,618	420,000	778,255	1,198,255	129
1997	2,706,526	1,110,086	1,596,439	440,000	759,355	1,199,355	133
1998	2,898,443	1,161,645	1,736,797	460,000	738,675	1,198,675	145
1999	3,176,608	1,224,256	1,952,352	480,000	716,135	1,196,135	163
2000	2,861,227	1,274,434	1,586,793	505,000	691,655	1,196,655	133
2001	2,810,045	1,272,751	1,537,294	535,000	664,890	1,199,890	128
2002	2,815,778	1,258,812	1,556,966	560,000	636,000	1,196,000	130

The information is presented using the budgetary basis of accounting.

Data is for the twelve-month period ended November 30, in accordance with the Water Mortgage Revenue Bond indenture dated August 1, 1992.

The debt coverage ratio required by the bond indenture is 120%.

The Water Mortgage Revenue Bonds were fully refunded on 12/1/02, replaced by general obligation debt. Therefore, this will be the final year for this table.

Source: City of Oxford Finance Department

**CITY OF OXFORD, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS**

Year	Population	School Enrollment (Public)	Unemployment Rate
1993	18,937	3,478	6.5 %
1994	* 19,455	3,575	5.3
1995	19,455	3,609	4.0
1996	19,455	3,636	4.1
1997	19,455	3,636	3.5
1998	19,455	3,478	3.0
1999	19,455	3,392	2.6
2000	21,943	3,348	2.6
2001	21,943	3,334	3.2
2002	21,943	3,183	3.7

Source: 1990 and 2000 U.S. Census Bureau

* Federal Census Bureau Division of Population Estimate

Talawanda City School District

Ohio Bureau of Employment Services; rates are for Butler County

**CITY OF OXFORD, OHIO
CONSTRUCTION, PROPERTY VALUE AND BANK DEPOSITS
LAST TEN YEARS**

Year	Number of Permits	Construction Value	Property Value (1)	Bank Deposits in Thousands
1993	328	\$12,571,855	\$101,113,060	\$711,686
1994	266	15,279,523	112,840,290	737,683
1995	332	10,458,176	114,597,730	800,556
1996	332	9,940,278	139,414,540	783,398
1997	419	21,185,042	143,924,230	815,435
1998	414	11,490,976	147,573,240	864,105
1999	364	11,099,146	172,268,090	913,169
2000	342	17,613,230	174,752,420	1,152,810
2001	237	17,662,139	174,924,750	1,136,994
2002	402	20,233,645	195,537,850	1,257,078

Source: City of Oxford Finance Department
Federal Reserve Bank of Cleveland for Butler County, Ohio Banks

(1) Real Property Assessed Valuation

**CITY OF OXFORD, OHIO
2002 PRINCIPAL TAXPAYERS**

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Square D Company	Manufacturing	\$5,063,360	2.62 %
Cincinnati Gas & Electric	Utility	4,819,610	2.50
D & B Family Ltd Prt	Real Estate	3,980,890	2.06
First National Bank	Banking	3,467,730	1.80
Ray & Mary Day	Real Estate	3,274,860	1.70
Ogden Investments Prt	Real Estate	3,164,050	1.41
Brookside at Chestnut LLC	Real Estate	2,922,440	1.64
Ned & Vickie Hoelzer	Real Estate	2,812,320	1.51
University Commons Prt	Real Estate	2,731,593	1.33
Edward Redpath	Real Estate	2,559,730	1.46
	SUB-TOTAL	<u>34,796,583</u>	<u>18.01</u>
	ALL OTHERS	<u>158,373,675</u>	<u>81.99</u>
	TOTAL	<u><u>\$193,170,258</u></u>	<u><u>100.00 %</u></u>

**CITY OF OXFORD, OHIO
 MISCELLANEOUS STATISTICS
 DECEMBER 31, 2002**

	2002
Date of incorporation	1830
Date of municipal charter adoption	1960
Form of government	Council-Manager
Area	6.18 Square Miles
Miles of streets	49.2
Population (2000 U.S. Census)	21,943
 EMPLOYEES	
Number of authorized full-time employees	110
 FIRE AND EMS PROTECTION	
Fire chief (full-time)	1
Assistant fire chief (part-time)	1
Number of fire fighters (part-time)	30
Number of life squad members (part-time)	40
Number of stations	1
 POLICE PROTECTION	
Police Chief (full-time)	1
Additional authorized police officers (full-time)	26
Authorized civilian employees (full-time)	11
Number of stations	1
 RECREATION	
Number of parks	11
Number of swimming pools	1
 WATER SERVICE	
Number of consumers	4,175
Annual production (in million gallons)	920.06
Miles of water mains	70
 SEWER SERVICE	
Number of consumers	3,882
Annual treatment (in million gallons)	932.8
Miles of sanitary sewers	62.4
 PARKING METERS	
	519
 EDUCATION	
Number of schools	5
Number of teachers	233
Number of students	3,183
Miami University Enrollment	16,730
 HOSPITAL	
	60 beds
 LIBRARY	
	107,610 volumes

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Betty Montgomery**

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Facsimile 614-466-4490

CITY OF OXFORD

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 29, 2003**