

CITY OF OXFORD, OHIO

Independent Auditors' Report on
Internal Controls and Compliance

December 31, 2004



**Auditor of State
Betty Montgomery**

To the Mayor, City Council
and City Manager
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, 2004 through December 31, 2004. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 21, 2005

This Page is Intentionally Left Blank.



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

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

To the City Council
City of Oxford, Ohio:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxford as of and for the year ended December 31, 2004, which collectively comprise the City of Oxford's basic financial statements and have issued our report thereon dated May 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of 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 an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
May 13, 2005

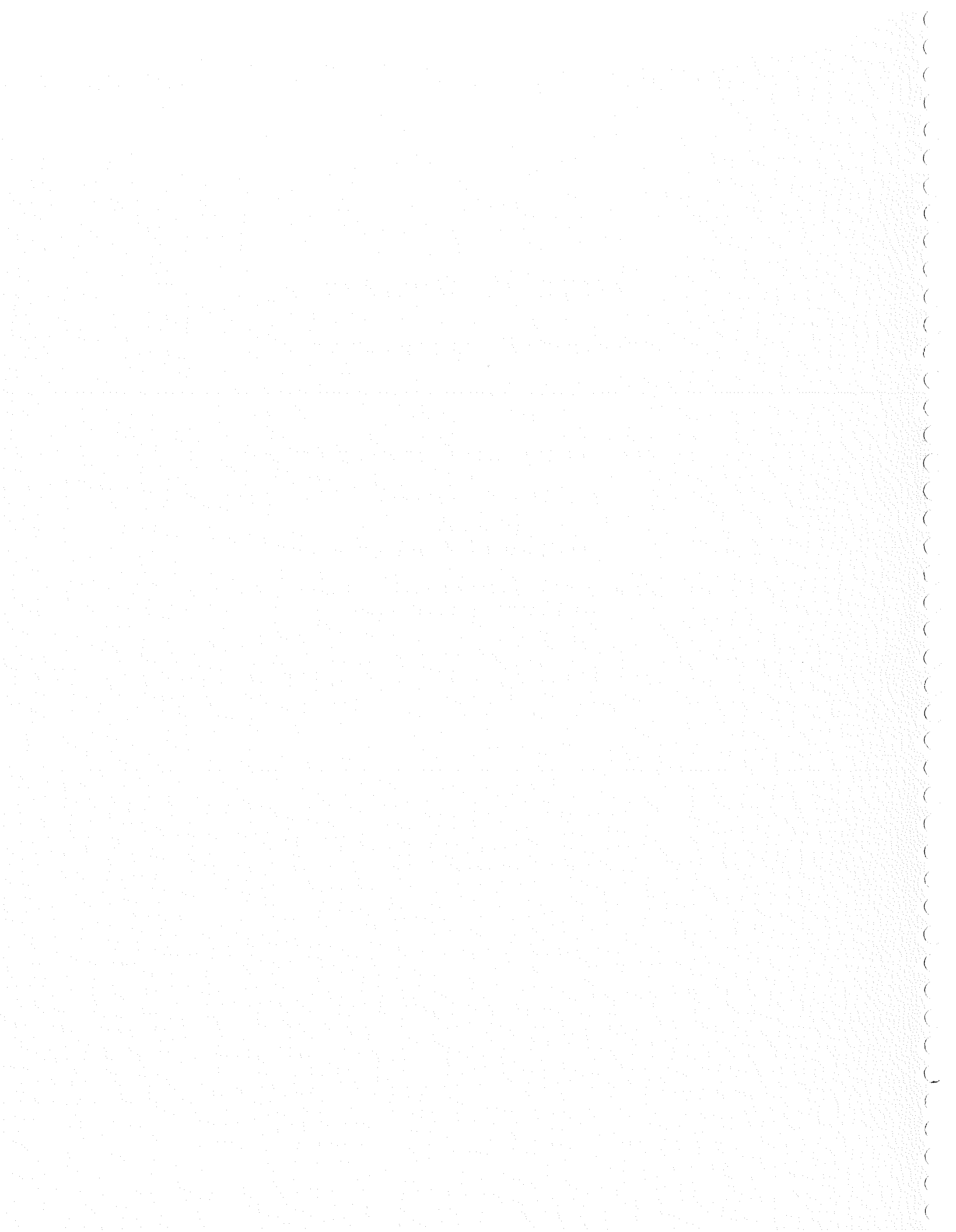
CITY OF OXFORD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

**ISSUED BY:
DEPARTMENT OF FINANCE**

*Thomas R. Peterson, CPA, CPFO, CGFM, Director
Heidi Hill, Accounting Manager*



**CITY OF OXFORD, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2004**

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	
Letter of Transmittal	i
City Officials	viii
Organization Chart	ix
GFOA Certificate of Achievement	x
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Statement of Net Assets - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Statement of Fiduciary Net Assets	25
Notes to the Basic Financial Statements	26
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis - General Fund	47
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis - Parking Fund	49
Notes to Required Supplementary Information	50

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
Supplemental Section:	
Fund Descriptions	54
Combining Balance Sheet - Non-major Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	58
Combining Balance Sheet - Non-major Special Revenue Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Special Revenue Funds	62
Combining Balance Sheet - Non-major Capital Projects Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Capital Projects Funds	65
Schedules of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budget Basis) for the following funds:	
Street Fund	66
State Highway Fund	67
Community Development Block Grant Fund	68
Community Development Block Grant Loan Fund	69
Law Enforcement Fund	70
Enforcement and Education Fund	71
Life Squad Fund	72
Debt Service Fund	73
Capital Improvement Fund	74
Parking Improvement Fund	75
Capital Equipment Fund	76
Parks and Open Spaces Fund	77
Combining Statement of Net Assets - Internal Service Funds	78
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds	79
Combining Statement of Cash Flows - Internal Service Funds	80
Combining Statement of Fiduciary Net Assets - Agency Funds	81
Combining Statement of Changes in Fiduciary Net Assets - Agency Funds	82

TABLE OF CONTENTS

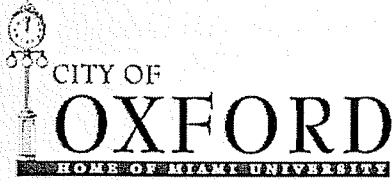
(Continued)

Page

STATISTICAL SECTION

General Government Revenues by Source - Last Ten Years	84
General Government Expenditures by Function - Last Ten Years	85
Income Tax Revenues - Last Ten Years	86
Property Tax Levies and Collections - Last Ten Years	87
Assessed and Estimated True Values of Taxable Property - Last Ten Years	88
Property Tax Rates - Direct and All Overlapping Governments - Last Ten Years	89
Special Assessments Billings and Collections - Last Ten Years	90
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Years	91
Legal Debt Margin	92
Computation of Direct and Overlapping General Obligation Bonded Debt	93
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Government Expenditures - Last Ten Years	94
Demographic Statistics - Last Ten Years	95
Construction, Property Value and Bank Deposits - Last Ten Years	96
Principal Taxpayers	97
Miscellaneous Statistics	98





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

May 13, 2005

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. 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 2005 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 15 and 16). 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, 2004 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, 2004, 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 6.19 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 17,200, 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 of Oxford.

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 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 47 for the General and Parking funds, and beginning on page 66 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 the past several years, 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 86. This provides for financial stability and a solid basis for management and long-term planning decisions.

At December 31, 2004, the City's net asset and fund balances are in strong financial condition as shown in the government-wide and fund financial statements beginning on page 15. The General fund has an unreserved fund balance of \$3,271,000, or 36% of expenditures and other financing uses of \$9,063,000. The Capital Improvement fund has an unreserved fund balance of \$5,529,000. For the utility funds, the Water and Sewer funds have unrestricted net assets of \$4,285,000 and \$6,905,000 each representing 204% and 239%, respectively, of annual operating and non-operating expenses. While the fund balances as a percentage of operating costs appear significant, fund reserves have been accumulated to fund both working capital and to fund a portion of the total future capital improvements. Refer to the discussion of future proposed capital project costs in the City's 5-year capital plan found later in this report.

Future 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. Being fiscally conservative, the 2005 operating budget of the City was decreased from 2004's original budget by 1.0%. 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. The State continues to experience a shortfall in revenues as a result of the economic slowdown. In the spring of 2003 the legislature reduced the funding it provides to local governments, including Oxford, by 2%. To address the State funding problem, effective July 1, 2003 State legislators imposed a temporary two-year additional 1% sales tax, to expire June 30, 2005. This spring, Governor Taft proposed in his 2005-2007 budget that the expiring 1% sales tax be replaced with a 0.5% sales tax, and that local government revenue funding to cities (including Oxford) be reduced 20% effective January 1, 2006. As of the date of this report, Taft's budget has been formally passed by the State house legislature, approving the 20% reduction. Discussions at the State Senate level thus far indicate they may approve the 20% reduction. The State budget will likely be approved prior to the beginning of the State's fiscal year, July 1. If the 20% reduction in State funding is retained, the City could see a reduction in annual State revenue sharing from 2004/2005 funding levels of approximately \$170,000. Anticipating an eventual reduction in revenue sharing, in its 2005 budget the City reduced its State revenue sharing budget by 10%, or half of this amount (about \$85,000). Therefore, while a reduction in funding is not beneficial, if it happens we believe the City will be able to accommodate the remaining 10% reduction without a substantial impact to services.

Additionally, State budget funding to Miami University could also 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. A reduction in State funding would generally be expected to be offset by tuition increases to maintain their revenue stream, unless the State lowers the tuition budget cap, which as of this writing is 9.9%. And with a 4:1 applicant-to-acceptance ratio, the demand for Miami enrollment would seem to support the ability to increase tuition. Therefore, we anticipate little impact to employment levels at the University, and hence to City income tax revenue withheld from their employees paychecks.

A few years ago the Federal government adopted a provision to phase-out inheritance taxes by the year 2011. There have been discussions by the State legislature to consider an elimination of the tax consistent with the federal elimination. Note that the City conservatively has not relied on State inheritance tax revenue to materially fund annual operating costs, budgeting only \$40,000 in 2004. For 2005's budget, the City continues to phase-out its reliance on this tax to fund General Fund operating costs, budgeting only \$30,000. In the late 1990s and early 2000s, the City received roughly \$400,000 - \$500,000 of estate taxes annually, although for 2004 the amount was only approximately \$131,000. In past years, the actual inheritance tax in excess of the budget historically has been used by Council to fund capital improvements. Therefore, a future potential elimination of the State inheritance tax by the Ohio legislature, if it were to happen, could have a substantial impact on capital improvement funding.

In 2004, the City earned \$339,477 of investment earnings compared to \$321,965, \$663,627, and \$1,731,993 in 2003, 2002, and 2001, respectively. These decreases are significant and are the result of two factors. First, investments which were made in 2000 and 2001 yielding 5%-6% or more have matured and have been reinvested at much lower rates. Second, fund balances accumulated to fund major projects in the five-year capital improvement plan have been spent on projects during the last three years, leaving less investment to earn interest. Fortunately, the City does not budget to spend the full investment earnings to fund operations. Instead, a portion of the earnings have historically been used to fund capital expenditures. Therefore, the consequence of the decrease in investment earnings has been a decrease in money transferred to capital funds. Currently it appears that with interest rates still below year 2000 levels, considering the City's 5-year proposed capital expenditure plan, the City may need to be conservative with capital expenditures in the near-term to minimize spending its reserves faster than the rate of replenishing them. Otherwise, if future capital expenditures exceed the rate of annual capital savings, invested balances will decline possibly impacting 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. Primary changes include raising deductible and co-pay levels and initiating monthly employee contributions, where formerly the plan was non-contributory. The City also raised the amount by which it funds the benefit plan from \$500/month in 2002 to \$600 in 2003, \$650 for 2004, and \$700 for 2005. Results show that the changes were effective in controlling costs and funding the benefit program for 2003. During 2004, revenues of \$953,000 exceeded expenses of \$913,000 by \$40,000 and therefore net assets increased from \$8,000 last year to \$48,000 by year-end 2004. No significant changes were made to the plan for 2005, but City Manager Jane Howington has directed the employee health committee to study alternatives during 2005 to make recommendations for changes for 2006. The City continues to be vigilant in monitoring and controlling health care costs for the future. But if the historical rate of increases does not decline, similar to many other governments and companies nation-wide, more significant changes may be required to both control costs and provide increased funding.

The potential future economic factors above are presented to enable the reader to understand factors which may have an influence on the City's long-term finances. To summarize, the City expects to experience for two-to-three years a period of limited revenue growth in its General fund. To accommodate this, the City has essentially adopted a 'status quo' spending strategy, whereby new programs or improvements to existing ones requiring major funding will be implemented only if new revenues are targeted, or other costs reduced, to fund them. Otherwise, such programs may need to be deferred until the financial picture improves. Additionally, for 2005's budget the City has limited expense growth and has increased selected user fees to assist in funding the costs of providing the related services. As a result of conservative financial management, the City has successfully minimized the impact of tightening financial conditions while maintaining both its existing services and its strong financial condition. 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 and City Council, the City continued its progress toward improved productivity and efficiency during 2004 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 2005. Some of the key projects include:

Economic Development – With scheduled opening on May 18, 2005 of a new Super Wal-Mart located on U.S. 27 North, there were requests from property owners to change the zoning in the adjacent area to General Business from Industrial. Several properties in the area have been zoned industrial for years with no development resulting. Due to the strong regional economic draw that Wal-Mart has a history of attaining; more development is expected on a side of town that has essentially been dormant for years. City Council approved the zoning changes in the early months of 2005. As a result, Oxford expects the U.S. 27 North corridor heading northwest from the center of town to see considerable business economic development over the next decade. Additionally, a developer has proposed constructing a multi-use retail project having second floor rental units on the old Stewart School site just a few blocks south of Oxford's 'Uptown' retail district. Lastly, the same developer has obtained preliminary approval for '4-Leaf Development', to be located just south of town off U.S. 27 South. This project includes single and multi-family housing and a tech park. The 4-Leaf economic development project is located in Oxford Township and not within the City limits. The City will be working with both the developer and the Township to partner to bring this project to fruition.

As part of this project, the developer is proposing to grant a right-of-way for a bypass to extend from U.S. 27 South, northeast to State Route 73, which comes into the City from the east. (Essentially this would be the southeast quadrant of a future bypass around the east side of town, to be followed by construction of a northeast section that would extend to U.S. 27 North heading out of town to Indiana. The principal goal is to reduce through-traffic in town that travels across the heavily-used Miami student pedestrian crosswalks.) The City worked with Miami University representatives and with U.S. Senator Mike DeWine to secure a \$4M grant through the federal government to fund preliminary engineering and environmental studies for this section of the bypass. Total additional cost to actually construct the bypass sometime in the future is roughly estimated to be \$20M. The City is hopeful that this cost can be funded mostly by grants, and will explore other alternative funding mechanisms in the future should the project move forward.

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 completed Parks Master Plan and the Comprehensive Plan, completed just prior to the purchase. 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. Parks bonds were issued in 1999 to combine with cash reserves. Construction began during the summer of 2002 and was completed in 2003. Limited casual use of the Park began in the fall of 2003, with organized sports league play beginning in 2004.

Phase I included significant land and infrastructure development including grading and preparation of the northern half of the park land, and installation of water, sewer, road and lighting improvements. Phase I also included the development of softball/baseball fields, soccer fields, a concession stand with restroom facilities, a maintenance building, community gathering area with a gazebo, and basketball, shuffleboard, horseshoes, and sand volleyball areas. Total Phase I costs approximated \$5 million and included land acquisition, engineering design, and construction. Funding came from capital reserves, several grants, and from \$2,550,000 of the total of \$3,915,000 of general obligation bonds issued in October, 1999. (The remainder of the bond issue was used to fund reconstruction of the City's Uptown Park area, completed in 2001). For 2005 the City will develop a portion of the park for additional soccer fields and related parking. In the future, 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. Portions of Phases II and III will be implemented where possible, funded by available capital reserves, and as grants and other funding become available.

Five-Year Capital Improvement Plan (CIP) – In the summer of 2004, City Manager Jane Howington provided her proposed five-year CIP to City Council, and the plan was adopted for a total of \$32,077,000 for the next five years, through 2009. The plan can be classified into three components: 1) Planned equipment purchases (\$2,739,000), including various police and other vehicle replacements, computer and related replacements, equipment for the new community

park, and various other equipment for the operating departments, 2) Annually recurring maintenance and 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 (\$2,000,000 budgeted for 2005), Community Park Phases II and III (\$3,340,000), Wastewater treatment plant improvements (\$8,929,000), and Streetscape improvements for Uptown Oxford (\$2,815,000). These potential projects demonstrate the Council's and City Manager's vision for the future improvement of the Oxford as a livable community. As mentioned, the projects will be approved in the future as available capital funds, debt, or grant funding is obtained.

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. The City contracts with a professional public funds money management firm to manage the bulk of the City's investments. The decisions on investments are made by the firm 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 2004 the City was in compliance with its investment policy and the Ohio Revised Code with regard to its investments and collateralization.

During 2004 the City also maintained funds in a separate investment account for the Refuse fund also managed by the investment firm. The source of the funds is as follows. The City was required by the Ohio EPA (OEPA) to environmentally seal its municipal landfill in 1996. Under requirements in place at the time, the City placed money into a separate 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 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 is used annually to fund Refuse Fund operating costs and debt service. See Note 3 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 general liability, vehicle, and property coverages. In addition, the City maintains excess general liability and public officials' coverage, municipal landfill property and pollution 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, 2003. 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 2003 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.

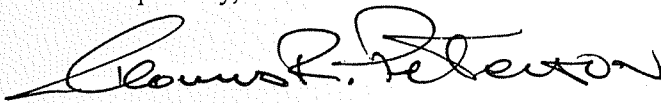
A Certificate of Achievement is valid for a period of one year only. The City of Oxford has received a Certificate of Achievement for the last twenty consecutive years (years ended 1984-2003). We believe this report conforms to the reporting standards set forth by the GFOA, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

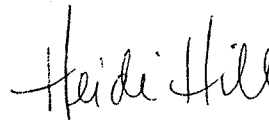
This report is the culmination of months of hard work by many individuals. I want to thank Accounting Manager Heidi Hill, Accounting Specialist LeAnn Isenhardt, Payroll and Benefits Specialist Katrina Bockover, Accounting Assistant Rosemary Frazee. I also wish to thank Faye Harsh, Utility Billing and Collections Supervisor, Joanna Murray, Utility Collections Specialist, and Joanne McDonough, 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 accrual conversion and CAFR preparation CPA firm, Rea and Associates. Additionally, we wish to thank the independent accounting firm of Clark, Schaefer, Hackett, and Co., Certified Public Accountants. Members of the staff of both firms contributed greatly working with City finance department staff toward the preparation and audit 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 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,



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



Heidi Hill
Accounting Manager

CITY OF OXFORD, OHIO

CITY OFFICIALS AS OF DECEMBER 31, 2004

City Council (Elected Officials)

Jerome Conley	Mayor
Prue Dana	Vice-Mayor
Steve Flee	Council Member
Alan Kyger	Council Member
Fran Liu	Council Member
Dave Prows	Council Member
Doug Ross	Council Member

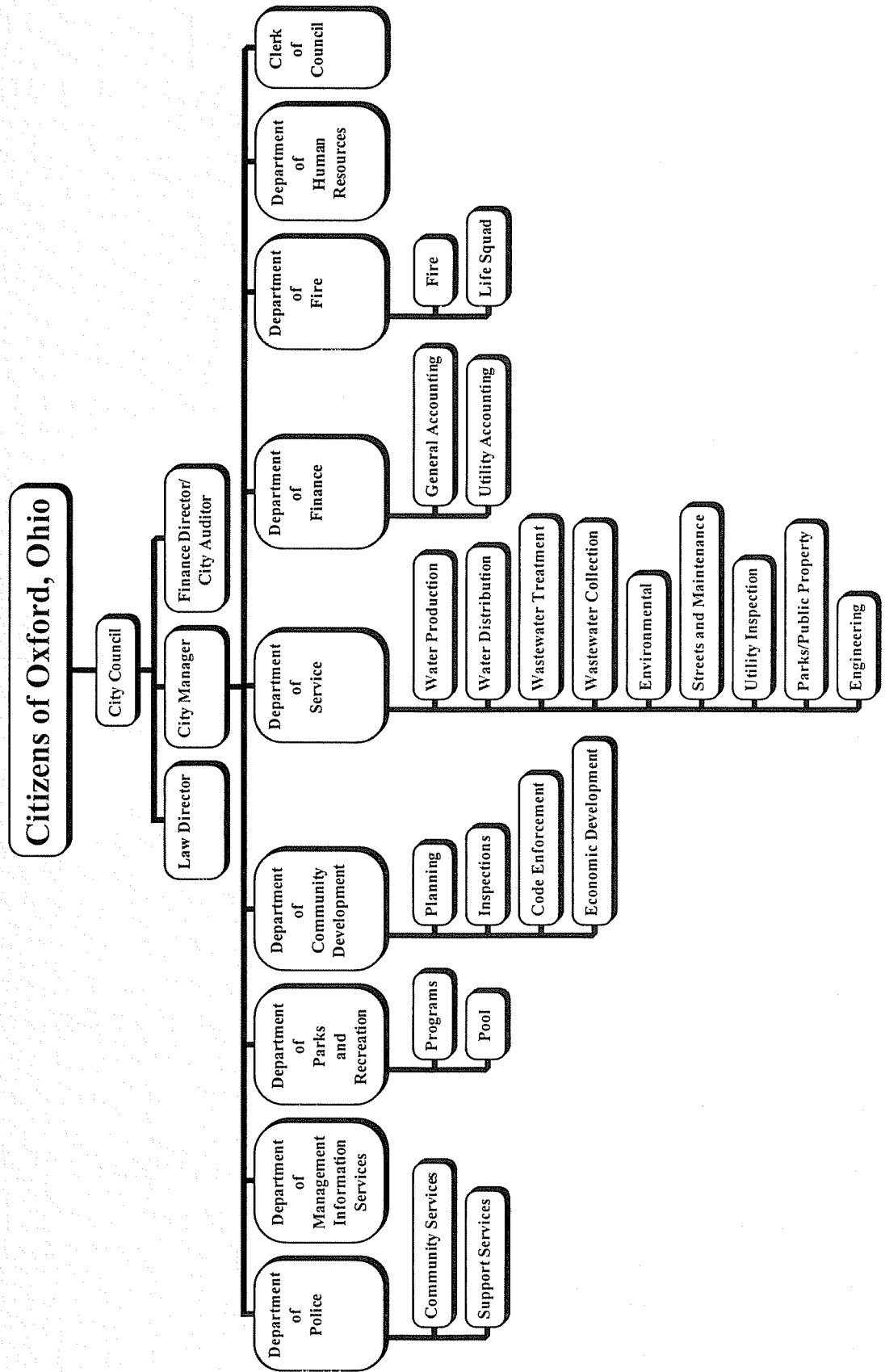
Administration

Jane Howington	City Manager
Gail Brahier	Parks & Recreation Director
Mike Dreisbach	Service Director
David Efland	Community Development Director
Len Endress	Fire Chief
Donna Heck	Human Resources Director/ Clerk of Council
Steve McHugh	Law Director
Tom Peterson	Finance Director
Steve Schwein	Police Chief

Department of Finance

Tom Peterson	Finance Director
Heidi Hill	Accounting Manager
Faye Harsh	Utility Billing and Collections Supervisor
Katrina Bockover	Payroll and Benefits Specialist
Rose Frazee	Accounting Assistant
LeAnn Isenhardt	Accounting Specialist
Joanne McDonough	Accounting Assistant
Joanna Murray	Utility Collections Specialist

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, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Emery

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, 2004, 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

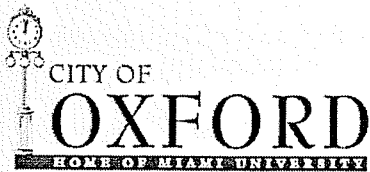
In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3-14 and 47-52, 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.

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 schedules, 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 and schedules 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 section 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, Hachett & Co.

Cincinnati, Ohio
May 13, 2005



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, 2004. 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 15.

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 15 and 16) 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 17.
- Fiduciary Financial Statement. The fiduciary financial statement (page 25) provides financial information about activities for which the City acts solely as agent for the benefit of those outside the government.
- Notes to the Basic Financial Statements. The Notes (beginning on page 26) 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 47 to 52) are presented for the General Fund and major special revenue fund (Parking fund) that compare actual results to the original and final budgets for those funds.

Supplementary Information

- Combining Financial Statements. These statements (starting on page 57) 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.

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 17. 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. 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 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. The combined financial statement for the three funds is reported on page 25.

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, 2004 and 2003:

	Governmental		Business-		Total *	
	Activities		Type			
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 14,726	13,939	14,923	13,983	29,649	27,922
Capital assets	14,063	13,653	28,245	29,239	42,308	42,893
Rounding	-	1	-	-	-	-
Total assets	<u>28,789</u>	<u>27,593</u>	<u>43,168</u>	<u>43,222</u>	<u>71,957</u>	<u>70,815</u>
Long-term debt outstanding	3,144	3,299	16,793	18,403	19,937	21,702
Other liabilities	1,982	1,903	1,918	1,954	3,900	3,857
Rounding	-	1	-	-	-	1
Total liabilities	<u>5,126</u>	<u>5,203</u>	<u>18,711</u>	<u>20,357</u>	<u>23,837</u>	<u>25,560</u>
Net assets:						
Invested in capital assets, net of debt	10,764	10,198	13,623	13,389	24,387	23,587
Restricted:						
Capital Purposes	-	175	-	-	-	175
Other purposes	812	789	618	618	1,430	1,407
Unrestricted	12,088	11,226	10,216	8,859	22,304	20,085
Rounding	(1)	2	1	-	-	2
Total net assets	<u>23,663</u>	<u>22,390</u>	<u>24,458</u>	<u>22,866</u>	<u>48,121</u>	<u>45,256</u>
Beginning net assets	22,390	20,435	22,866	21,679	45,256	42,114
Net increase	<u>1,273</u>	<u>1,955</u>	<u>1,592</u>	<u>1,187</u>	<u>2,865</u>	<u>3,142</u>
Ending net assets	<u>\$ 23,663</u>	<u>22,390</u>	<u>24,458</u>	<u>22,866</u>	<u>48,121</u>	<u>45,256</u>

* Crossfooted totals reflect rounding.

Net assets of the City increased by \$2,865,000, from \$45,256,000 to \$48,121,000. The increase was the result of the City's deliberately conservative budgeting and spending practices: Actual 2004 revenues exceeded estimates, and expenses were lower than budgeted. The result was an increase in both unrestricted and in total net assets, which is reflected in the increase in current assets (mostly cash and cash equivalents). In general, the increase in net assets is expected to fund future capital expenditures. Net capital assets decreased in 2004 primarily as a result of depreciation expense of \$1,763,241, offsetting the increase in capital improvements of \$1,246,588. Long-term debt decreased as a result principal payments during 2004.

B. Governmental and Business-type Activities

The following table presents a condensed summary of the City's activities during 2004 and the resulting change in net assets.

Table 2
Changes in Net Assets (in thousands)

	Governmental		Business-		Total	
	Activities		Type			
	2004	2003	2004	2003	2004	2003
Revenues						
<u>Program revenues:</u>						
Charges for services	\$ 1,507	1,390	7,228	6,976	8,735	8,366
Operating grants and contributions	662	599	-	-	662	599
Capital grants and contributions	221	274	409	71	630	345
Rounding	(1)	(1)	-	-	(1)	(1)
Total program revenues	<u>2,389</u>	<u>2,262</u>	<u>7,637</u>	<u>7,047</u>	<u>10,026</u>	<u>9,309</u>
<u>General revenues:</u>						
Property taxes	841	781	-	-	841	781
Income taxes	5,884	5,797	-	-	5,884	5,797
Grants and entitlements not restricted to specific programs	1,124	1,272	-	-	1,124	1,272
Investment earnings	168	121	171	197	339	318
Miscellaneous	46	542	4	1	50	543
Total general revenues	<u>8,063</u>	<u>8,513</u>	<u>175</u>	<u>198</u>	<u>8,238</u>	<u>8,711</u>
Total revenues	<u>10,452</u>	<u>10,775</u>	<u>7,812</u>	<u>7,245</u>	<u>18,264</u>	<u>18,020</u>
Program expenses						
General government	1,459	1,378	-	-	1,459	1,378
Security of persons and property	4,002	4,002	-	-	4,002	4,002
Public health services	117	120	-	-	117	120
Leisure time activities	1,282	1,002	-	-	1,282	1,002
Community environment	904	729	-	-	904	729
Transportation	1,230	1,401	-	-	1,230	1,401
Interest on long-term debt	183	188	-	-	183	188
Water utility operations	-	-	2,148	2,062	2,148	2,062
Sewer utility operations	-	-	2,975	2,772	2,975	2,772
Refuse utility operations	-	-	1,098	1,224	1,098	1,224
Rounding	2	-	(1)	1	1	1
Total program expenses	<u>9,179</u>	<u>8,820</u>	<u>6,220</u>	<u>6,059</u>	<u>15,399</u>	<u>14,879</u>
Rounding	-	-	-	1	-	1
Increase in net assets	\$ <u>1,273</u>	<u>1,955</u>	<u>1,592</u>	<u>1,187</u>	<u>2,865</u>	<u>3,141</u>

Revenue from charges for services reflects an increase from last year in recreation program fees, concession revenue at the new Community Park, and cable TV franchise fees. For Governmental Activities, income tax revenue showed only a modest increase (1.5%) as Oxford's economic pace reflected the sluggish national economic growth. Grants and entitlement revenue reflected the decrease in the estate tax received in 2004 compared to 2003. Miscellaneous revenue decreased because \$450,000 was received in 2003 as a return from the Oxford Community Improvement Corporation of unused funding that had been provided in 2002 for an economic development project that did not materialize. Program expenses are discussed in the following section 1).

For Business-type Activities, charges for services increased for a number of reasons. An 8% increase in water rates was implemented October 1, offsetting a slight decrease in volume sold due to increased conservation particularly among the large number of apartment complexes. Water tap revenue was higher (as was capacity benefit capital contributions to water and sewer) reflecting an increase in construction activity, including a new Super Wal*Mart being built in Oxford to replace an existing Wal*Mart. A refuse billing rate increase of 5% for commercial customers was instituted January 1, 2004 to pass-through a 5% cost increase for commercial customers in accordance with the contract with the local refuse hauler (residential rates and costs were unchanged). Note that the expense increase was offset by a decrease in the landfill postclosure payable by \$150,000, resulting in a net decrease overall in refuse expenses. Refer to section 2) below for further discussion of Business-type activities.

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 26% of the cost of the general government programs was recouped in program revenues in 2004 compared with 23% in 2003 (17% in 2002, and 19% in 2001).

Cost of Services

Leisure time services costs (and related revenues) increased as a result of increased recreational programs and park maintenance costs pertaining to the operations Oxford Community Park. The park opened in the October of 2003. Year 2004 was the first full year of operations, attracting fee-generating organized softball and soccer league play and tournaments as well as casual recreational usage.

Community and economic development increased due to a new contract in 2004 with our outside inspections firm paying them 90% of all inspections billed rather on a fixed annual fee basis. An increase in funding was provided to Oxford Talawanda Community Services for increased housing assistance, where the City contracts with this third party to privatize the housing assistance program.

Transportation expenditures decreased from 2003 principally as a result of a decrease in parking meters purchased during 2004, and a decrease in the interfund debt payment in 2004 from Parking fund to the Capital Improvement fund pertaining to the 2001 loan for the construction of the City parking garage.

Table 3
Governmental Activities (in thousands)

	<u>Total Cost of Services</u>		<u>Program Revenues</u>		<u>Net Cost of Services *</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General government	\$ 1,459	1,378	180	149	1,279	1,229
Security of persons and property	4,002	4,002	363	394	3,639	3,608
Public health	117	120	-	-	117	120
Leisure time services	1,282	1,002	285	359	997	643
Community and economic development	904	729	631	581	273	148
Transportation	1,230	1,401	931	778	299	623
Interest and fiscal charges	183	188	-	-	183	188
Rounding	-	-	(1)	1	2	-
Total	\$ <u>9,179</u>	<u>8,820</u>	<u>2,389</u>	<u>2,262</u>	<u>6,789</u>	<u>6,559</u>

* Crossfooted totals reflect rounding.

Program revenues

Transportation revenues increased in 2004 reflecting changes in parking implemented in the summer of 2004. These changes included an increase in meter fines and a lease payment from Miami University for the rights to institute parking patrol for three streets adjoining the campus. Additionally, a few streets formerly not metered were approved by Council for metering in 2004 resulting in increased meter and fine revenue. Council also approved metering beyond 6:00pm, to 8:00pm Monday-Saturday, in the Uptown Oxford retail district only. Leisure time services revenue decreased as a result of more capital grants for park development received in 2003 compared to 2004.

2) Business-type activities

The City's utility operations generated revenues in excess of the cost of services in 2004 and 2003. For water and sewer operations the funds will be used to fund capital expenditures planned under the City's Five-year Capital Improvement Plan. For the Refuse utility, the services are contracted out to a private hauler, and the additional funds generated will be used for working capital purposes and for the City's closed landfill for EPA-required

monitoring and capital maintenance. Revenues and expenses for the individual Business-type activities are discussed in greater detail in the following section.

Table 4
Business-type Activities (in thousands)

	<u>Total Cost</u>		<u>Program</u>		<u>Net Revenue</u>	
	<u>of Services</u>		<u>Revenues</u>		<u>from</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>Operations *</u>	<u>2004</u>
Water utility operations	\$ 2,148	2,062	2,830	2,454	683	391
Sewer utility operations	2,975	2,772	3,475	3,319	500	547
Refuse utility operations	1,098	1,224	1,332	1,274	234	50
Rounding	(1)	1	-	-	-	-
Total	\$ <u>6,220</u>	<u>6,059</u>	<u>7,637</u>	<u>7,047</u>	<u>1,417</u>	<u>988</u>

* Crossfooted totals reflect rounding

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 17. The City has fifteen governmental funds, three of which are considered major funds: the General Fund, the Parking Fund, and the Capital Improvement Fund. Assets of these three funds at December 31, 2004 comprise \$15,056,000 (88%) of the total \$17,139,000 governmental funds assets. The following provides an analysis of these major funds.

Table 5
Financial Highlights
Government Funds (in thousands)

	<u>General</u>		<u>Parking</u>		<u>Improvement</u>	
	<u>Fund</u>		<u>Fund</u>		<u>Fund</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Total assets	\$ 5,859	5,762	682	499	8,515	8,080
Total liabilities	2,180	2,238	2,382	2,470	115	22
rounding	-	-	-	-	1	-
Fund balance	<u>3,679</u>	<u>3,524</u>	<u>(1,700)</u>	<u>(1,971)</u>	<u>8,401</u>	<u>8,058</u>
Unreserved, undesignated fund balance	<u>3,271</u>	<u>3,173</u>	<u>(1,720)</u>	<u>(1,978)</u>	<u>5,529</u>	<u>5,265</u>
Revenues	9,212	9,878	461	379	27	240
Expenditures	<u>6,975</u>	<u>6,766</u>	<u>190</u>	<u>264</u>	<u>543</u>	<u>824</u>
Excess of revenues over (under) expenditures	2,237	3,112	271	115	(516)	(584)
Other financing sources (uses)	<u>(2,087)</u>	<u>(2,977)</u>	<u>-</u>	<u>-</u>	<u>859</u>	<u>1,800</u>
Net change in fund balance	\$ <u>150</u>	<u>135</u>	<u>271</u>	<u>115</u>	<u>343</u>	<u>1,216</u>

General Fund. Total assets at 2004 show a slight increase over 2003, the result of revenues exceeding expenditures and other financing uses. Total liabilities decreased, mostly due to a reduction in accrued wages as a result of timing of when the biweekly payroll is paid relative to the calendar, plus a reduction in interfund debt resulting from a principal repayment. The fund balance at the end of 2004 was \$3,679,000 including \$3,271,000 of

undesignated, unreserved fund balance. The undesignated unreserved fund balance represents 36% of annual expenditures and other financing uses of \$9,063,000, an increase over last year's percentage of 33%.

Revenues decreased from \$9,878,000 in 2003 to \$9,240,000 in 2004. Other financing sources declined in 2004 from the prior year because 2003's amount includes a return of \$450,000 by the Oxford Community Improvement Corporation of an amount provided to them in a prior year. The amount was distributed to them for use in partnering to lure a potential major new employer, but the opportunity fell through, and the amount was returned to the City. Other revenue items saw little change for 2004 versus 2003 with the overall economic slowdown limiting revenue growth. Expenditures increased about 3.1% from \$6,766,000 to \$6,975,000, generally spread throughout the various functions. There were no major changes in particular operations or in costs, except for a 3% increase in wages, the largest type of expenditure in the fund. The decrease in revenues combined with an increase in expenses resulted in a decrease in the excess of revenues over expenditures from \$3,112,000 in 2003 to \$2,237,000 in 2004. Because there was a larger amount available for transfer in 2003 than 2004, it is reflected in higher transfers to the Capital Improvement fund, as follows:

<u>Transfers to</u>	<u>In thousands</u>	
	<u>2004</u>	<u>2003</u>
Debt service fund, for Parks Bonds payment	327,000	327,000
Street fund, to fund operations	360,000	350,000
Capital Improvement fund	700,000	1,800,000
Capital Equipment fund	<u>700,000</u>	<u>500,000</u>
Totals	<u>2,087,000</u>	<u>2,977,000</u>

Parking Fund. Total assets increased from \$499,000 to \$682,000 as a result of higher revenues and a decline from 2003 in meter expenditures, resulting in an excess of revenue over costs, contributing to an increase in fund balance and in cash. Liabilities reflect a no-interest interfund loan, originally \$2,700,312 in 2001, from the Capital Improvement Fund. 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. The loan balance at year-end net of repayment in 2004 was \$2,370,000. Future revenues from parking meter fees and fines and leased garage spaces will be the source for repayment of the interfund loan to the Capital Improvement Fund, anticipated to be over a 20-25 year period. The Parking Fund shows a fund deficit because the capital asset (the parking garage) is not reflected as an asset under modified accrual accounting, which would otherwise offset the interfund loan payable.

Total Parking revenues increased from \$379,000 in 2003 to \$461,000 in 2004 (22%). This increase was the result of a number of factors. There was an increase in revenues from the increase in daily use of the parking garage. Additional metered zones were added: South Campus Street, Spring Street (from Campus to Patterson Avenues), and College Avenue (one block to the north and south of High Street) in 2003; and High Street west of College Avenue in 2004. The City entered into a contract for \$25,000 with Miami University to permit them parking enforcement rights on Oak and Maple streets on campus. In the summer of 2004 the Council approved requiring meter usage in the uptown area from 6p to 8pm, Monday – Saturday. Parking ticket fees were increased from \$5 to \$10 (with a correlating increase in the late fee, if the ticket is paid late). Additionally, there was an increase in collection efforts, including more aggressive booting of vehicles, resulting in increased meter fine collections.

Expenditures dropped from \$264,000 in 2003 to \$190,000 in 2004. This is the result of meter purchases in 2003 for the aforementioned additional metering done in 2003. This was also due to a decrease in the amount budgeted in 2004 for transfer to repay the parking garage loan. A lower amount was budgeted to permit more meter purchases in 2004, expected for expanding metered zones. But the proposed additional street metering was deferred for consideration in some future year.

Capital Improvement Fund. Total assets of \$8,515,000 for 2004 reflect an increase in cash from \$5,539,000 in 2003 to \$6,119,000. Year-end assets also include the interfund loan receivable from the Parking Fund of \$2,370,000. Revenues and other financing sources reflect the transfer-in during 2004 from the General Fund of \$700,000. Expenditures in 2004 were \$543,000, hence the unspent difference contributed to the increase in cash and a corresponding increase in fund balance. Total fund balance at December 31, 2004 is \$8,401,000 compared to \$8,058,000 at the prior year-end. Unreserved, undesignated fund balance totals \$5,504,000 for 2004. The primary expenditures during 2004 were for the annual street repaving program (\$233,000), and the U.S. 27 North Phase II road improvement project (principally for right-of-way valuations). Year 2003 expenditures of \$823,827 included the annual street repaving project (\$299,000), the Fairfield Road extension (\$216,000), and the Tallawanda Lane Improvements (\$333,000).

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 21.

Table 6
Financial Highlights
Enterprise Funds (in thousands)

	<u>Water</u> <u>Fund</u>		<u>Sewer</u> <u>Fund</u>		<u>Refuse</u> <u>Fund</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Total assets	\$ 16,712	16,690	23,639	23,653	2,777	2,853
Total liabilities	7,606	8,314	7,354	7,957	3,750	4,085
Rounding	-	-	1	(1)	-	-
Total net assets	<u>9,106</u>	<u>8,376</u>	<u>16,284</u>	<u>15,695</u>	<u>(973)</u>	<u>(1,232)</u>
Unrestricted net assets	<u>4,285</u>	<u>3,889</u>	<u>6,905</u>	<u>6,218</u>	<u>(1,015)</u>	<u>(1,275)</u>
Operating revenues	2,624	2,416	3,276	3,286	1,332	1,274
Operating expenses	1,862	1,763	2,613	2,387	982	1,102
Net non-operating rev (exp)	(242)	(252)	(273)	(314)	(90)	(69)
Capital contributions	210	38	199	33	-	-
Rounding	-	1	-	1	(1)	-
Net change in net assets	<u>\$ 730</u>	<u>440</u>	<u>589</u>	<u>619</u>	<u>259</u>	<u>103</u>

Water Fund. Total assets barely changed during the year. Total liabilities decreased as a result of 2004 debt payments which resulted in principal reductions. Unrestricted net assets increased from \$3,889,000 for 2003 to \$4,285,000 in 2004 as a result of revenues exceeding expenses.

Revenues increased from 2003 to 2004 from \$2,416,000 to \$2,624,000 primarily as a result of an 8% increase in the water rate applicable to all customers, implemented October 1, 2004. This was the first increase in the water rate since June, 1990. Water tap fee revenue was higher, reflecting construction activity, with the primary project contributing to this revenue being a new Super Wal*Mart constructed during 2004 and into 2005. This is also reflected in the increase in capital contributions (capacity benefit charges) from \$38,000 to \$210,000 in 2004.

Sewer Fund. Total assets are comparable from 2003 to 2004, as shown in the preceding table. Total liabilities declined due to annual debt payments resulting in principal reductions. The net change in net assets of \$589,000 is comparable to last year's amount of \$619,000. This reflects a solid margin of revenues in excess of expenses. This net difference, plus the reduction in long-term debt, is reflected in the increase of total unrestricted net assets from \$6,218,000 to \$6,905,000. The majority of this fund balance is being accumulated for future capital improvements. The City's five-year capital improvement plan includes projected costs of \$7,920,000 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.

Revenues for 2004 were essentially unchanged from 2003 reflecting little change in volume of water used (the basis for sewer billing). Net non-operating expenses declined, reflecting a slight decrease in interest expense as long-term debt is paid down. Capital contributions (capacity benefit charges) increased from \$33,000 to \$199,000 in 2004 reflecting increased construction activity.

Refuse Fund. The City contracts with a private vendor for refuse service provided to its customers. Total assets of \$2,777,000 include \$2,702,000 of pooled cash and investments. This significant amount resulted primarily 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 was required to set aside into a trust the current estimated cost for the subsequent 30 years of post-closure landfill monitoring (which was \$1,500,000). The OEPA released the trust funds (with accumulated interest) in 2000 as a result of the City's ability to demonstrate it had equity and net asset reserves in excess of newly-lowered requirements. The landfill funds will be used in the future to fund annual operating and debt service costs, to be utilized over the next 11 years parallel with the remaining term of outstanding debt. At year-end, the fund has outstanding debt of \$2,506,000, initially borrowed during 1995-1996 to fund the cost of the landfill closure. The final year of payment of this 20-year debt will be 2015. The net assets deficit of \$973,000 is the result of costs incurred and expensed in 1995-1996 in closing the landfill. Specifically, in 1996 the City incurred costs of approximately \$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 is reflected in the liabilities. The annual debt service is being funded through the refuse utility rates.

Revenues of \$1,332,000 in 2004 reflect the 5% increase in commercial rates effective January 1 of 2004, as compared to 2003's revenues of \$1,274,000. To manage this enterprise fund as a self-sufficient fund, the City Council increased billing rates to its non-residential (commercial) customers effective January of 2002 (3%), 2003 (4%), and 2004 (5%) to pass-through the cost increases per the contract with the waste hauler. Operating expenses increased in 2004 compared to the prior year because of the 5% cost increase per the contract. However, this was offset by a reduction in the landfill post-closure payable of \$150,000 from 2003 to 2004. As a result, total operating expenses decreased from \$1,102,000 in 2003 to \$982,000 in 2004.

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 21. The financial condition of one of the internal service funds, the Employee Benefits (health insurance) Fund, deserves additional mention. During 2004, revenues and interest income of \$953,000 exceeded expenses of \$913,000 by \$40,000 and therefore net assets increased from \$8,000 last year to \$48,000 by year-end 2004. The City increased the monthly employee interfund billing rate from \$600 to \$650 for 2004. There were no significant health care plan changes in 2004.

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 47. Other governmental funds with adopted budgets are presented in schedules beginning on page 66. During the year, the City made the following significant changes to its original General Fund budget:

- An appropriation of \$400,000 to transfer to the Capital Equipment Fund to provide additional funding for the purchase of a fire truck. The purchase was planned for 2005, but was accelerated to 2004 to take advantage of an incentive offered by the manufacturing for any contract for a fire truck entered into prior to steel material cost increases in 2004.
- An appropriation of \$140,000 to fund the increase in contracted costs for building inspections. When the budget was first prepared in the fall of 2003, the final contract had not been completed and therefore the anticipated cost was not known. With the completion of the final contract, the City shifted from a fixed fee to percentage-of-fees-based contract, causing the cost increase, but yielding improved inspection services.

V. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital assets

At the end of 2004, the City had \$42,308,000 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 related 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 2005 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-		Total *	
	Activities		Type			
	2004	2003	2004	2003	2004	2003
Land	\$ 1,623	1,623	369	369	1,992	1,992
Construction in progress	600	28	0	24	600	52
Buildings	4,363	4,446	5,343	5,522	9,705	9,968
Improvements	4,726	4,793	1,012	1,248	5,738	6,041
Equipment	1,913	2,054	1,129	1,250	3,042	3,304
Infrastructure	838	711	20,393	20,826	21,231	21,537
Rounding	-	(2)	(1)	-	-	(2)
Total	\$ 14,063	13,653	28,245	29,239	42,308	42,892

* Crossfooted totals reflect rounding.

Year 2004 did not have substantial capital improvement programs. This year there was one major addition, a new fire truck (\$581,000), plus the usual replacement of police and other vehicles. Miami University pledged to fund one-third of the cost of the fire truck, which is recorded as a receivable in the government-wide financials, and was subsequently received in the spring of 2005. Additions totaled \$1,213,000 and depreciation expense was \$1,763,000. Because the increase in accumulated depreciation exceeded additions, net capital assets decreased for the year from \$42,892,000 to \$42,308,000.

During 2004, 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 as well as land, buildings, and equipment. The CIP serves as a general planning tool, updated annually to reflect current priority needs as determined by City Council. As updated in 2004, the total cost of planned investments in the CIP for the five years beginning 2005 was \$32,077,000. 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, grants, and/or debt capacity are available at the planned date of implementation.

The City's 2005 budget calls for capital expenditures of \$4,951,000 for equipment purchases and capital construction projects. The budget as prepared in the fall of 2004 included \$2,000,000 for the upgrade of U.S. Route 27 North, \$670,000 for improvements to the Waste Water Treatment Plant, and \$185,000 for the Phase II extension of the sidewalk on Contreras Road out to the Community Park. The City has also budgeted \$300,000 for its annual street resurfacing program, plus additional monies for normal replacement of police and other automobiles, trucks, and other major equipment.

B. Debt

Debt activity for 2004 consisted of scheduled principal and interest payments on existing debt. There were no debt issuances during the year. Total long term debt outstanding at year-end was \$22,262,000. There was no debt notes issued during the year, and no note balances were outstanding at year-end. The City has a total of seven individual long-term debt issuances outstanding, with two being general obligation debts. The Parks Improvement Bonds issued in 1999, with principal outstanding at year-end of \$3,285,000, are paid from the General fund revenues. The 2002 Water refunding bonds are general obligation bonds with an outstanding balance of \$7,695,000 at year-end, but are paid by Water Utility revenues. The City has four individual debts borrowed by the Sewer fund (year end balance \$7,188,000) and one by the Refuse fund (year-end balance \$2,506,000). Both are paid from their respective utility revenues. These five borrowings were issued by the Ohio Water Development Authority for capital improvements between 1987 and 1998. Refer to Note 12 for additional debt information.

The City's most recent general obligation bond rating was received in the fall of 2002 in conjunction with the issuance of the \$9 million 12-year Water refunding bonds. The City's general obligation credit rating was upgraded by Moody's Investor Services, Inc., from A1 to Aa3.

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

Governmental funds

The national economy continued to reflect the repercussions of an economic slowdown which began in 2000. Oxford was generally unaffected by the effects of the national slowdown during 2000-2002. But the trend changed in 2003, when the City received less income tax than budgeted by \$129,000, and continued into 2004, when income tax revenues came in \$160,000 under budget. Some of the decline has been the result of the City's major manufacturer, Schneider-Square D, reducing its labor workforce as a result of the lack of pricing power and a declining market share for its electronic parts. This decline offset any other job and income tax growth elsewhere in the City. Fortunately, the City budgets conservatively, and therefore for most all other revenue line items the actual revenues exceeded budget - in total for the General fund by \$94,000 (including the income tax shortfall), more than offsetting the income taxes coming in under budget. Most of this additional revenue came from estate taxes and interest income, which exceeded budget by \$90,000 and \$104,000, respectively. Additionally, the City under spent its General fund budget by \$314,000. The consequence of sound financial budgeting and conservative cost management resulted in increasing the governmental fund balances funds remaining at year-end. No new major operating programs were initiated in 2004, although ongoing improvements continue to be made in service delivery. Given the financial constraints, under City Manager Jane Howington's continuous improvement program, staff members continue seek ways to improve service delivery and operating and cost efficiencies. Major capital improvements in 2004 were discussed in Section V.

As a result of actual income tax revenue coming in lower than expected, management is in the process of implementing changes to increase income tax revenue collections. Thus far in 2005, income tax revenues show growth over 2004. However it is early in the year, and therefore management will be monitoring the revenues very carefully. It could be that this income is the result of non-recurring revenues, perhaps from major construction such as the new Oxford Super-Wal*Mart that was nearly completed as of the date of this writing, and scheduled to open May 18th. The City will research to determine what portion of increased tax revenues is from permanent employment versus non-recurring revenue, principally from construction. The City is also experiencing cost increases in gasoline and diesel fuel, property and casualty insurance, gas heat, and employee health insurance costs. These increases made budgeting for 2005 more difficult, but the City was able to incorporate the increased costs in the 2005 budget via a 'status quo' budget (no new major initiatives), continuing to cut 'soft' costs, and by increasing certain user fees, including implementing billing for EMS runs.

Enterprise funds

Water and Sewer revenue declined slightly in 2004 because of limited growth in the City and as a result of conservation measures implemented by customers. A number of Miami Student rental apartment complexes undertook measures to reduce their usage and costs. A new user fee for account signup and close out began in 2004 resulting in \$70,000 of revenue. The fees offset the significant cost of services provided to signup, signout, and to read meters for new utility accounts, principally the result of students coming to college annually in the fall. Meanwhile water rates, which had not been increased since June 1990, were studied in the spring of 2004 and increased 8% effective October 1, 2004, applicable to all customers equally.

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 planned wastewater treatment plant capital improvements in the future. 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 \$7,166,000 at year-end. Under a master plan as accepted by the Ohio EPA, and as included in its 2004 5-year capital improvement plan, the City expects to incur an estimated \$7,920,000 for Phase II of improvements to the sewer plant and for Phase III engineering design. 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, and possibly Phase III, capital improvements.

Refuse rates for non-residential customers were increased in January, 2002, 2003, and 2004, passing through the 3%, 4%, and 5% (respectively) increase in costs charged under the private hauling contractor's contract. (There have been no increases costs or billing rates for residential customers since their rates were last changed in year 2000). The contract was bid out in 2004, effective January 2005, resulting in no cost increase for commercial customer service, but with a 12% cost increase for residential refuse pickups effective January 1, 2005. This 12%

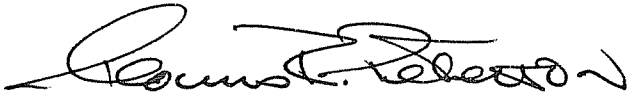
was passed through to residential customers beginning with the billing of January 1, 2005. The City will continue to closely monitor all utility operating and capital plan costs in order to maintain solid financial management in the future so that the utility funds remain self-sustaining.

Employee benefits (health insurance) fund

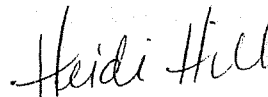
During a number of years since 2000, the Employee Benefits (health insurance) internal service fund has experienced health care cost increases in excess of amounts billed to the interfund departments, funding them with carryover balances in the Employee Benefits fund. A study was completed during 2002 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, resulting in restricting cost growth for that year. The City has increased its funding to the internal service fund from the operating funds in 2003 from \$500 per employee per month to \$600, to \$650 for 2004, and to \$700 for 2005. Revenues of the affected funds (General, Parking, Street, Water, Sewer, and Refuse funds) have been sufficient to absorb these increases in cost. The City's stop loss level was increased from \$25,000 to \$35,000 in 2003 and maintained at that level in 2004. Insurance premiums from various health insurance stop loss carriers have been solicited annually to obtain the most cost-effective choice. During 2003 these changes to the health plan were effective in reducing costs and increasing revenues, but for 2004, costs exceeded funding amounts on the budgetary basis by \$18,000. The employee health insurance committee has been active during 2005 studying possible options, and will bring forward recommended changes to the plan to be considered by the city manager and council, to become effective for 2006.

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
May 13, 2005



Heidi Hill
Accounting Manager

City of Oxford, Ohio
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 11,412,972	\$ 14,058,315	\$ 25,471,287
Taxes Receivable	1,872,411	-	1,872,411
Accounts Receivable	116,164	499,159	615,323
Special Assessments Receivable	10,890	6,858	17,748
Loans Receivable	40,713	-	40,713
Accrued Interest Receivable	92,401	96,226	188,627
Intergovernmental Receivable	1,094,303	-	1,094,303
Prepaid Items	29,499	23,144	52,643
Materials and Supplies Inventory	97,287	148,901	246,188
Internal Balances	(40,221)	40,221	-
Deferred Charges	-	50,063	50,063
Non-Depreciable Capital Assets	2,222,665	368,605	2,591,270
Depreciable Capital Assets, net	11,840,277	27,876,707	39,716,984
<i>Total Assets</i>	<u>28,789,361</u>	<u>43,168,199</u>	<u>71,957,560</u>
Liabilities			
Accounts Payable	199,042	124,984	324,026
Accrued Wages	44,858	1,032	45,890
Contracts Payable	85,941	-	85,941
Intergovernmental Payable	219,742	51,616	271,358
Accrued Interest Payable	14,636	21,263	35,899
Claims Payable	58,921	-	58,921
Deferred Revenue	753,002	-	753,002
Long-Term Liabilities:			
Due Within One Year	605,948	1,718,629	2,324,577
Due in More Than One Year	3,143,792	16,793,149	19,936,941
<i>Total Liabilities</i>	<u>5,125,882</u>	<u>18,710,673</u>	<u>23,836,555</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,763,535	13,622,770	24,386,305
Restricted for Other Purposes	811,876	618,471	1,430,347
Unrestricted	12,088,068	10,216,285	22,304,353
<i>Total Net Assets</i>	<u>\$ 23,663,479</u>	<u>\$ 24,457,526</u>	<u>\$ 48,121,005</u>

See accompanying notes to the basic financial statements.

City of Oxford, Ohio
Statement of Activities
Year Ended December 31, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 1,459,258	\$ 179,134	\$ 1,000	\$ -	\$ (1,279,124)	\$ -	\$ (1,279,124)
Security of Persons and Property	4,002,239	218,662	143,957	-	(3,639,620)	-	(3,639,620)
Public Health	117,057	200	-	-	(116,857)	-	(116,857)
Leisure Time Services	1,282,124	251,795	12,622	20,102	(997,605)	-	(997,605)
Community and Economic Development	904,090	257,788	172,649	200,488	(273,165)	-	(273,165)
Transportation	1,230,327	599,313	331,614	-	(299,400)	-	(299,400)
Interest and Fiscal Charges	183,472	-	-	-	(183,472)	-	(183,472)
Total Governmental Activities	9,178,567	1,506,892	661,842	220,590	(6,789,243)	-	(6,789,243)
Business-Type Activities							
Water	2,147,710	2,620,849	-	209,600	-	682,739	682,739
Sewer	2,975,150	3,275,774	-	199,200	-	499,824	499,824
Refuse	1,097,558	1,331,688	-	-	-	234,130	234,130
Total Business-Type Activities	6,220,418	7,228,311	-	408,800	-	1,416,693	1,416,693
Totals	\$ 15,398,985	\$ 8,735,203	\$ 661,842	\$ 629,390	\$ (6,789,243)	\$ 1,416,693	\$ (5,372,550)
General Revenues							
Property and Other Local Taxes Levied for General Purposes					840,967	-	840,967
Income Taxes Levied for General Purposes					5,883,833	-	5,883,833
Grants and Entitlements not Restricted to Specific Programs					1,123,952	-	1,123,952
Investment Earnings					168,002	171,475	339,477
Miscellaneous					45,868	3,591	49,459
Total General Revenues					8,062,622	175,066	8,237,688
Change in Net Assets					1,273,379	1,591,759	2,865,138
Net Assets Beginning of Year					22,390,100	22,865,767	45,255,867
Net Assets End of Year					\$ 23,663,479	\$ 24,457,526	\$ 48,121,005

See accompanying notes to the basic financial statements.

City of Oxford, Ohio
Balance Sheet
Governmental Funds
December 31, 2004

	General Fund	Parking Fund	Capital Improvement Fund	All Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 2,976,070	\$ 676,689	\$ 6,119,129	\$ 1,533,856	\$ 11,305,744
Taxes Receivable	1,872,411	-	-	-	1,872,411
Accounts Receivable	72,600	-	-	-	72,600
Special Assessments Receivable	-	-	10,890	-	10,890
Loans Receivable	-	-	-	40,713	40,713
Accrued Interest Receivable	80,248	5,008	-	5,749	91,005
Due From Other Funds	-	-	-	32,525	32,525
Intergovernmental Receivable	685,646	-	15,000	393,657	1,094,303
Prepaid Items	16,361	-	-	-	16,361
Materials and Supplies Inventory	5,380	-	-	76,413	81,793
Advances to Other Funds	150,000	-	2,370,312	-	2,520,312
<i>Total Assets</i>	<u>\$ 5,858,716</u>	<u>\$ 681,697</u>	<u>\$ 8,515,331</u>	<u>\$ 2,082,913</u>	<u>\$ 17,138,657</u>
Liabilities					
Accounts Payable	136,042	3,224	17,740	39,391	196,397
Accrued Wages	29,120	581	-	15,157	44,858
Contracts Payable	-	-	85,941	-	85,941
Intergovernmental Payable	198,500	3,675	-	17,567	219,742
Due to Other Funds	-	-	-	32,525	32,525
Deferred Revenue	1,816,001	4,185	10,890	368,459	2,199,535
Advances From Other Funds	-	2,370,312	-	150,000	2,520,312
<i>Total Liabilities</i>	<u>2,179,663</u>	<u>2,381,977</u>	<u>114,571</u>	<u>623,099</u>	<u>5,299,310</u>
Fund Balances					
Reserved for Encumbrances	252,639	19,432	501,773	165,692	939,536
Reserved for Inventory	5,380	-	-	76,413	81,793
Reserved for Advances	150,000	-	2,370,312	-	2,520,312
Unreserved, Undesignated, Reported in:					
General Fund	3,271,034	-	-	-	3,271,034
Special Revenue Funds	-	(1,719,712)	-	700,766	(1,018,946)
Capital Projects Funds	-	-	5,528,675	516,943	6,045,618
<i>Total Fund Balances (Deficit)</i>	<u>3,679,053</u>	<u>(1,700,280)</u>	<u>8,400,760</u>	<u>1,459,814</u>	<u>11,839,347</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,858,716</u>	<u>\$ 681,697</u>	<u>\$ 8,515,331</u>	<u>\$ 2,082,913</u>	<u>\$ 17,138,657</u>

See accompanying notes to the basic financial statements.

City of Oxford, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2004*

Total Governmental Fund Balances \$ 11,839,347

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 14,058,951

Other long-term assets are not available to pay for current period
 expenditures and therefore are deferred in the funds:

Income Tax	\$ 421,418
Intergovernmental and Other Receivables	1,025,115

Total 1,446,533

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. 83,024

In the statement of activities, interest is accrued on outstanding bonds,
 whereas in governmental funds, an interest expenditure is
 reported when due. (14,636)

Long-term liabilities are not due and payable in the current
 period and therefore are not reported in the funds:

General Obligation Bonds	(3,285,000)
Capital Leases	(14,407)
Compensated Absences	(450,333)

Total (3,749,740)

Net Assets of Governmental Activities \$ 23,663,479

See accompanying notes to the basic financial statements.

City of Oxford, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General Fund	Parking Fund	Capital Improvement Fund	All Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 840,967	\$ -	\$ -	\$ -	\$ 840,967
Income Taxes	5,858,965	-	-	-	5,858,965
Special Assessments	-	-	7,057	-	7,057
Charges for Services	352,068	366,780	-	-	718,848
Licenses and Permits	383,112	-	-	-	383,112
Fines and Forfeitures	271,854	84,893	-	2,378	359,125
Intergovernmental	1,260,925	-	15,000	491,804	1,767,729
Interest	192,468	9,215	-	2,659	204,342
Contributions and Donations	38,622	-	-	43,367	81,989
Other	13,452	-	4,947	22,587	40,986
Total Revenues	9,212,433	460,888	27,004	562,795	10,263,120
Expenditures					
Current:					
General Government	1,422,888	-	-	-	1,422,888
Security of Persons and Property	3,678,803	-	-	9,716	3,688,519
Public Health	111,157	-	-	-	111,157
Leisure Time Services	1,087,593	-	-	-	1,087,593
Community and Economic Development	662,989	-	461,846	162,286	1,287,121
Transportation	-	190,338	-	643,710	834,048
Capital Outlay	-	-	81,571	902,200	983,771
Debt Service:					
Principal Retirements	10,426	-	-	145,000	155,426
Interest and Fiscal Charges	1,601	-	-	182,235	183,836
Total Expenditures	6,975,457	190,338	543,417	2,045,147	9,754,359
Excess of Revenues Over(Under) Expenditures	2,236,976	270,550	(516,413)	(1,482,352)	508,761
Other Financing Sources (Uses)					
Transfers In	-	-	859,329	1,387,235	2,246,564
Transfers Out	(2,087,235)	-	-	(159,329)	(2,246,564)
Total Other Financing Sources (Uses)	(2,087,235)	-	859,329	1,227,906	-
Net Change in Fund Balances	149,741	270,550	342,916	(254,446)	508,761
Fund Balances (Deficit) Beginning of Year	3,523,932	(1,970,830)	8,057,844	1,699,825	11,310,771
Increase in Reserve for Inventory	5,380	-	-	14,435	19,815
Fund Balances (Deficit) End of Year	\$ 3,679,053	\$ (1,700,280)	\$ 8,400,760	\$ 1,459,814	\$ 11,839,347

See accompanying notes to the basic financial statements.

City of Oxford, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
December 31, 2004*

Net Change in Fund Balances - Total Governmental Funds \$ 508,761

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

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

Capital Asset Additions	\$	1,033,456	
Current Year Depreciation		<u>(589,195)</u>	
Total			444,261

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (34,657)

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

Income Tax		24,868	
Intergovernmental and Other Receivables		<u>163,958</u>	
Total			188,826

Repayment of bond principal and capital lease payments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 155,426

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 364

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.

Compensated Absences		(41,083)	
Change in Inventory		<u>19,815</u>	
Total			(21,268)

The internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 31,666

Change in Net Assets of Governmental Activities \$ 1,273,379

See accompanying notes to the basic financial statements.

City of Oxford, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2004

	Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Refuse	Totals	
Assets					
<i>Current Assets</i>					
Equity in Pooled Cash and Investments	\$ 4,406,706	\$ 6,949,439	\$ 2,702,170	\$ 14,058,315	\$ 107,228
Accounts Receivable	214,899	275,242	9,018	499,159	43,564
Special Assessments Receivable	-	6,858	-	6,858	-
Accrued Interest Receivable	36,841	55,070	4,315	96,226	1,396
Prepaid Items	1,696	1,154	20,294	23,144	13,138
Materials and Supplies Inventory	103,758	45,143	-	148,901	15,494
<i>Total Current Assets</i>	<u>4,763,900</u>	<u>7,332,906</u>	<u>2,735,797</u>	<u>14,832,603</u>	<u>180,820</u>
<i>Non-Current Assets</i>					
Deferred Charges	50,063	-	-	50,063	-
Non-Depreciable Capital Assets	334,735	16,870	17,000	368,605	-
Depreciable Capital Assets, net	11,563,414	16,288,796	24,497	27,876,707	3,991
<i>Total Non-Current Assets</i>	<u>11,948,212</u>	<u>16,305,666</u>	<u>41,497</u>	<u>28,295,375</u>	<u>3,991</u>
<i>Total Assets</i>	<u>16,712,112</u>	<u>23,638,572</u>	<u>2,777,294</u>	<u>43,127,978</u>	<u>184,811</u>
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable	25,963	19,796	79,225	124,984	2,645
Accrued Wages	804	228	-	1,032	-
Intergovernmental Payable	23,716	25,366	2,534	51,616	-
Accrued Interest Payable	21,263	-	-	21,263	-
Claims Payable	-	-	-	-	58,921
Compensated Absences Payable	99,389	121,134	12,334	232,857	-
General Obligation Bonds Payable	680,000	-	-	680,000	-
OWDA Loans Payable	-	612,862	192,910	805,772	-
<i>Total Current Liabilities</i>	<u>851,135</u>	<u>779,386</u>	<u>287,003</u>	<u>1,917,524</u>	<u>61,566</u>
<i>Long-Term Liabilities</i>					
General Obligation Bonds Payable - Net of Current Portion	6,754,665	-	-	6,754,665	-
OWDA Loans Payable - Net of Current Portion	-	6,575,015	2,313,040	8,888,055	-
Landfill Postclosure Care Payable	-	-	1,150,429	1,150,429	-
<i>Total Long-Term Liabilities</i>	<u>6,754,665</u>	<u>6,575,015</u>	<u>3,463,469</u>	<u>16,793,149</u>	<u>-</u>
<i>Total Liabilities</i>	<u>7,605,800</u>	<u>7,354,401</u>	<u>3,750,472</u>	<u>18,710,673</u>	<u>61,566</u>
Net Assets					
Invested in Capital Assets, Net of Related Debt Restricted for Other Purposes	4,463,484	9,117,789	41,497	13,622,770	3,991
Unrestricted	357,521	260,950	-	618,471	-
	4,285,307	6,905,432	(1,014,675)	10,176,064	119,254
<i>Total Net Assets</i>	<u>\$ 9,106,312</u>	<u>\$ 16,284,171</u>	<u>\$ (973,178)</u>	<u>\$ 24,417,305</u>	<u>\$ 123,245</u>

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

\$ 40,221
24,417,305

Net assets of business-type activities

\$ 24,457,526

See accompanying notes to the basic financial statements.

City of Oxford, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Refuse		
Operating Revenues					
Charges for Services	\$ 2,620,849	\$ 3,275,774	\$ 1,331,688	\$ 7,228,311	\$ 1,074,521
Other	3,561	30	-	3,591	-
<i>Total Operating Revenues</i>	<u>2,624,410</u>	<u>3,275,804</u>	<u>1,331,688</u>	<u>7,231,902</u>	<u>1,074,521</u>
Operating Expenses					
Personal Services	880,131	1,002,730	95,004	1,977,865	-
Contractual Services	322,061	499,541	809,884	1,631,486	52,345
Materials and Supplies	263,502	326,641	10,791	600,934	116,793
Claims	-	-	-	-	862,806
Depreciation	395,386	776,701	1,959	1,174,046	-
Other	798	7,737	64,861	73,396	-
<i>Total Operating Expenses</i>	<u>1,861,878</u>	<u>2,613,350</u>	<u>982,499</u>	<u>5,457,727</u>	<u>1,031,944</u>
<i>Operating Income</i>	<u>762,532</u>	<u>662,454</u>	<u>349,189</u>	<u>1,774,175</u>	<u>42,577</u>
Non-Operating Revenues (Expenses)					
Interest Revenue	57,970	88,844	24,661	171,475	2,946
Interest and Fiscal Charges	(299,689)	(361,800)	(115,059)	(776,548)	-
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(241,719)</u>	<u>(272,956)</u>	<u>(90,398)</u>	<u>(605,073)</u>	<u>2,946</u>
<i>Income Before Contributions</i>	520,813	389,498	258,791	1,169,102	45,523
Capital Contributions	209,600	199,200	-	408,800	-
<i>Change in Net Assets</i>	730,413	588,698	258,791	1,577,902	45,523
<i>Net Assets Beginning of Year</i>	<u>8,375,899</u>	<u>15,695,473</u>	<u>(1,231,969)</u>		<u>77,722</u>
<i>Net Assets End of Year</i>	<u>\$ 9,106,312</u>	<u>\$ 16,284,171</u>	<u>\$ (973,178)</u>		<u>\$ 123,245</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>13,857</u>	
Changes in net assets of business-type activities				<u>\$ 1,591,759</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, 2004

	Enterprise Funds			Governmental Activities - Internal Service Funds	
	Water	Sewer	Refuse		Totals
<i>Increase (Decrease) in Cash and Cash Equivalents</i>					
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 2,601,730	\$ 3,273,034	\$ 1,326,704	\$ 7,201,468	\$ 123,986
Cash Received from Interfund Services Provided	-	-	-	-	920,439
Other Operating Receipts	3,561	30	-	3,591	-
Cash Payments to Suppliers for Goods and Services	(279,882)	(366,835)	(10,791)	(657,508)	(122,845)
Cash Payments to Employees	(894,640)	(998,593)	(95,739)	(1,988,972)	-
Cash Payments for Employee Medical Claims	-	-	-	-	(879,562)
Cash Payments for Contractual Services	(343,438)	(505,833)	(964,333)	(1,813,604)	(61,451)
Cash Payments for Other Operating Expenses	(798)	(7,737)	(68,258)	(76,793)	-
<i>Net Cash Provided by (Used for) Operating Activities</i>	1,086,533	1,394,066	187,583	2,668,182	(19,433)
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(80,713)	(99,192)	-	(179,905)	-
Principal Payments on Debt	(675,000)	(579,154)	(184,784)	(1,438,938)	-
Interest Payments	(268,650)	(361,800)	(115,059)	(745,509)	-
Capital Contribution for Capacity	209,600	199,200	-	408,800	-
Capital Contributed by Special Assessments	-	12,624	-	12,624	-
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	(814,763)	(828,322)	(299,843)	(1,942,928)	-
Cash Flows from Investing Activities					
Interest	34,692	54,709	44,508	133,909	1,550
<i>Net Increase in Cash and Cash Equivalents</i>	306,462	620,453	(67,752)	859,163	(17,883)
<i>Cash and Cash Equivalents Beginning of Year</i>	4,100,244	6,328,986	2,769,922	13,199,152	125,111
<i>Cash and Cash Equivalents End of Year</i>	\$ 4,406,706	\$ 6,949,439	\$ 2,702,170	\$ 14,058,315	\$ 107,228

(continued)

City of Oxford, Ohio
Statement of Cash Flows
All Proprietary Funds
For the Year Ended December 31, 2004

	Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Refuse	Totals	
Reconciliation of Operating loss to Net Cash Provided by (Used for) Operating Activities					
<i>Operating Income</i>	\$ 762,532	\$ 662,454	\$ 349,189	1,774,175	\$ 42,577
Adjustments:					
Depreciation	395,386	776,701	1,959	1,174,046	-
(Increase) Decrease in Assets:					
Accounts Receivable	(19,119)	(2,740)	(4,984)	(26,843)	(41,476)
Materials and Supplies Inventory	(198)	(17,449)	-	(17,647)	(6,052)
Prepaid Items	7,579	(1,154)	(8,914)	(2,489)	(371)
Increase (Decrease) in Liabilities:					
Accounts Payable	(45,138)	(27,883)	711	(72,310)	2,645
Claims Payable	-	-	-	-	(16,756)
Accrued Wages	(19,667)	(22,446)	(2,223)	(44,336)	-
Compensated Absences Payable	(729)	22,109	881	22,261	-
Intergovernmental Payable	5,887	4,474	607	10,968	-
Landfill Post-Closure Payable	-	-	(149,643)	(149,643)	-
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 1,086,533</u>	<u>\$ 1,394,066</u>	<u>\$ 187,583</u>	<u>\$ 2,668,182</u>	<u>\$ (19,433)</u>

See accompanying notes to the basic financial statements.

City of Oxford, Ohio
Statement of Fiduciary Net Assets
Agency Funds
December 31, 2004

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Investments	\$ 17,820
Taxes Receivable	6,753
Accrued Interest Receivable	<u>142</u>
<i>Total Assets</i>	<u><u>24,715</u></u>
Liabilities	
Accounts Payable	6,753
Undistributed Monies	<u>17,962</u>
<i>Total Liabilities</i>	<u><u>\$ 24,715</u></u>

See accompanying notes to the basic financial statements.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

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. Governments also have the option of following subsequent FASB guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent FASB 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 a mayor. The council appoints a city manager, an auditor/finance director, and a law director who executes the laws and administers 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 17).

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 revenue 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.

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.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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 resource, 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, 2004, 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.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. 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 2004 amounted to \$339,477.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004 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.

F. 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.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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

H. Deferred Charges

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

I. 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.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, a liability is recorded for compensated absences only if they have matured, for example, as a result of employee resignations or retirements.

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.

J. 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.

K. 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.

L. 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: FUND DEFICITS

At December 31, 2004, the Refuse Fund had deficit net assets of \$973,178. 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 \$1,700,280 which is due to interfund borrowing for the construction of the new parking garage.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 3: 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 sheet as "Pooled Cash and Investments."

Cash Deposits – At year end, the carrying amount of the City's deposits was \$1,071,917 and the bank balance was \$1,346,767. Of the bank balance, \$125,191 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 \$1,221,576 covered by collateral pools.

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, banker's 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.

	Fair Value	Risk Category
U.S. Treasury Notes	\$ 4,443,902	Category 2
Federal National Mortgage Assoc. Notes	6,734,558	Category 2
Federal Home Loan Bank Notes	6,711,244	Category 2
Federal Home Loan Mortgage Corp. Note	6,504,995	Category 2
Treasury Mutual Funds	22,491	Unclassified
	\$ 24,417,190	

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 4: LOANS RECEIVABLE

Loans receivable consist of low-interest loans for development projects granted to eligible businesses under the Community Development Block Grant (CDBG) program. The amount of loans outstanding at December 31, 2004 is \$40,713 and is considered fully collectible.

NOTE 5: 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 2004 were levied on December 31, 2003 on assessed values listed as of January 1, 2003, the lien date. One-half of these taxes were due on February 15, 2004 with the remaining balance due on July 20, 2004. Tangible personal property taxes collected during 2004 had a levy date of December 31, 2003. One-half of these taxes were due between February 15, 2004 and April 30, 2004, with the remaining balance due on October 20, 2004.

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 the reappraisal. The most recent revaluation was completed in 2003. 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, 2004 was \$3.65 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property Assessed Valuation	\$ 204,730,900
Public Utility Real Property Assessed Valuation	7,385,770
Tangible Personal Property Assessed Valuation	<u>10,402,590</u>
 Total	 <u><u>\$ 222,519,260</u></u>

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 6: 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 2004 the proceeds were receipted to the General Fund.

NOTE 7: INTERFUND ASSETS/LIABILITIES

	Receivables	Payables
General Fund	\$ 150,000	\$ 0
Parking Fund	0	2,370,312
Capital Improvement Fund	2,370,312	0
Non-major Governmental Fund	0	150,000
	\$ 2,520,312	\$ 2,520,312

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.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 8: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2004 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,622,731	\$ 0	\$ 0	\$ 1,622,731
Construction in progress	27,527	581,334	(8,927)	599,934
Subtotal	1,650,258	581,334	(8,927)	2,222,665
<i>Capital assets being depreciated:</i>				
Buildings	5,684,328	19,639	(14,891)	5,689,076
Improvements	5,326,472	31,360	(7,649)	5,350,183
Equipment	4,527,357	268,301	(105,809)	4,689,849
General infrastructure	725,265	141,749	0	867,014
Subtotal	16,263,422	461,049	(128,349)	16,596,122
Totals at historical cost	17,913,680	1,042,383	(137,276)	18,818,787
<i>Less: accumulated depreciation:</i>				
Buildings	1,238,514	90,213	(2,541)	1,326,186
Improvements	533,806	98,480	(7,649)	624,637
Equipment	2,473,697	386,172	(83,502)	2,776,367
General infrastructure	14,325	14,330	0	28,655
Total accumulated depreciation	4,260,342	589,195	(93,692)	4,755,845
Capital assets, net	<u>\$ 13,653,338</u>	<u>\$ 453,188</u>	<u>\$ (43,584)</u>	<u>\$ 14,062,942</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 81,941
Security of Persons and Property	218,895
Leisure Time Services	150,504
Community Environment	7,358
Transportation	130,497
Total Depreciation Expense	<u>\$ 589,195</u>

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 8: CAPITAL ASSETS

Business-Type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 368,605	\$ 0	\$ 0	\$ 368,605
Construction in progress	24,300	0	(24,300)	0
Subtotal	392,905	0	(24,300)	368,605
<i>Capital assets being depreciated:</i>				
Buildings	8,384,846	29,860	0	8,414,706
Improvements	7,969,581	0	0	7,969,581
Equipment	3,827,768	78,856	0	3,906,624
Infrastructure	26,672,403	95,489	0	26,767,892
Subtotal	46,854,598	204,205	0	47,058,803
Totals at historical cost	47,247,503	204,205	(24,300)	47,427,408
<i>Less: accumulated depreciation:</i>				
Buildings	2,863,283	208,527	0	3,071,810
Improvements	6,721,249	235,945	0	6,957,194
Equipment	2,577,571	200,487	0	2,778,058
Infrastructure	5,845,947	529,087	0	6,375,034
Total accumulated depreciation	18,008,050	1,174,046	0	19,182,096
Capital assets, net	\$ 29,239,453	\$ (969,841)	\$ (24,300)	\$ 28,245,312

Depreciation expense was charged to segments as follows:

Water	\$ 395,386
Sewer	776,701
Refuse	1,959
Total Depreciation Expense	<u>\$ 1,174,046</u>

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 9: DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The City contributes to the Ohio Public Employees Retirement System (OPERS) which administers three separate pension plans as described below:

- ***The Traditional Pension Plan*** – a cost-sharing, multiple-employer defined benefit pension plan.
- ***The Member-Directed Plan*** – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings thereon.
- ***The Combined Plan*** – a cost sharing multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Plan and Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans discussed above. Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2004 member contribution rates were 8.5% of their annual salary for members in classifications other than law enforcement and public safety. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs, and township police contributed at a rate of 10.1%. Public safety division members contributed 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 OPERS for the years ended December 31, 2004, 2003 and 2002 were \$560,150, \$527,000 and \$491,000, respectively, equal to the required contributions for each year.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

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. The 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, 2004, 2003 and 2002 were \$316,589, \$314,000 and \$301,000, respectively, equal to the required contributions for each year.

NOTE 10: POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides Postemployment health care coverage to qualifying members of both the Traditional and Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor 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 OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2004 employer contribution rate was 13.55% of covered payroll for employees not engaged in law enforcement; 4.0% was the portion that was used to fund health care for the year. The 2004 employer contribution rate was 16.70% and 4.0% 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, 2003.

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 the unfunded actuarial accrued liability.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 10: POSTEMPLOYMENT BENEFITS (Continued)

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 2003 was 8.0%.

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 in the Traditional and Combined Plans totaled 369,885. The portion of the City's contributions that were used to fund Postemployment benefits was \$165,356. At December 31, 2003, the actuarial value of the Retirement System's net assets available for OPEB was \$10.5 billion. The actuarially accrued liability and unfunded actuarial accrued liability, based on the actuarial cost method used, was \$26.9 billion and \$16.4 billion, respectively.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides post-retirement health care coverage to any person who received or is eligible to receive a monthly service, disability, or survivor 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 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 2004.

In addition, retirees and survivors are 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, 2003 (the latest information available) was 13,662 for police and 10,474 for firefighters. The Fund's total health care expenses for the year ended December 31, 2003 were \$150,853,148, which was net of member contributions of \$17,207,506. The City's actual contributions for 2004 that were used to fund postemployment benefits were \$125,686.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 10: POSTEMPLOYMENT BENEFITS (Continued)

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 work week. 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 \$434,518 at December 31, 2004.

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 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 \$248,672 at December 31, 2004.

NOTE 11: 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 official's 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 \$35,000 per individual or \$673,005 in the aggregate in a given year are covered through a private insurance carrier.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 11: RISK MANAGEMENT (Continued)

The claims liability of \$58,921 reported in the fund at December 31, 2004 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 the 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 to the fund's claims liability amount for the past two years were:

	2004	2003
Unpaid claims, beginning of year	\$ 75,677	\$ 100,425
Incurred claims (including IBNR)	862,806	610,285
Claim payments	(879,562)	(635,033)
Unpaid claims, end of year	\$ 58,921	\$ 75,677

NOTE 12: LONG-TERM LIABILITIES

The following is a summary of changes during 2004 and balances for long-term liabilities of the City as of December 31, 2004:

	Balance 1/1/2004	Additions	Reductions	Balance 12/31/2004	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
1999 Park Improvement,					
1999-2019, 3.9% to 5.55%	\$ 3,430,000	\$ 0	\$ 145,000	\$ 3,285,000	\$ 150,000
Capital lease obligations	24,833	0	10,426	14,407	5,615
Compensated absences	409,250	670,755	629,672	450,333	450,333
Total	\$ 3,864,083	\$ 670,755	\$ 785,098	\$ 3,749,740	\$ 605,948

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.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 12: LONG-TERM LIABILITIES (Continued)

For the governmental activities, compensated absences are liquidated by the fund which pays the employee's salary.

	Balance 1/1/2004	Additions	Reductions	Balance 12/31/2004	Due Within One Year
Business-type activities:					
<i>Water Fund:</i>					
General Obligation Bonds:					
2002 Water Supply System					
2003-2014, 1.75% to 3.9%	\$ 8,370,000	\$ 0	\$ 675,000	\$ 7,695,000	\$ 680,000
Less: deferred amount on refunding	(286,368)	0	26,033	(260,335)	0
Subtotal	8,083,632	0	701,033	7,434,665	680,000
<i>Sewer Fund:</i>					
1987 ODWA Loan 7.73%	1,573,242	0	269,606	1,303,636	290,446
1997 OWDA Loan 4.12%	517,298	0	29,327	487,971	30,548
1997 OWDA Loan 4.12%	5,419,160	0	267,388	5,151,772	278,519
1998 OWDA Loan 3.98%	257,331	0	12,833	244,498	13,349
Subtotal	7,767,031	0	579,154	7,187,877	612,862
<i>Refuse Fund:</i>					
1995 OWDA Loan 4.35%	2,690,734	0	184,784	2,505,950	192,910
Landfill post-closure payable	1,300,072	27,751	177,394	1,150,429	0
Subtotal	3,990,806	27,751	362,178	3,656,379	192,910
Compensated absences	210,596	199,748	177,487	232,857	232,857
Total	<u>\$ 20,052,065</u>	<u>\$ 227,499</u>	<u>\$ 1,819,852</u>	<u>\$ 18,511,778</u>	<u>\$ 1,718,629</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.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 12: LONG-TERM LIABILITIES (Continued)

As of December 31, 2004, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$20,079,522. Principal and interest requirements to retire the City's outstanding obligations at December 31, 2004 were:

	Government Activities		Business-Type Activities			
	Park Improvement Bonds		Mortgage Revenue Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 150,000	\$ 175,638	\$ 680,000	\$ 255,150	\$ 805,772	\$ 436,995
2006	160,000	168,663	695,000	238,150	850,105	385,778
2007	165,000	161,063	710,000	220,775	897,106	350,062
2008	175,000	153,060	730,000	201,250	947,015	302,617
2009	180,000	144,397	750,000	179,350	608,601	252,462
2010-2014	1,060,000	569,130	4,130,000	478,300	3,453,419	845,901
2015-2019	1,395,000	240,592	0	0	2,131,809	185,483
Total	<u>\$ 3,285,000</u>	<u>\$ 1,612,543</u>	<u>\$ 7,695,000</u>	<u>\$ 1,572,975</u>	<u>\$ 9,693,827</u>	<u>\$ 2,759,298</u>

NOTE 13: CAPITALIZED LEASES

The City has leased copiers under capital leases. The assets under capital lease were recorded at \$46,646, 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 net present value of the minimum lease payments as of December 31, 2004:

Year Ending December 31	
2005	\$ 6,506
2006	6,290
2007	3,028
Minimum Lease Payments	<u>15,824</u>
Less: Amount Representing Interest	<u>1,417</u>
Present Value of Minimum Lease Payments	<u>\$ 14,407</u>

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 14: TRANSFERS

The City made the following transfers during 2004:

	Transfers In	Transfers Out
General Fund	\$ 0	\$ 2,087,235
Capital Improvement Fund	859,329	0
Non-major Governmental Funds	1,387,235	159,329
	\$ 2,246,564	\$ 2,246,564

The General Fund transferred \$327,235 to Debt Service Fund for general obligation bond retirement and \$360,000 to the Street Fund for operating costs associated with street maintenance. The General Fund also transferred \$700,000 to the Capital Improvement and Capital Replacement funds each for capital projects and equipment purchases. The Parks and Open Spaces Fund transferred \$159,329 to the Capital Improvement fund for the closure of the Parks and Open Spaces Fund.

NOTE 15: 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 \$1,150,429. 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 the 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.

NOTE 16: 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 total outstanding at December 31, 2004 is \$3,652,524. 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, 2004 was \$5,435,000.

CITY OF OXFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 16: CONDUIT DEBT (Continued)

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 17: 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 2004, the City made no contributions to the Hospital.

NOTE 18: 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 Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$ 763,300	\$ 764,000	\$ 833,503	\$ 69,503
Municipal Income Taxes	5,965,128	5,965,128	5,807,214	(157,914)
Charges for Services	359,400	388,400	345,646	(42,754)
Licenses and Permits	295,600	475,156	412,783	(62,373)
Fines and Forfeitures	255,000	255,000	272,595	17,595
Intergovernmental	1,141,003	1,128,428	1,288,522	160,094
Interest	100,000	100,000	203,518	103,518
Contributions and Donations	46,700	46,700	38,622	(8,078)
Other	1,600	1,600	16,223	14,623
<i>Total Revenues</i>	<u>8,927,731</u>	<u>9,124,412</u>	<u>9,218,626</u>	<u>94,214</u>
Expenditures				
Current:				
General Government				
Management Information Systems	108,652	108,652	101,712	6,940
City Manager	146,134	137,234	129,443	7,791
Administrative Support	55,900	79,150	79,022	128
Finance Department	234,406	234,406	229,161	5,245
Income Tax Collections	140,000	136,400	135,297	1,103
Law	124,677	139,127	138,403	724
Civil Service and Personnel	51,479	53,154	46,139	7,015
Clerk of Council	104,969	104,969	100,276	4,693
Legislative	43,227	43,227	39,225	4,002
Municipal Building	108,267	108,267	107,023	1,244
City Garage	130,411	125,411	115,943	9,468
Court House	30,700	26,705	23,490	3,215
Engineering	114,750	114,570	109,185	5,385
Insurance	145,400	175,400	174,883	517
<i>Total General Government</i>	<u>1,538,972</u>	<u>1,586,672</u>	<u>1,529,202</u>	<u>57,470</u>
Security of Persons and Property				
Police Law Enforcement	2,810,786	2,811,286	2,803,194	8,092
Traffic Control	61,470	61,470	59,610	1,860
Animal Control	42,132	42,132	40,426	1,706
Communications	591,459	590,959	624,600	(33,641)
Firefighting and Training	224,105	214,105	231,880	(17,775)
Life Squad	87,343	109,468	105,239	4,229
Emergency Management	9,450	9,450	7,333	2,117
Street Lighting	62,000	62,000	65,600	(3,600)
<i>Total Security of Persons and Property</i>	<u>3,888,745</u>	<u>3,900,870</u>	<u>3,937,882</u>	<u>(37,012)</u>

(Continued)

City of Oxford, Ohio
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public Health Services				
Cemeteries	16,000	16,000	22,897	(6,897)
Public Health	6,500	6,500	5,550	950
Community Assistance	91,500	91,500	91,406	94
<i>Total Public Health Services</i>	<u>114,000</u>	<u>114,000</u>	<u>119,853</u>	<u>(5,853)</u>
Leisure Time Services				
Senior Citizens and Community Center	46,031	48,031	40,202	7,829
Swimming Pool	91,064	107,164	96,771	10,393
Recreation Programs	576,774	593,974	536,968	57,006
Parks Maintenance	323,996	323,996	314,785	9,211
Recreation Administration	122,288	124,288	121,174	3,114
<i>Total Leisure Time Services</i>	<u>1,160,153</u>	<u>1,197,453</u>	<u>1,109,900</u>	<u>87,553</u>
Community and Economic Development				
Planning Department	234,482	234,370	205,341	29,029
Inspections	286,569	426,682	349,431	77,251
Affordable Housing	25,000	25,000	25,000	0
Urban Forestry	22,000	22,000	22,938	(938)
Economic Development	98,087	98,086	85,675	12,411
<i>Total Community and Economic Development</i>	<u>666,138</u>	<u>806,138</u>	<u>688,385</u>	<u>117,753</u>
<i>Total Expenditures</i>	<u>7,368,008</u>	<u>7,605,133</u>	<u>7,385,222</u>	<u>219,911</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>1,559,723</u>	<u>1,519,279</u>	<u>1,833,404</u>	<u>314,125</u>
Other Financing Sources (Uses)				
Transfers Out	(1,717,235)	(2,087,235)	(2,087,235)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,717,235)</u>	<u>(2,087,235)</u>	<u>(2,087,235)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(157,512)	(567,956)	(253,831)	314,125
<i>Fund Balances Beginning of Year</i>	2,814,449	2,814,449	2,814,449	0
Prior Year Encumbrances Appropriated	230,931	230,931	230,931	0
<i>Fund Balances End of Year</i>	<u>\$ 2,887,868</u>	<u>\$ 2,477,424</u>	<u>\$ 2,791,549</u>	<u>\$ 314,125</u>

City of Oxford, Ohio
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 328,771	\$ 328,771	\$ 364,485	\$ 35,714
Fines and Forfeitures	75,000	75,000	84,893	9,893
Interest	8,500	8,500	11,752	3,252
<i>Total Revenues</i>	<u>412,271</u>	<u>412,271</u>	<u>461,130</u>	<u>48,859</u>
Expenditures				
Current:				
Transportation	<u>330,977</u>	<u>331,577</u>	<u>207,327</u>	<u>124,250</u>
<i>Total Expenditures</i>	<u>330,977</u>	<u>331,577</u>	<u>207,327</u>	<u>124,250</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>81,294</u>	<u>80,694</u>	<u>253,803</u>	<u>173,109</u>
Other Financing Sources (Uses)				
Advances Out	<u>(85,000)</u>	<u>(85,000)</u>	<u>(85,000)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(85,000)</u>	<u>(85,000)</u>	<u>(85,000)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(3,706)</u>	<u>(4,306)</u>	<u>168,803</u>	<u>173,109</u>
<i>Fund Balances Beginning of Year</i>	491,631	491,631	491,631	0
Prior Year Encumbrances Appropriated	<u>1,144</u>	<u>1,144</u>	<u>1,144</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 489,069</u>	<u>\$ 488,469</u>	<u>\$ 661,578</u>	<u>\$ 173,109</u>

CITY OF OXFORD, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2004

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 (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.

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.

CITY OF OXFORD, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2004

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.

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 principals (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 the principal payments on debt obligations are reported on the operating statement (budget basis) rather than a balance sheet transaction (GAAP basis).

CITY OF OXFORD, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2004

The adjustments necessary to convert the results of operations for the year ended December 31, 2004, on the GAAP basis to the budget basis are as follows:

	General Fund	Parking Fund
Net Change in Fund Balance - <i>GAAP Basis</i>	\$ 177,593	\$ 270,639
Increase / (Decrease):		
Due to Revenues	(21,659)	242
Due to Expenditures	(104,339)	5,578
Due to Encumbrances	(305,426)	(22,656)
Due to Other Sources (Uses)	0	(85,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses - <i>Budget Basis</i>	\$ (253,831)	\$ 168,803

SUPPLEMENTAL SECTION

Combining Statements and Individual Fund Statements

LISTING OF CITY FUNDS

During 2004, the City had 23 funds for reporting purposes, as follows:

GENERAL FUND (1)

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 (9)

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.

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

Federal Emergency Management Agency Grant Fund – To account for federal grant monies used for snow emergency assistance. The financials reflect the grant receivable and a payable for the related transfer to the Street fund. There were no receipts or expenditures in 2004, and therefore no budget was adopted. As a result, a budget-versus-actual statement is not included.

DEBT SERVICE FUND (1)

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 (4)

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

Major Capital Projects Fund:

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

Non-major Capital Projects Funds:

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.

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

ENTERPRISE FUNDS (3)

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 (2)

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.

AGENCY FUNDS (3)

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, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 886,507	\$ -	\$ 647,349	\$ 1,533,856
Loans Receivable	40,713	-	-	40,713
Accrued Interest Receivable	5,733	-	16	5,749
Due From Other Funds	32,525	-	-	32,525
Intergovernmental Receivable	193,169	-	200,488	393,657
Materials and Supplies Inventory	76,413	-	-	76,413
<i>Total Assets</i>	<u>\$ 1,235,060</u>	<u>\$ -</u>	<u>\$ 847,853</u>	<u>\$ 2,082,913</u>
Liabilities				
Accounts Payable	\$ 39,391	\$ -	\$ -	\$ 39,391
Accrued Wages	15,157	-	-	15,157
Intergovernmental Payable	17,567	-	-	17,567
Due to Other Funds	32,525	-	-	32,525
Deferred Revenue	167,971	-	200,488	368,459
Advances From Other Funds	150,000	-	-	150,000
<i>Total Liabilities</i>	<u>422,611</u>	<u>-</u>	<u>200,488</u>	<u>623,099</u>
Fund Balances				
Reserved for Encumbrances	35,270	-	130,422	165,692
Reserved for Inventory	76,413	-	-	76,413
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	700,766	-	-	700,766
Capital Projects Funds	-	-	516,943	516,943
<i>Total Fund Balances</i>	<u>812,449</u>	<u>-</u>	<u>647,365</u>	<u>1,459,814</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,235,060</u>	<u>\$ -</u>	<u>\$ 847,853</u>	<u>\$ 2,082,913</u>

City of Oxford, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Fines and Forfeitures	\$ 2,378	\$ -	\$ -	\$ 2,378
Intergovernmental	491,804	-	-	491,804
Interest	881	-	1,778	2,659
Contributions and Donations	38,265	-	5,102	43,367
Other	22,587	-	-	22,587
<i>Total Revenues</i>	<u>555,915</u>	<u>-</u>	<u>6,880</u>	<u>562,795</u>
Expenditures				
Current:				
Security of Persons and Property	9,716	-	-	9,716
Community and Economic Development	160,138	-	2,148	162,286
Transportation	643,710	-	-	643,710
Capital Outlay	-	-	902,200	902,200
Debt Service:				
Principal Retirements	-	145,000	-	145,000
Interest and Fiscal Charges	-	182,235	-	182,235
<i>Total Expenditures</i>	<u>813,564</u>	<u>327,235</u>	<u>904,348</u>	<u>2,045,147</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>(257,649)</u>	<u>(327,235)</u>	<u>(897,468)</u>	<u>(1,482,352)</u>
Other Financing Sources (Uses)				
Transfers In	360,000	327,235	700,000	1,387,235
Transfers Out	-	-	(159,329)	(159,329)
<i>Total Other Financing Sources (Uses)</i>	<u>360,000</u>	<u>327,235</u>	<u>540,671</u>	<u>1,227,906</u>
<i>Net Change in Fund Balances</i>	102,351	-	(356,797)	(254,446)
<i>Fund Balances (Deficit) Beginning of Year</i>	695,663	-	1,004,162	1,699,825
Increase in Reserve for Inventory	14,435	-	-	14,435
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 812,449</u>	<u>\$ -</u>	<u>\$ 647,365</u>	<u>\$ 1,459,814</u>

THIS PAGE INTENTIONALLY LEFT BLANK

City of Oxford, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	Street	State Highway	FEMA Grant	Community Development Block Grant
Assets				
Equity in Pooled Cash and Investments	\$ 127,529	\$ 14,652	\$ -	\$ 138,841
Loans Receivable	-	-	-	-
Accrued Interest Receivable	856	132	-	-
Due From Other Funds	32,525	-	-	-
Intergovernmental Receivable	106,373	8,805	32,525	45,466
Materials and Supplies Inventory	76,413	-	-	-
<i>Total Assets</i>	<u>\$ 343,696</u>	<u>\$ 23,589</u>	<u>\$ 32,525</u>	<u>\$ 184,307</u>
Liabilities				
Accounts Payable	\$ 5,083	\$ -	\$ -	\$ 34,308
Accrued Wages	15,157	-	-	-
Intergovernmental Payable	17,567	-	-	-
Due to Other Funds	-	-	32,525	-
Deferred Revenue	119,986	7,272	-	-
Advances From Other Funds	-	-	-	150,000
<i>Total Liabilities</i>	<u>157,793</u>	<u>7,272</u>	<u>32,525</u>	<u>184,308</u>
Fund Balances				
Reserved for Encumbrances	15,015	1,603	-	14,902
Reserved for Inventory	76,413	-	-	-
Unreserved, Undesignated, Reported in: Special Revenue Funds	94,475	14,714	-	(14,903)
<i>Total Fund Balances</i>	<u>185,903</u>	<u>16,317</u>	<u>-</u>	<u>(1)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 343,696</u>	<u>\$ 23,589</u>	<u>\$ 32,525</u>	<u>\$ 184,307</u>

Community Development Block Loan	Law Enforcement	Enforcement and Education	Life Squad	Total Nonmajor Special Revenue Funds
\$ 500,612	\$ 62,367	\$ 7,448	\$ 35,058	\$ 886,507
40,713	-	-	-	40,713
3,986	462	56	241	5,733
-	-	-	-	32,525
-	-	-	-	193,169
-	-	-	-	76,413
<u>\$ 545,311</u>	<u>\$ 62,829</u>	<u>\$ 7,504</u>	<u>\$ 35,299</u>	<u>\$ 1,235,060</u>
\$ -	\$ -	\$ -	\$ -	\$ 39,391
-	-	-	-	15,157
-	-	-	-	17,567
-	-	-	-	32,525
40,713	-	-	-	167,971
-	-	-	-	150,000
<u>40,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,611</u>
-	3,750	-	-	35,270
-	-	-	-	76,413
<u>504,598</u>	<u>59,079</u>	<u>7,504</u>	<u>35,299</u>	<u>700,766</u>
<u>504,598</u>	<u>62,829</u>	<u>7,504</u>	<u>35,299</u>	<u>812,449</u>
<u>\$ 545,311</u>	<u>\$ 62,829</u>	<u>\$ 7,504</u>	<u>\$ 35,299</u>	<u>\$ 1,235,060</u>

City of Oxford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004

	Street	State Highway	FEMA Grant	Community Development Block Grant
Revenues				
Fines and Forfeitures	\$ -	\$ -	\$ -	\$ -
Intergovernmental	276,022	18,316	-	192,667
Interest	1,349	214	-	-
Contributions and Donations	-	-	-	-
Other	835	-	-	-
<i>Total Revenues</i>	<u>278,206</u>	<u>18,530</u>	<u>-</u>	<u>192,667</u>
Expenditures				
Current:				
Security of Persons and Property	-	-	-	-
Community and Economic Development	-	-	-	145,138
Transportation	628,795	14,915	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<i>Total Expenditures</i>	<u>628,795</u>	<u>14,915</u>	<u>-</u>	<u>145,138</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>(350,589)</u>	<u>3,615</u>	<u>-</u>	<u>47,529</u>
Other Financing Sources				
Transfers In	360,000	-	-	-
<i>Total Other Financing Sources</i>	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	9,411	3,615	-	47,529
<i>Fund Balances (Deficit) Beginning of Year</i>	162,057	12,702	-	(47,530)
Increase in Reserve for Inventory	14,435	-	-	-
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 185,903</u>	<u>\$ 16,317</u>	<u>\$ -</u>	<u>\$ (1)</u>

<u>Community Development Block Loan</u>	<u>Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Life Squad</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 750	\$ 1,628	\$ 4,799	\$ 7,177
-	-	-	-	487,005
(2,019)	758	106	473	881
-	32,425	-	5,840	38,265
<u>21,692</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>22,587</u>
<u>19,673</u>	<u>33,993</u>	<u>1,734</u>	<u>11,112</u>	<u>555,915</u>
-	4,450	-	5,266	9,716
15,000	-	-	-	160,138
-	-	-	-	643,710
-	-	-	-	-
-	-	-	-	-
<u>15,000</u>	<u>4,450</u>	<u>-</u>	<u>5,266</u>	<u>813,564</u>
<u>4,673</u>	<u>29,543</u>	<u>1,734</u>	<u>5,846</u>	<u>(257,649)</u>
-	-	-	-	360,000
-	-	-	-	360,000
4,673	29,543	1,734	5,846	102,351
499,925	33,286	5,770	29,453	695,663
-	-	-	-	14,435
<u>\$ 504,598</u>	<u>\$ 62,829</u>	<u>\$ 7,504</u>	<u>\$ 35,299</u>	<u>\$ 812,449</u>

City of Oxford, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	Capital Equipment	Parking Improvement	Parks and Open Spaces	Total Nonmajor Capital Projects Funds
Assets				
Equity in Pooled Cash and Investments	\$ 647,002	\$ 347	\$ -	\$ 647,349
Accrued Interest Receivable	-	16	-	16
Intergovernmental Receivable	200,488	-	-	200,488
<i>Total Assets</i>	<u>\$ 847,490</u>	<u>\$ 363</u>	<u>\$ -</u>	<u>\$ 847,853</u>
Liabilities				
Deferred Revenue	\$ 200,488	\$ -	\$ -	\$ 200,488
<i>Total Liabilities</i>	<u>200,488</u>	<u>-</u>	<u>-</u>	<u>200,488</u>
Fund Balances				
Reserved for Encumbrances	130,422	-	-	130,422
Unreserved, Undesignated, Reported in: Capital Projects Funds	516,580	363	-	516,943
<i>Total Fund Balances</i>	<u>647,002</u>	<u>363</u>	<u>-</u>	<u>647,365</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 847,490</u>	<u>\$ 363</u>	<u>\$ -</u>	<u>\$ 847,853</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, 2004

	Capital Equipment	Parking Improvement	Parks and Open Spaces	Total Nonmajor Capital Projects Funds
Revenues				
Interest	\$ -	\$ (8)	\$ 1,786	\$ 1,778
Contributions and Donations	-	-	5,102	5,102
<i>Total Revenues</i>	-	(8)	6,888	6,880
Expenditures				
Current:				
Community and Economic Development	-	2,148	-	2,148
Capital Outlay	879,102	-	23,098	902,200
<i>Total Expenditures</i>	879,102	2,148	23,098	904,348
<i>Excess of Revenues Over(Under) Expenditures</i>	(879,102)	(2,156)	(16,210)	(897,468)
Other Financing Sources (Uses)				
Transfers In	700,000	-	-	700,000
Transfers Out	-	-	(159,329)	(159,329)
<i>Total Other Financing Sources (Uses)</i>	700,000	-	(159,329)	540,671
<i>Net Change in Fund Balances</i>	(179,102)	(2,156)	(175,539)	(356,797)
<i>Fund Balances Beginning of Year</i>	826,104	2,519	175,539	1,004,162
<i>Fund Balances End of Year</i>	\$ 647,002	\$ 363	\$ -	\$ 647,365

City of Oxford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 254,000	\$ 254,000	\$ 274,258	\$ 20,258
Interest	2,000	2,000	1,783	(217)
Other	-	-	835	835
<i>Total Revenues</i>	<u>256,000</u>	<u>256,000</u>	<u>276,876</u>	<u>20,876</u>
Expenditures				
Current:				
Transportation	<u>623,729</u>	<u>630,579</u>	<u>632,461</u>	<u>(1,882)</u>
<i>Total Expenditures</i>	<u>623,729</u>	<u>630,579</u>	<u>632,461</u>	<u>(1,882)</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>(367,729)</u>	<u>(374,579)</u>	<u>(355,585)</u>	<u>18,994</u>
Other Financing Sources (Uses)				
Transfers In	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(7,729)	(14,579)	4,415	18,994
<i>Fund Balances Beginning of Year</i>	102,040	102,040	102,040	-
Prior Year Encumbrances Appropriated	<u>2,266</u>	<u>2,266</u>	<u>2,266</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 96,577</u>	<u>\$ 89,727</u>	<u>\$ 108,721</u>	<u>\$ 18,994</u>

City of Oxford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 17,700	\$ 17,700	\$ 18,172	\$ 472
Interest	100	100	281	181
<i>Total Revenues</i>	<u>17,800</u>	<u>17,800</u>	<u>18,453</u>	<u>653</u>
Expenditures				
Current:				
Transportation	<u>15,000</u>	<u>15,000</u>	<u>16,518</u>	<u>(1,518)</u>
<i>Total Expenditures</i>	<u>15,000</u>	<u>15,000</u>	<u>16,518</u>	<u>(1,518)</u>
<i>Net Change in Fund Balances</i>	2,800	2,800	1,935	(865)
<i>Fund Balances Beginning of Year</i>	9,101	9,101	9,101	-
Prior Year Encumbrances Appropriated	<u>2,211</u>	<u>2,211</u>	<u>2,211</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 14,112</u>	<u>\$ 14,112</u>	<u>\$ 13,247</u>	<u>\$ (865)</u>

City of Oxford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 142,000	\$ 142,000	\$ 147,201	\$ 5,201
<i>Total Revenues</i>	<u>142,000</u>	<u>142,000</u>	<u>147,201</u>	<u>5,201</u>
Expenditures				
Current:				
Community and Economic Development	142,000	144,220	192,439	(48,219)
<i>Total Expenditures</i>	<u>142,000</u>	<u>144,220</u>	<u>192,439</u>	<u>(48,219)</u>
<i>Net Change in Fund Balances</i>	-	(2,220)	(45,238)	(43,018)
<i>Fund Balances Beginning of Year</i>	86,079	86,079	86,079	-
Prior Year Encumbrances Appropriated	<u>48,790</u>	<u>48,790</u>	<u>48,790</u>	-
<i>Fund Balances End of Year</i>	<u>\$ 134,869</u>	<u>\$ 132,649</u>	<u>\$ 89,631</u>	<u>\$ (43,018)</u>

City of Oxford, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Loan Fund
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other	\$ 16,297	\$ 16,297	\$ 21,692	\$ 5,395
<i>Total Revenues</i>	<u>16,297</u>	<u>16,297</u>	<u>21,692</u>	<u>5,395</u>
Expenditures				
Current:				
Community and Economic Development	500,000	500,000	15,000	485,000
<i>Total Expenditures</i>	<u>500,000</u>	<u>500,000</u>	<u>15,000</u>	<u>485,000</u>
<i>Net Change in Fund Balances</i>	(483,703)	(483,703)	6,692	490,395
<i>Fund Balances Beginning of Year</i>	<u>499,925</u>	<u>499,925</u>	<u>499,925</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 16,222</u>	<u>\$ 16,222</u>	<u>\$ 506,617</u>	<u>\$ 490,395</u>

City of Oxford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and Forfeitures	\$ 1,800	\$ 1,800	\$ 750	\$ (1,050)
Interest	300	300	993	693
Contributions and Donations	10,000	10,000	32,425	22,425
Other	-	-	60	60
<i>Total Revenues</i>	<u>12,100</u>	<u>12,100</u>	<u>34,228</u>	<u>22,128</u>
Expenditures				
Current:				
Security of Persons and Property	<u>8,200</u>	<u>8,200</u>	<u>10,370</u>	<u>(2,170)</u>
<i>Total Expenditures</i>	<u>8,200</u>	<u>8,200</u>	<u>10,370</u>	<u>(2,170)</u>
<i>Net Change in Fund Balances</i>	3,900	3,900	23,858	19,958
<i>Fund Balances Beginning of Year</i>	33,286	33,286	33,286	-
Prior Year Encumbrances Appropriated	<u>2,170</u>	<u>2,170</u>	<u>2,170</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 39,356</u>	<u>\$ 39,356</u>	<u>\$ 59,314</u>	<u>\$ 19,958</u>

City of Oxford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 1,628	\$ (372)
Interest	70	70	135	65
<i>Total Revenues</i>	<u>2,070</u>	<u>2,070</u>	<u>1,763</u>	<u>(307)</u>
Expenditures				
Current:				
Security of Persons and Property	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<i>Total Expenditures</i>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<i>Net Change in Fund Balances</i>	70	70	1,763	1,693
<i>Fund Balances Beginning of Year</i>	<u>5,770</u>	<u>5,770</u>	<u>5,770</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,840</u>	<u>\$ 5,840</u>	<u>\$ 7,533</u>	<u>\$ 1,693</u>

City of Oxford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Life Squad Budget
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 4,799	\$ (201)
Interest	400	400	594	194
Contributions and Donations	5,000	5,000	5,840	840
<i>Total Revenues</i>	<u>10,400</u>	<u>10,400</u>	<u>11,233</u>	<u>833</u>
Expenditures				
Current:				
Security of Persons and Property	20,500	20,500	5,266	15,234
<i>Total Expenditures</i>	<u>20,500</u>	<u>20,500</u>	<u>5,266</u>	<u>15,234</u>
<i>Net Change in Fund Balances</i>	(10,100)	(10,100)	5,967	16,067
<i>Fund Balances Beginning of Year</i>	<u>29,453</u>	<u>29,453</u>	<u>29,453</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 19,353</u>	<u>\$ 19,353</u>	<u>\$ 35,420</u>	<u>\$ 16,067</u>

City of Oxford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures				
Debt Service:				
Principal Retirements	\$ 145,000	\$ 145,000	\$ 145,000	\$ -
Interest and Fiscal Charges	182,235	182,235	182,235	-
<i>Total Expenditures</i>	<u>327,235</u>	<u>327,235</u>	<u>327,235</u>	<u>-</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>(327,235)</u>	<u>(327,235)</u>	<u>(327,235)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	<u>327,235</u>	<u>327,235</u>	<u>327,235</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>327,235</u>	<u>327,235</u>	<u>327,235</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	-	-	-	-
<i>Fund Balances Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Oxford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$ 6,500	\$ 6,500	\$ 7,057	\$ 557
Intergovernmental	30,000	30,000	67,737	37,737
Other	-	-	4,947	4,947
<i>Total Revenues</i>	<u>36,500</u>	<u>36,500</u>	<u>79,741</u>	<u>43,241</u>
Expenditures				
Current:				
Community and Economic Development	<u>5,552,500</u>	<u>5,578,240</u>	<u>1,049,560</u>	<u>4,528,680</u>
<i>Total Expenditures</i>	<u>5,552,500</u>	<u>5,578,240</u>	<u>1,049,560</u>	<u>4,528,680</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>(5,516,000)</u>	<u>(5,541,740)</u>	<u>(969,819)</u>	<u>4,571,921</u>
Other Financing Sources (Uses)				
Transfers In	717,500	855,977	859,329	3,352
Advances In	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>802,500</u>	<u>940,977</u>	<u>944,329</u>	<u>3,352</u>
<i>Net Change in Fund Balances</i>	(4,713,500)	(4,600,763)	(25,490)	4,575,273
<i>Fund Balances Beginning of Year</i>	5,197,133	5,197,133	5,197,133	-
Prior Year Encumbrances Appropriated	<u>342,031</u>	<u>342,031</u>	<u>342,031</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 825,664</u>	<u>\$ 938,401</u>	<u>\$ 5,513,674</u>	<u>\$ 4,575,273</u>

City of Oxford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Improvement Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Current:				
Community and Economic Development	\$ 2,500	\$ 2,500	\$ 2,148	\$ 352
<i>Total Expenditures</i>	<u>2,500</u>	<u>2,500</u>	<u>2,148</u>	<u>352</u>
<i>Net Change in Fund Balances</i>	(2,500)	(2,500)	(2,148)	352
<i>Fund Balances Beginning of Year</i>	<u>2,519</u>	<u>2,519</u>	<u>2,519</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ 371</u>	<u>\$ 352</u>

City of Oxford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Equipment Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Capital Outlay	\$ 327,000	\$ 927,000	\$ 1,010,570	\$ (83,570)
<i>Total Expenditures</i>	<u>327,000</u>	<u>927,000</u>	<u>1,010,570</u>	<u>(83,570)</u>
<i>Net Change in Fund Balances</i>	(327,000)	(927,000)	(1,010,570)	(83,570)
<i>Fund Balances Beginning of Year</i>	725,345	725,345	725,345	-
Prior Year Encumbrances Appropriated	<u>101,805</u>	<u>101,805</u>	<u>101,805</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 500,150</u>	<u>\$ (99,850)</u>	<u>\$ (183,420)</u>	<u>\$ (83,570)</u>

City of Oxford, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parks and Open Spaces Fund
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$ -	\$ 1,786	\$ 1,786	\$ -
Contributions and Donations	17,500	17,500	20,852	3,352
<i>Total Revenues</i>	<u>17,500</u>	<u>19,286</u>	<u>22,638</u>	<u>3,352</u>
Expenditures				
Capital Outlay	-	-	25,898	(25,898)
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>25,898</u>	<u>(25,898)</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>17,500</u>	<u>19,286</u>	<u>(3,260)</u>	<u>(22,546)</u>
Other Financing Sources (Uses)				
Transfers Out	(17,500)	(155,977)	(159,329)	3,352
<i>Total Other Financing Sources (Uses)</i>	<u>(17,500)</u>	<u>(155,977)</u>	<u>(159,329)</u>	<u>3,352</u>
<i>Net Change in Fund Balances</i>	-	(136,691)	(162,589)	(25,898)
<i>Fund Balances Beginning of Year</i>	130,392	130,392	130,392	-
Prior Year Encumbrances Appropriated	32,197	32,197	32,197	-
<i>Fund Balances End of Year</i>	<u>\$ 162,589</u>	<u>\$ 25,898</u>	<u>\$ -</u>	<u>\$ (25,898)</u>

City of Oxford, Ohio
Combining Statement of Net Assets
Internal Service Funds
December 31, 2004

	Employee Benefits	Internal Service	Total Internal Service Funds
Assets			
Equity in Pooled Cash and Investments	\$ 49,110	\$ 58,118	\$ 107,228
Accounts Receivable	43,564	-	43,564
Accrued Interest Receivable	947	449	1,396
Prepaid Items	13,138	-	13,138
Materials and Supplies Inventory	-	15,494	15,494
Depreciable Capital Assets	-	3,991	3,991
<i>Total Assets</i>	<u>\$ 106,759</u>	<u>\$ 78,052</u>	<u>\$ 184,811</u>
Liabilities			
Accounts Payable	-	2,645	2,645
Claims Payable	58,921	-	58,921
<i>Total Liabilities</i>	<u>58,921</u>	<u>2,645</u>	<u>61,566</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	-	3,991	3,991
Unrestricted	47,838	71,416	119,254
<i>Total Net Assets</i>	<u>\$ 47,838</u>	<u>\$ 75,407</u>	<u>\$ 123,245</u>

City of Oxford, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
December 31, 2004

	Employee Benefits	Internal Service	Total Internal Service Funds
Operating Revenues			
Charges for Services	\$ 950,535	\$ 123,986	\$ 1,074,521
<i>Total Operating Revenues</i>	<u>950,535</u>	<u>123,986</u>	<u>1,074,521</u>
Operating Expenses			
Contractual Services	49,700	2,645	52,345
Materials and Supplies	-	116,793	116,793
Claims	862,806	-	862,806
<i>Total Operating Expenses</i>	<u>912,506</u>	<u>119,438</u>	<u>1,031,944</u>
<i>Operating Income</i>	<u>38,029</u>	<u>4,548</u>	<u>42,577</u>
Non-Operating Revenues			
Interest Revenue	2,008	938	2,946
<i>Total Non-Operating Revenues</i>	<u>2,008</u>	<u>938</u>	<u>2,946</u>
<i>Change in Net Assets</i>	40,037	5,486	45,523
<i>Net Assets Beginning of Year</i>	<u>7,801</u>	<u>69,921</u>	<u>77,722</u>
<i>Net Assets End of Year</i>	<u>\$ 47,838</u>	<u>\$ 75,407</u>	<u>\$ 123,245</u>

City of Oxford, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2004

	Employee Benefits	Internal Service	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$ -	\$ 123,986	\$ 123,986
Cash Received from Interfund Services Provided	920,439	-	920,439
Cash Payments to Suppliers for Goods and Services	-	(122,845)	(122,845)
Cash Payments for Contractual Services	(61,451)	-	(61,451)
Cash Payments for Employee Medical Claims	(879,562)	-	(879,562)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(20,574)</u>	<u>1,141</u>	<u>(19,433)</u>
Cash Flows from Investing Activities			
Interest	1,061	489	1,550
<i>Net Cash Provided by Investing Activities</i>	<u>1,061</u>	<u>489</u>	<u>1,550</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(19,513)	1,630	(17,883)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>68,623</u>	<u>56,488</u>	<u>125,111</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 49,110</u>	<u>\$ 58,118</u>	<u>\$ 107,228</u>
Reconciliation of Operating loss to Net Cash Provided by (Used for) Operating Activities			
Operating Income	\$ 38,029	\$ 4,548	\$ 42,577
Adjustments:			
(Increase) Decrease in Assets:			
Accounts Receivable	(41,476)	-	(41,476)
Materials and Supplies Inventory	-	(6,052)	(6,052)
Prepaid Items	(371)	-	(371)
Increase (Decrease) in Liabilities:			
Accounts Payable	-	2,645	2,645
Claims Payable	(16,756)	-	(16,756)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ (20,574)</u>	<u>\$ 1,141</u>	<u>\$ (19,433)</u>

City of Oxford, Ohio
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2004

	Hotel Tax Fund	Board of Building Standards Fund	Oxford Natural Gas Refund Fund	Total Agency Funds
Assets				
Equity in Pooled Cash and Investments	\$ -	\$ 39	\$ 17,781	\$ 17,820
Taxes Receivable	6,753	-	-	6,753
Accrued Interest Receivable	-	-	142	142
<i>Total Assets</i>	<u>\$ 6,753</u>	<u>\$ 39</u>	<u>\$ 17,923</u>	<u>\$ 24,715</u>
Liabilities				
Accounts Payable	\$ 6,753	\$ -	\$ -	\$ 6,753
Undistributed Monies	-	39	17,923	17,962
<i>Total Liabilities</i>	<u>\$ 6,753</u>	<u>\$ 39</u>	<u>\$ 17,923</u>	<u>\$ 24,715</u>

City of Oxford, Ohio
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2004

	Balance 1/1/2004	Additions	Deductions	Balance 12/31/2004
Hotel Tax Fund				
Assets				
Taxes Receivable	\$ 6,485	\$ 6,753	\$ 6,485	\$ 6,753
Liabilities				
Accounts Payable	\$ -	\$ 6,753	\$ -	\$ 6,753
Undistributed Monies	6,485	6,753	13,238	-
Total Liabilities	\$ 6,485	\$ 13,506	\$ 13,238	\$ 6,753
Board of Building Standards Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 53	\$ -	\$ 14	\$ 39
Liabilities				
Undistributed Monies	\$ 53	\$ -	\$ 14	\$ 39
Oxford Natural Gas Refund Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 17,632	\$ 362	\$ 213	\$ 17,781
Accrued Interest Receivable	-	142	-	142
Total Assets	\$ 17,632	\$ 504	\$ 213	\$ 17,923
Liabilities				
Undistributed Monies	\$ 17,632	\$ 504	\$ 213	\$ 17,923
Totals - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 17,685	\$ 362	\$ 227	\$ 17,820
Taxes Receivable	6,485	6,753	6,485	6,753
Accrued Interest Receivable	-	142	-	142
Total Assets	\$ 24,170	\$ 7,257	\$ 6,712	\$ 24,715
Liabilities				
Accounts Payable	\$ -	\$ 6,753	\$ -	\$ 6,753
Undistributed Monies	24,170	7,257	13,465	17,962
Total Liabilities	\$ 24,170	\$ 14,010	\$ 13,465	\$ 24,715

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
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
2003	6,820,439	1,908,992	887,628	335,960	130,781	1,019,819	11,103,619
2004	6,699,932	1,767,729	718,848	359,125	204,342	513,144	10,263,120

NOTES: Information includes all Governmental Fund types.

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
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
2003	3,655,200	119,514	1,001,366	709,028	894,284	1,420,844	1,934,721	341,543	10,076,500
2004	3,688,519	111,157	1,087,593	1,287,121	834,048	1,422,888	983,771	339,262	9,754,359

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
1995	\$4,050,556	-
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
2003	6,035,339	6.8
2004	5,858,965	-2.9

Prepared using the modified accrual basis of accounting.

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 to Tax Levy
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
2003	767,840	737,389	96.0	15,901	753,290	98.1	140,668 18.3
2004	757,070	742,134	98.0	19,794	761,928	100.6	135,810 17.9

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
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
2003	200,360,510	7,055,870	11,081,358	218,497,738	572,458,600	44,325,432
2004	204,730,900	7,385,770	10,402,590	222,519,260	584,945,429	41,610,360

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	Oxford City	Butler County	Oxford Township	Talawanda School	Butler County Vocational School	Total Rate
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
2003	3.65	8.74	0.24	51.49	1.93	66.05
2004	3.65	8.74	0.24	51.49	1.93	66.05
percentage	5.5 %	13.2 %	0.4 %	78.0 %	2.9 %	100.0 %

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
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	20,206	17,521	2,685	86.7
2003	20,113	16,670	3,443	82.8
2004	17,278	16,989	389	98.3

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
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
2003	21,943	218,497,738	3,430,000	156.31	1.5698
2004	21,943	222,519,260	3,285,000	149.71	1.4763

Source: 1990 and 2000 U.S. Census Bureau
Butler County Auditor's Office
City of Oxford Finance Department

**CITY OF OXFORD, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING
 GENERAL OBLIGATION BONDED DEBT
 31-Dec-04**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Oxford	Amount Applicable to City of Oxford
DIRECT:			
City of Oxford	\$3,285,000	100.00 %	\$3,285,000
OVERLAPPING:			
Talawanda School District	9,050,000	42.80	3,873,400
Butler County Career Center School District	2,295,000	3.49	80,096
Butler County	80,525,000	3.05	2,456,013
Total Overlapping Debt	<u>91,870,000</u>		<u>6,409,509</u>
Total	<u><u>\$95,155,000</u></u>	10.19 %	<u><u>\$9,694,509</u></u>

Source: Ohio Municipal Advisory Council

**CITY OF OXFORD, OHIO
LEGAL DEBT MARGIN**

Total Assessed Property Value \$222,519,260

10-1/2% limitation

Overall Debt Limitations - 10-1/2% of Assessed Valuation		23,364,522
Total outstanding bonded debt	\$20,673,827	
Less Debt Outside Limitations	<u>17,388,827</u>	
Debt Within 10-1/2% Limitation	3,285,000	
Less Debt Service Fund Balance Available	<u>0</u>	
Net Debt Within 10-1/2% Limitation		<u>3,285,000</u>
Legal Debt Margin Within 10-1/2% Limitation		<u><u>\$20,079,522</u></u>

5-1/2% limitation

Unvoted Debt Limitation - 5-1/2% of Assessed Valuation		\$12,238,559
Total outstanding bonded debt	\$20,673,827	
Less Debt Outside Limitations	<u>17,388,827</u>	
Debt Within 5-1/2% Limitation	3,285,000	
Less Debt Service Fund Balance Available	<u>0</u>	
Net Debt Within 5-1/2% Limitation		<u>3,285,000</u>
Legal Debt Margin Within 5-1/2% Limitation		<u><u>\$8,953,559</u></u>

Source: City of Oxford Finance Department

**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
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
2003	140,000	188,465	328,465	10,076,500	3.26
2004	145,000	182,235	327,235	9,754,359	3.35

Source: City of Oxford Finance Department

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

Year	Population	School Enrollment (Public)	Unemployment Rate
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
2003	21,943	3,096	4.0
2004	21,943	3,021	5.9

Source: 1990 and 2000 U.S. Census Bureau
 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
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
2003	481	15,280,882	200,360,510	1,355,739
2004	501	22,910,248	204,730,900	1,466,791

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
2004 PRINCIPAL TAXPAYERS**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Cincinnati Gas & Electric	Utility	\$5,331,130	2.60 %
D & B Family Ltd Prt	Real Estate	4,115,090	2.01
Southwestern Ohio	Banking	3,470,200	1.70
Ogden Investments Prt	Real Estate	3,170,560	1.55
University Commons Prt	Real Estate	2,695,860	1.32
EVR Investments	Real Estate	2,505,930	1.22
Brookside at Chestnut LLC	Real Estate	2,107,910	1.03
Square D Company	Manufacturing	1,692,460	0.83
Red Brick Pride	Real Estate	1,643,170	0.80
Hoelzer/Hoelzer Rentals Inc.	Real Estate	1,459,490	0.71
	SUB-TOTAL	<u>28,191,800</u>	<u>13.77</u>
	ALL OTHERS	<u>176,539,100</u>	<u>86.23</u>
	TOTAL	<u><u>\$204,730,900</u></u>	<u><u>100.00 %</u></u>

CITY OF OXFORD, OHIO
MISCELLANEOUS STATISTICS
12/31/2004 and 2003

	2004	2003
Date of incorporation	1830	1830
Date of municipal charter adoption	1960	1960
Form of government	Council-Manager	Council-Manager
Area	6.19 Square Miles	6.19 Square Miles
Miles of streets	50.25	49.92
Population (2000 U.S. Census)	21,943	21,943
EMPLOYEES		
Number of authorized full-time employees	112	113
FIRE AND EMS PROTECTION		
Fire chief (full-time)	1	1
Assistant fire chief (part-time)	1	1
Number of fire fighters (part-time)	30	30
Number of life squad members (part-time)	40	40
Number of stations	1	1
POLICE PROTECTION		
Police Chief (full-time)	1	1
Additional authorized police officers (full-time)	25	26
Authorized civilian employees (full-time)	14	12
Number of stations	1	1
RECREATION		
Number of parks	11	11
Number of swimming pools	1	1
WATER SERVICE		
Number of consumers	4,337	4,170
Annual production (in million gallons)	858.93	883.31
Miles of water mains	70.83	70.49
SEWER SERVICE		
Number of consumers	4,036	3,885
Annual treatment (in million gallons)	870	997.11
Miles of sanitary sewers	63.84	63.53
PARKING METERS		
	733	728
EDUCATION		
Number of schools	4	4
Number of teachers	250	225
Number of students	3021	3096
Miami University Enrollment	17,151	16,863
HOSPITAL		
	60 beds	60 beds
LIBRARY		
	112,852 volumes	110,477 volumes



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
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
OCTOBER 4, 2005**