



**Auditor of State
Betty Montgomery**

CITY OF SPRINGBORO
WARREN COUNTY

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Springboro
Warren County
320 West Central Avenue
Springboro, Ohio 45066

To City Council:

We have audited the accompanying financial statements of the City of Springboro, Warren County, Ohio (the City), as of and for the year ended December 31, 2002, and have issued our report thereon dated August 20, 2003, which makes reference to other auditors who have audited the Golf Course Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule as items 2002-001 and 2002-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated August 20, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2002-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated August 20, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 20, 2003

**CITY OF SPRINGBORO
WARREN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code, 5705.39, states that the total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The City had appropriations exceeding estimated resources in fund 660 by \$2,022,488 at year end and by \$607,961 during 2002. Failure to properly monitor budgetary activity could result in negative fund balances. We recommend that the City monitor budgetary activity on a regular basis.

We also reported this matter in the 2001 audit of the financial statements.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code, 5705.10, provides that money paid into any fund shall be used only for purposes for which such fund is established.

The following funds had negative fund balances during the audit period: Municipal Public Improvement Tax Fund (Fund 410), Health Insurance Trust Fund (Fund 815), and Library Trust Fund (Fund 811).

The Golf Course Fund (Fund 660) and the Golf Course Capital Reserve Account (Fund 661) had a combined negative cash balance of \$1,794,135 at December 31, 2002.

A deficit cash balance indicates that money from another fund(s) has been used to pay the obligations of the aforementioned funds. Negative fund balances could lead the City to eventually go into fiscal watch or fiscal emergency. We recommend that transfers or advances be made in accordance with the Ohio Revised Code so that negative fund balances do not exist.

We also reported this matter in the 2001 audit of the financial statements.

FINDING NUMBER 2002-003

Reportable Condition – Monitoring Cash Deficit in Golf Fund

Historically, the Golf Course has not generated sufficient cash from operations to be self-supporting.

As of December 31, 2002 the deficit was \$1,794,135 which represents an improvement of \$439,929 from the December 31, 2001 deficit of \$2,234,064. However, this improvement includes an operating transfer of \$266,929 from the General Fund and interest earning allocations from a pooled investment of approximately \$66,000.

Section III of the City's Annual Appropriation Ordinance No. 0-0-01 dated December 21, 2000 states that "The Golf Fund can achieve a positive fund balance through revenues generated by the golf course operations and contributions from other funds. It is the commitment of City Council that the Golf Fund be restored to a positive balance within a ten year period." In July of 2002, City management developed a plan to eliminate the cash deficit in the Golf Course Fund by July of 2006.

FINDING NUMBER 2002-003
(Continued)

In addition to the above plan, the management of the City believe the General Fund and Income Tax Capital Improvement Fund will generate an excess of revenues over expenditures over the next three years to provide sufficient monies to transfer to the Golf Course fund, if necessary.

We recommend the City continue to monitor the financial position of the golf course in an effort to eliminate the deficit and to enable the Course to be self-sufficient.

We also reported this matter in the 2001 audit of the financial statements.

**CITY OF SPRINGBORO
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-20483-001	Failure to properly encumber	No	Partially corrected; repeated in management letter
2001-20483-002	Depositing on next business day	Yes	
2001-20483-003	Appropriations exceeding estimated resources	No	Repeated as finding 2002-001
2001-20483-004	Expenditures exceeding appropriations	No	Partially corrected; repeated in management letter
2001-20483-005	Negative fund balances	No	Repeated as finding 2002-002
2001-20483-006	Monitoring cash deficit in Golf Course Fund	No	Repeated as finding 2002-003



Warren County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2002

THE CITY OF SPRINGBORO, OHIO

WARREN COUNTY

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
December 31, 2002

Prepared by:
Department of Finance

Robyn L. Brown
Director of Finance

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WARREN COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF SPRINGBORO

320 West Central Avenue • Springboro, Ohio 45419
Robyn L. Brown, Director of Finance

phone (937) 748-4343

fax (937) 748-0815

August 20, 2003

Honorable Mayor, Members of Council
And Citizens of Springboro
Springboro, Ohio

We are pleased to present the City of Springboro Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2002. The responsibility for both the accuracy of the presented data, and the completeness and fairness of presentation, including all disclosures, rests with the management of the City, particularly the Director of Finance's Office. This report is prepared in conformance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. We believe the data is fairly presented in all material aspects and that it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial affairs have been included.

Generally Accepted Accounting Principles require that 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 of Springboro's MD&A can be found immediately following the independent accountants' report.

This CAFR is divided into three sections as follows.

1. Introductory Section - This section introduces the reader to the report and includes the table of contents, this transmittal letter, the GFOA Certificate of Achievement, the list of principal officials and the City's organizational chart.
2. Financial Section - The Financial Section includes the Independent Accountants Report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the City's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. Statistical Section - The multi-year information presented in this section is designed to reflect social and economical data, financial trends and the fiscal capacity of the City.

CITY OF SPRINGBORO, OHIO

Letter of Transmittal For the Year Ended December 31, 2002

THE CITY

Although we became a City just twenty-three years ago, Springboro has earned the reputation as being a very progressive community. The City is located in the southwestern part of the State of Ohio, within the boundaries of Warren County, of which Lebanon is the county seat. The City is a home rule municipal corporation, organized under the laws of the State of Ohio, which operates under its own Charter. The current Charter, which provides, for a Council/Manager form of government, was adopted on November 7, 1978, effective on January 1, 1979 and was amended November 6, 1984 and November 7, 2000. The seven-member Council is elected to four-year terms. The Council appoints a City Manager who serves as the chief executive officer. The City Manager appoints all department directors upon approval of City Council.

REPORTING ENTITY AND SERVICES

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are complete. The primary government of the City consists of all funds and departments which comprise the legal entity of the City and which provide various services including police, street construction and maintenance, traffic signalization, street lighting, planning and zoning, building inspections, recreation, parks, the library, recycling and general administrative services. In addition, golf, sewer, water and trash collection and disposal services are provided under an enterprise concept with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

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; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt or the levying of their taxes. The City of Springboro does not have any component units.

The Warren County General Health District was determined to be a jointly governed organization and the Ohio Municipal League of Workers' Compensation Group Rating Plan was determined to be a group purchasing pool. These entities are discussed further in Notes 18 and 19.

ECONOMIC OUTLOOK

Growth and development within the City of Springboro is expected to exceed the national and state average due to the City's physical location along Interstate 75 between Cincinnati and Dayton. Population in the City of Springboro was officially counted on April 1, 2000 by the United States Census Bureau as 12,380, but is estimated to be in excess of 14,000 today. The main factor contributing to this growth is an

CITY OF SPRINGBORO, OHIO

Letter of Transmittal

For the Year Ended December 31, 2002

abundance of available building sites, which offer appealing terrain, location, amenities, small town atmosphere and a low crime rate. As a result, 280 single-family residential construction permits were issued in 2002. This was a slight increase from the 267 permits issued in 2001. It is expected that the growth will continue in 2003.

Since the City annexed the South Tech Business Park in 1997 and began marketing the new Stolz Industrial Park in 1998, industrial growth in Springboro has blossomed. The City has witnessed the addition of over 700 new manufacturing jobs and an additional payroll worth an estimated \$24 million over the past four years.

The City continues to be an attractive location for a wide range of retail shops as well. The City maintains an active role in preserving and enhancing its historical downtown. In 1999, the City's downtown historic district was placed on the National Register of Historic Places. The City continues to be an active participant in state and regional downtown and tourism development programs.

MAJOR INITIATIVES

For the Year (2002):

The citizens of Springboro are the City's greatest asset. The City's greatest concern in preparing each year's budget is to provide services that address citizens' needs and safeguard their environment in conformity with applicable Federal and State laws.

Street Capital Improvements:

The City of Springboro and the Ohio Department of Transportation completed resurfacing and improvements to one of Springboro's major roadways in 2002 at State Route 73 east of State Route 741 west to Clearcreek-Franklin Road. The project included widening of this major route through Springboro as well as the installation of medians to allow the City to initiate elements of its Landscape/Identity Plan.

North Park Amphitheater:

The Phase I construction completion of an amphitheater in Springboro's North Park in 2002 was the culmination of two years of planning and design work by the Springboro Park Board and architects, Lorenz & Williams. The facility design was submitted to the Dayton Chapter of the Architectural Institute of America for consideration in 2001 and received an honorable mention of which both the City and architects are extremely proud. Phases II, III, and IV will continue through 2005.

Water Capital Improvements:

In a continuing effort to insure water availability for its residents, the City submitted plans for EPA approvals for the construction and development of Well #7 and have received all applicable allowances for the development of this well to occur in 2003. The City has also acquired a site in the south end of the City for the construction of a new 1MG elevated water tower. This tower will provide better pressure and fire flows for the south end of the community. Construction estimates for the tower are \$1,500,000.00.

***Letter of Transmittal
For the Year Ended December 31, 2002***

Sewer Capital Improvements:

Design of the Waste Water Treatment Plant was begun in 2002 and will be completed in 2003. The design and construction of the Yankee Road Sanitary Sewer Phase I project were completed in 2002 providing improved service to the areas of the northeast quadrant of the City.

Golf Course Improvements:

Heatherwoode Golf Course received a major clubhouse renovation in 2002 with the replacement of carpet, wallpaper, lighting and decorating. The Clubhouse pro-shop also received renovations and updates to assist the staff in providing a quality golf experience to all. The course also received an additional on course rest room at hole #7 as requested by many patrons.

For the Future (2003):

Street Capital Improvements:

The Mobility Master Plan was completed in 2001, which analyzed both motorized, and non-motorized transportation needs and developed a capital improvement plan. The proposed 2003 budget includes funding for \$1,180,000 of street capital improvements in various areas. \$508,000 is designated for the City's annual asphalt resurfacing and miscellaneous street repair program. There is \$110,000 designated for a Community Development Block Grant project for the second phase of improvements for a portion of East Street. There is \$245,000 designated for Issue II projects for improvements on Lytle-Five Points Road, \$100,000 designated for improvements to West Mill Street and, \$115,000 designated for improvements on Sharts Road and \$102,000 designated for other smaller projects.

North Park Amphitheater:

Phase II construction for 2003 is the addition to the facility of a tensile structure roof. This particular roof will be designed and constructed over a period of nine months due to its unique nature and will be completed by November, 2003 at a cost of approximately \$270,000.

Water Capital Improvements:

In 1995, the City commissioned the development of a Water Master Plan study in conjunction with the strategic planning process. This plan was updated in 1998 and 2001 to evaluate how the City's growth and development had compared to that projected in the earlier study. The projects that were identified in the study that are planned for 2003 include the following:

1. The city acquired an alternative wellfield site in 1999 and had a large production well installed on the property. The 2003 budget includes funding for the installation of a pump, piping and appurtenances and an emergency generator for the development of this contingency wellfield site. This contingency wellfield is independent of the primary wellfield and will have a capacity of 4.32-MGD. The 2003 budget includes \$600,000 for the development of this wellfield. This project should be completed in the fall of 2003.
2. The City will construct an 8" water main on Duvall Drive. The 2003 budget includes \$10,000 for the construction of this main.
3. The City will replace an existing 6" water main on East Street with a new 8" main as part of the reconstruction of East Street. This is a six-year project with one block being reconstructed each year. The total project should be completed in 2007. The 2003 budget includes \$25,000 for the construction of one block of the water main.

CITY OF SPRINGBORO, OHIO

Letter of Transmittal

For the Year Ended December 31, 2002

4. The City will construct a new One Million Gallon Elevated Water Tower in the south end of the City. This water tower will provide better pressure and fire flows for that part of the City. The 2003 budget includes \$1,500,000 for the construction.
5. The City will continue with the installation of new isolation valves in the older area of the City. The 2003 budget includes \$15,000 for this project.

Sewer Capital Improvements:

The City has developed a Sanitary Sewer Master Plan to address the sewer collection system and treatment plant needs for the next 20-years. This plan includes an analysis of the system and a Capital Improvement Program (CIP) to address these needs. These CIP projects will be included in future proposed budgets and the following projects are included in the 2003 budget:

1. There is \$80,000 designated for the design of the Bailey Trunk Sewer and \$850,000 for the construction of this sewer.
2. There is \$105,000 designated for the design of the NW Area Trunk Sewer Phase I and \$425,000 for the construction of this sewer.
3. There is \$20,000 designated for the design of the upgrade of the Eagle Ridge Lift Station and \$145,000 for the construction of this upgrade.
4. There is \$25,000 designated for the design of the Richards Run Trunk Sewer Upsizing Project and \$160,000 for the construction of this sewer.
5. There is \$290,000 designated for the construction of Phase II of the Yankee Road Sanitary Sewer.
6. The City will also complete the design of the Waste Water Treatment Plant Expansion in 2003. The 2003 budget includes \$600,000 for completion of this design and \$15,000,000 for the construction of the expansion.

Golf Course Improvements:

Heatherwoode Golf Course improvements for 2003 include the addition of another rest room facility on the course, cart path widening and repairs, rebuilding of selected tee boxes, and remodeling of the driving range totaling a capital investment in 2003 of \$100,000.

OTHER INFORMATION

Independent Audit:

An audit team from Auditor of State's Office has performed this year's audit, excluding the Golf Course Fund. A team from Wilson, Shannon and Snow, Inc. audited the Golf Course Fund financial statements. The results of the audits are presented in the Independent Accountants' Report.

CITY OF SPRINGBORO, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2002***

Certificate of Achievement:

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 Springboro, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. This was the thirteenth year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgment:

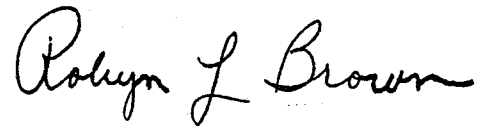
Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. The Finance Department Staff is to be commended for their input and commitment.

We would like to express appreciation to Mr. Donald J. Schonhardt, and his staff for their guidance and efforts in preparing this report.

Sincerely,



Christine A. Thompson
City Manager



Robyn L. Brown
Director of Finance

CITY OF SPRINGBORO, OHIO

**List of Principal Officials
For the Year Ended December 31, 2002**

John Agenbroad, Mayor

<i>Council</i>	<i>Title</i>	<i>Years of Service *</i>	<i>Term expires</i>
Gary Hruska	Councilman Ward I	5	December 2005
Jim Chmiel	Councilman Ward II	1	December 2005
Bruce Camealy	Councilman Ward III	9	December 2005
Greg Bell	Councilman Ward IV	9	December 2005
Marie Belpulsi	Councilman at Large	9	December 2003
Thomas LaDu	Councilman at Large	3	December 2003

Lori Martin Clerk of Council

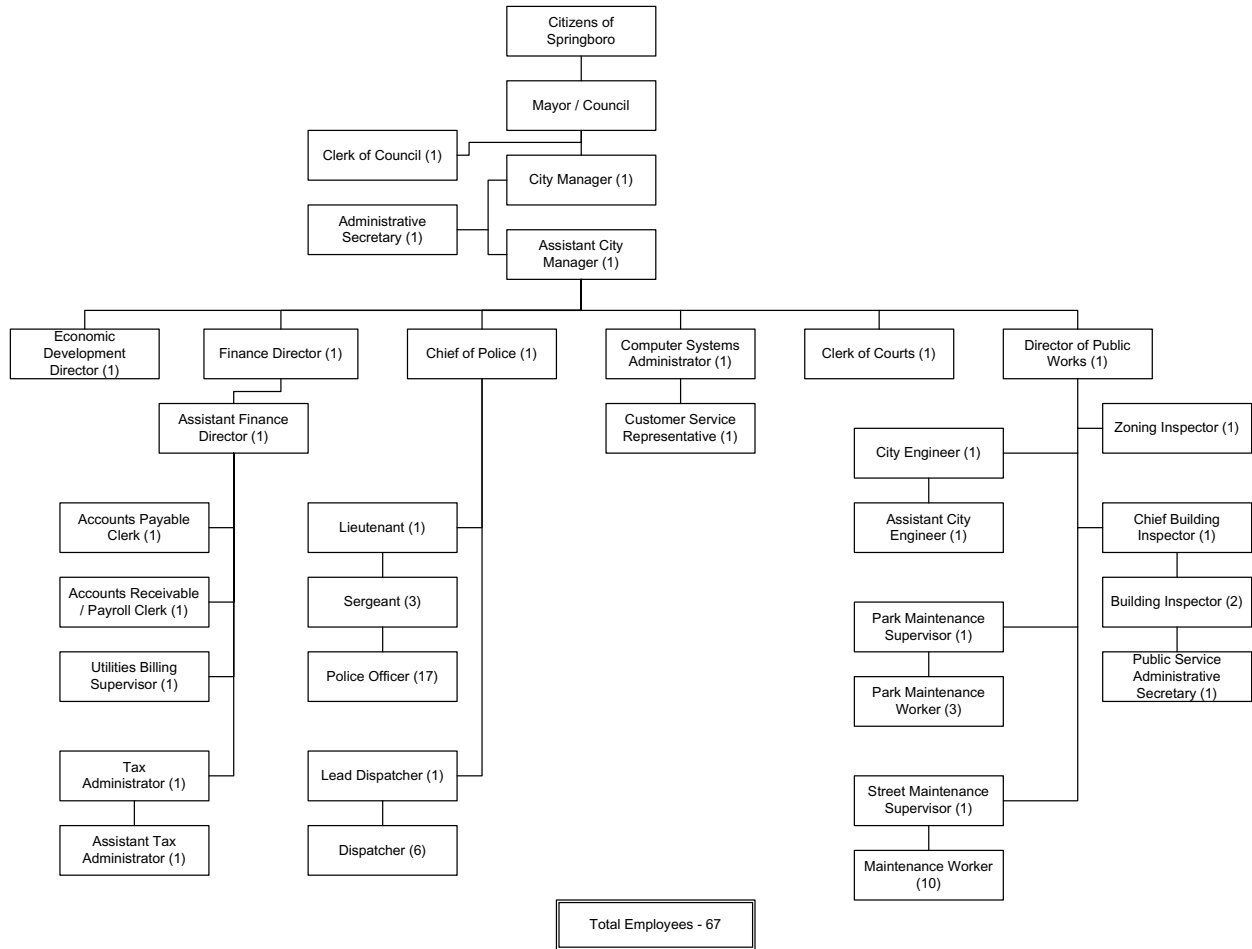
Christine Thompson, City Manager

<i>Appointed Officials</i>	<i>Title</i>
Barry Conway	Director of Public Works
Kenneth Smith	Street Maintenance Supervisor
Roger Eckert	City Solicitor
Michael Schepers	Director of Economic Development
Robyn Brown	Director of Finance
Debbie Worley	Assistant Director of Finance
Michelle Baker	Income Tax Administrator
Linda Harrison	Clerk of Mayor's Court
Mark Klontz	Chief Building Inspector
Jeff Kruithoff	Chief of Police
Vincent Murphy	Park Maintenance Supervisor
Deitra Mullins	Utilities Billing Supervisor
Raj Sharma	City Engineer
Elmer Dudas	Assistant City Engineer

* Denotes length of service with the City, not necessarily solely in the capacity which they now hold.

CITY OF SPRINGBORO, OHIO

**City Organizational Chart
For the Year Ended December 31, 2002**



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Springboro,
Ohio

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

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



William Patrick Harte

President

Jeffrey R. Emery

Executive Director



FINANCIAL SECTION





**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Springboro
Warren County
320 West Central Avenue
Springboro, Ohio 45066

To the City Council:

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 Springboro, Warren County, Ohio (the City), 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 did not audit the Golf Course Fund. Other auditors audited those financial statements. They have furnished their report thereon to us, and we base our opinion, insofar as it relates to the amounts included for the Golf Course Fund on the report of the other auditors.

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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, 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 Springboro, Warren County, Ohio, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2002, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We and the other auditors 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.

We conducted our audit to form opinions on the financial statements that collectively comprise the Government's basic financial statements. The introductory section, combining non-major fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We and the other auditors subjected the combining non-major fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, based on our audit and the report of the other auditors, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We and the other auditors did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it/them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 20, 2003

The discussion and analysis of the City of Springboro's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2002. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2002 are as follows:

- ❑ In total, net assets increased \$3.7 million. Net assets of governmental activities increased \$433,438 which represents a 1.4% increase from 2001. Net assets of business-type activities increased \$3.3 million or 7.6% from 2001.
- ❑ General revenues accounted for \$8.2 million in revenue or 40% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 60% of total revenues of \$12.1 million.
- ❑ Total assets of governmental activities decreased by \$1.4 million in total. Cash and investment balances dropped by \$2.3 million due to increased spending on capital assets which increased by \$1.2 million. Income tax receivables saw an increase of \$.6 million.
- ❑ The City had \$9.7 million in expenses related to governmental activities; only \$1.7 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$8.4 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$7.3 million in revenues and \$6.3 million in expenditures. The general fund's fund balance declined \$119,905 to \$2.3 million.
- ❑ Net assets for enterprise funds increased by almost \$3.3 million. This increase resulted primarily from capital contributions in the form of capital assets of \$3.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining and individual statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accepting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

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

- *Governmental Activities* – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's golf course, sewer, trash and water services are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF SPRINGBORO, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
	2002	2002	2002
Current and other assets	\$10,335,800	\$13,496,809	\$23,832,609
Capital assets, Net	32,414,063	58,931,460	91,345,523
Total assets	<u>42,749,863</u>	<u>72,428,269</u>	<u>115,178,132</u>
Long-term debt outstanding	5,935,894	25,104,705	31,040,599
Other liabilities	6,058,429	530,141	6,588,570
Total liabilities	<u>11,994,323</u>	<u>25,634,846</u>	<u>37,629,169</u>
Net assets			
Invested in capital assets, net of related debt	26,620,573	35,142,066	61,762,639
Restricted	507,667	2,507,436	3,015,103
Unrestricted	3,627,300	9,143,921	12,771,221
Total net assets	<u>\$30,755,540</u>	<u>\$46,793,423</u>	<u>\$77,548,963</u>

CITY OF SPRINGBORO, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the year 2002:

	Governmental Activities	Business-type Activities	Total
	2002	2002	2002
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,569,320	\$6,843,991	\$8,413,311
Operating Grants and Contributions	55,999	0	55,999
Capital Grants and Contributions	102,191	3,567,977	3,670,168
General revenues:			
Income Taxes	6,617,829	0	6,617,829
Property Taxes	494,394	62,672	557,066
Other Local Taxes	26,030	0	26,030
Motor Vehicle and Gasoline Taxes	564,376	0	564,376
Shared Revenues	389,859	0	389,859
Investment Earnings	379,252	0	379,252
Miscellaneous	271,427	0	271,427
Loss on Disposal of Fixed Assets	(130,045)	(458,182)	(588,227)
Total revenues	<u>10,340,632</u>	<u>10,016,458</u>	<u>20,357,090</u>
Program Expenses			
Security of Persons and Property	2,357,149	0	2,357,149
Public Health and Welfare Services	1,866	0	1,866
Leisure Time Activities	448,763	0	448,763
Community Environment	1,045,933	0	1,045,933
Transportation	1,949,497	0	1,949,497
General Government	3,462,461	0	3,462,461
Debt Service:			
Interest and Fiscal Charges	461,402	0	461,402
Golf Course	0	1,829,780	1,829,780
Water	0	2,778,871	2,778,871
Sewer	0	1,790,854	1,790,854
Trash	0	507,351	507,351
Total expenses	<u>9,727,071</u>	<u>6,906,856</u>	<u>16,633,927</u>
Change in Net Assets before transfers	613,561	3,109,602	3,723,163
Transfers	(180,123)	180,123	0
Total Change in Net Assets	433,438	3,289,725	3,723,163
Beginning Net Assets	<u>30,322,102</u>	<u>43,503,698</u>	<u>73,825,800</u>
Ending Net Assets	<u>\$30,755,540</u>	<u>\$46,793,423</u>	<u>\$77,548,963</u>

CITY OF SPRINGBORO, OHIO

**Management’s Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

Governmental Activities

Net assets of the City’s governmental activities increased by \$433,438. This was due primarily to an increase in income tax revenue, while holding operating expenses to a minimal increase. The income tax revenue increase is a result of an increased withholding base created through good economic development.

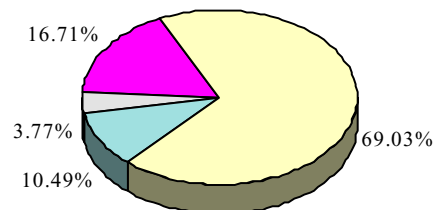
The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

The City also receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 4.9% and 65% respectively of revenues for governmental activities for the City in year 2002. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 70% of total revenues from general tax revenues:

Revenue Sources	2002	Percent of Total
General Shared Revenues	\$389,859	3.77%
Program Revenues	1,727,510	16.71%
General Tax Revenues	7,138,253	69.03%
General Other	1,085,010	10.49%
Total Revenue	\$10,340,632	100.00%

2002



Business-Type Activities

Net assets of the business-type activities increased by \$3,289,725. This increase was the result of an increase in user rates for water, sewer and trash customers, while slightly reducing expenses. User rates are increased annually based on the average of the national inflationary rate for the previous three years. There was also an increase in capital contributions due to the large amount of continued development in the City.

CITY OF SPRINGBORO, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$1,119,888, which is a decrease from last year's balance of \$1,974,956. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2002 and 2001:

	Fund Balance December 31, 2002	Fund Balance December 31, 2001	Increase (Decrease)
General	\$2,286,844	\$2,406,749	(\$119,905)
Debt Service	26,767	202,249	(175,482)
Construction (Capital Project)	(3,477,527)	(4,117,131)	639,604
Income Tax Capital Improvement (Capital Project)	1,409,259	2,657,835	(1,248,576)
Other Governmental	874,545	825,254	49,291
Total	<u>\$1,119,888</u>	<u>\$1,974,956</u>	<u>(\$855,068)</u>

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

	2002 Revenues	2001 Revenues	Increase (Decrease)
Municipal Income Taxes	\$4,336,098	\$3,843,818	\$492,280
Property and Other Taxes	437,192	401,562	35,630
Intergovernmental Revenue	556,064	589,111	(33,047)
Charges for Services	675,520	526,743	148,777
Fines, Licenses and Permits	557,696	470,173	87,523
Investment Earnings	426,042	619,578	(193,536)
All Other Revenue	336,806	128,350	208,456
Total	<u>\$7,325,418</u>	<u>\$6,579,335</u>	<u>\$746,083</u>

CITY OF SPRINGBORO, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

General Fund revenues in 2002 increased approximately 10% compared to revenues in 2001. The most significant factor contributing to this increase was municipal income taxes. Additionally, other revenue increased over 100% in 2002 due to various reimbursements. Investment earnings decreased 31.2% due to the significant decrease in rates earned by investments.

	2002	2001	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$2,101,903	\$1,831,568	\$270,335
Public Health and Welfare Services	1,829	1,874	(45)
Leisure Time Activities	360,850	296,561	64,289
Community Environment	978,325	684,998	293,327
General Government	2,903,183	2,753,860	149,323
Debt Service:			
Principal Retirement	5,055	4,827	228
Interest and Fiscal Charges	556	784	(228)
Total	<u>\$6,351,701</u>	<u>\$5,574,472</u>	<u>\$777,229</u>

General Fund expenditures increased by \$777,229 or 13.9% over the prior year mostly due to increases in salary and wages, retirement contributions, and health insurance premiums for the City's employees. In addition, operating expenses associated with community environment increased due to residential and business growth during 2002.

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

During the course of 2002 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$6.9 million did not significantly change over the original budget estimates of \$6.6 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2002 the City had \$91,345,523 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$32,414,063 was related to governmental activities and \$58,931,460 to the business-type activities. The following table shows 2002 and 2001 balances:

	Governmental Activities		Increase (Decrease)
	2002	2001	
Land	\$13,320,087	\$12,202,734	\$1,117,353
Improvements	322,099	269,929	52,170
Infrastructure	27,508,168	26,524,789	983,379
Buildings	2,017,001	2,001,902	15,099
Machinery and Equipment	2,686,234	2,631,926	54,308
Construction in Progress	319,469	128,143	191,326
Less: Accumulated Depreciation	(13,758,995)	(12,556,529)	(1,202,466)
Totals	<u>\$32,414,063</u>	<u>\$31,202,894</u>	<u>\$1,211,169</u>

	Business-Type Activities		Increase (Decrease)
	2002	2001	
Land	\$8,532,390	\$8,468,733	\$63,657
Buildings	3,324,609	3,319,919	4,690
Land Improvements	599,322	594,992	4,330
Infrastructure	53,003,201	50,577,788	2,425,413
Machinery and Equipment	1,307,492	1,372,524	(65,032)
Construction in Progress	336,078	403,659	(67,581)
Less: Accumulated Depreciation	(8,171,632)	(7,375,589)	(796,043)
Totals	<u>\$58,931,460</u>	<u>\$57,362,026</u>	<u>\$1,569,434</u>

The primary increases occurred in land and infrastructure. The increase in land resulted from the acquisition of property for future expansion of the municipal building (\$604,000) and land for new streets (\$513,000).

As of December 31, 2002, the City has contractual commitments of \$1,899,306 for various projects. Included in these projects are the design of the wastewater treatment plant expansion, street improvements, water mains, sanitary sewer trunk lines, a water booster pumping station, amphitheater and storm water management . Additional information on the City's capital assets can be found in Note 10.

CITY OF SPRINGBORO, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2002

Unaudited

Debt

At December 31, 2002, the City had \$30.4 million in bonds outstanding, \$1,272,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Governmental Activities:		
Special Assessment Bonds	\$2,194,000	\$2,321,000
General Obligation Bonds	3,356,200	3,616,050
Capital Leases Payable	243,290	318,172
Compensated Absences	<u>142,404</u>	<u>107,855</u>
Total Governmental Activities	5,935,894	6,363,077
Business-Type Activities:		
General Obligation Bonds	\$4,273,800	\$4,428,950
Mortgage Revenue Bonds	20,620,000	21,300,000
Capital Leases Payable	185,392	220,972
Compensated Absences	<u>42,484</u>	<u>30,423</u>
Total Business-Type Activities	<u>25,121,676</u>	<u>25,980,345</u>
Totals	<u>\$31,057,570</u>	<u>\$32,343,422</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Springboro lies, is limited to ten mills. At December 31, 2002, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

The City's budget for 2003 is very conservative. Springboro is the third fastest growing City in Ohio and with the current economic uncertainties, planning for the future is a challenge. City Council decided they wanted to maintain current service levels to the residents of the City, utilizing some of the reserve funds. General Fund revenues are projected to be 3% less than actual receipts for 2002. This is due to the decrease in interest income because of the low interest rates on investments and also because of the reduction in state shared revenue.

General Fund expenditures were budgeted at 5% less than 2002 actual expenditures. In an effort to reduce expenses: employee wage increases were capped for 2003; capital projects and capital acquisitions were dramatically reduced; and only those items that were really necessary were appropriated.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources. If the current economic conditions continue, it will be imperative to increase revenue in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 937-748-4353 or writing to City of Springboro Finance Department, 320 West Central Avenue, Springboro, Ohio 45066.

CITY OF SPRINGBORO, OHIO

**Statement of Net Assets
December 31, 2002**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 2,366,360	\$ 6,439,391	\$ 8,805,751
Investments	1,065,013	4,361,541	5,426,554
Receivables:			
Property Taxes	465,720	0	465,720
Accounts	6,346	567,439	573,785
Intergovernmental	736,512	0	736,512
Income Taxes	1,305,575	0	1,305,575
Special Assessments	2,482,268	0	2,482,268
Internal Balances	1,794,135	(1,794,135)	0
Inventory of Supplies at Cost	53,869	22,449	76,318
Inventory Held for Resale	0	32,992	32,992
Prepaid Items	56,765	26,329	83,094
Restricted Assets:			
Cash and Cash Equivalents	0	60,540	60,540
Cash and Cash Equivalents with Fiscal Agent	3,237	956,945	960,182
Investments with Fiscal Agent	0	1,550,491	1,550,491
Capital Assets, Net	32,414,063	58,931,460	91,345,523
Unamortized Bond Issuance Costs	0	793,414	793,414
Deferred Loss on Early Retirement of Debt	0	479,413	479,413
Total Assets	42,749,863	72,428,269	115,178,132
Liabilities:			
Accounts Payable	1,225,185	247,617	1,472,802
Accrued Wages and Benefits	78,699	14,698	93,397
Intergovernmental Payable	143,371	40,354	183,725
Claims Payable	34,870	0	34,870
Undistributed Monies	5,749	0	5,749
Matured Bonds & Interest Payable	3,237	0	3,237
Refundable Deposits	0	60,540	60,540
Deferred Revenue	445,692	62,372	508,064
Accrued Interest Payable	121,626	104,560	226,186
General Obligation Notes Payable	4,000,000	0	4,000,000
Long Term Liabilities:			
Amounts Due within one year	479,553	930,984	1,410,537
Amounts Due in More Than One Year	5,456,341	24,173,721	29,630,062
Total Liabilities	11,994,323	25,634,846	37,629,169
Net Assets:			
Invested in Capital Assets, Net of Related Debt	26,620,573	35,142,066	61,762,639
Restricted For:			
Debt Service	0	2,507,436	2,507,436
Other Purposes	507,667	0	507,667
Unrestricted (Deficit)	3,627,300	9,143,921	12,771,221
Total Net Assets	\$ 30,755,540	\$ 46,793,423	\$ 77,548,963

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

**Statement of Activities
For the Year Ended December 31, 2002**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 2,357,149	\$ 14,480	\$ 55,999	\$ 0
Public Health and Welfare Services	1,866	0	0	0
Leisure Time Activities	448,763	212,217	0	0
Community Environment	1,045,933	457,132	0	0
Transportation	1,949,497	3,839	0	102,191
General Government	3,462,461	881,652	0	0
Debt Service:				
Interest and Fiscal Charges	461,402	0	0	0
Total Governmental Activities	9,727,071	1,569,320	55,999	102,191
Business-Type Activities:				
Golf Course	1,829,780	2,092,199	0	0
Water	2,778,871	2,555,439	0	1,138,674
Sewer	1,790,854	1,590,251	0	2,429,303
Trash	507,351	606,102	0	0
Total Business-Type Activities	6,906,856	6,843,991	0	3,567,977
Totals	\$ 16,633,927	\$ 8,413,311	\$ 55,999	\$ 3,670,168

General Revenues

Income Taxes
Property Taxes
Other Local Taxes
Motor Vehicle and Gasoline Taxes
Shared Revenues
Investment Earnings
Miscellaneous
Loss on Disposal of Fixed Assets
Operating Transfers

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,286,670)	\$ 0	\$ (2,286,670)
(1,866)	0	(1,866)
(236,546)	0	(236,546)
(588,801)	0	(588,801)
(1,843,467)	0	(1,843,467)
(2,580,809)	0	(2,580,809)
<u>(461,402)</u>	<u>0</u>	<u>(461,402)</u>
<u>(7,999,561)</u>	<u>0</u>	<u>(7,999,561)</u>
0	262,419	262,419
0	915,242	915,242
0	2,228,700	2,228,700
0	98,751	98,751
<u>0</u>	<u>3,505,112</u>	<u>3,505,112</u>
<u>(7,999,561)</u>	<u>3,505,112</u>	<u>(4,494,449)</u>
6,617,829	0	6,617,829
494,394	62,672	557,066
26,030	0	26,030
564,376	0	564,376
389,859	0	389,859
379,252	0	379,252
271,427	0	271,427
(130,045)	(458,182)	(588,227)
(180,123)	180,123	0
<u>8,432,999</u>	<u>(215,387)</u>	<u>8,217,612</u>
433,438	3,289,725	3,723,163
<u>30,322,102</u>	<u>43,503,698</u>	<u>73,825,800</u>
<u>\$ 30,755,540</u>	<u>\$ 46,793,423</u>	<u>\$ 77,548,963</u>

CITY OF SPRINGBORO, OHIO

**Balance Sheet
Governmental Funds
December 31, 2002**

	General	Debt Service	Construction	Income Tax Capital Improvement
Assets:				
Cash and Cash Equivalents	\$ 8,069	\$ 82,263	\$ 968,805	\$ 533,968
Investments	0	0	693,273	371,740
Receivables:				
Property Taxes	465,720	0	0	0
Accounts	6,346	0	0	0
Intergovernmental	265,269	0	243,305	0
Income Taxes	874,736	0	0	430,839
Special Assessments	0	2,482,268	0	0
Interfund Loans Receivable	1,625,269	0	0	168,866
Advance to Other Funds	55,496	0	0	0
Inventory of Supplies, at Cost	9,317	0	0	0
Prepaid Items	54,398	0	0	0
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	3,237	0	0
Total Assets	\$ 3,364,620	\$ 2,567,768	\$ 1,905,383	\$ 1,505,413
Liabilities:				
Accounts Payable	\$ 132,380	\$ 0	\$ 1,078,938	\$ 0
Accrued Wages and Benefits Payable	69,905	0	0	0
Intergovernmental Payable	46,526	0	0	0
Claims Payable	34,870	0	0	0
Undistributed Monies	5,749	0	0	0
Matured Bonds and Interest Payable	0	3,237	0	0
Advances from Other Funds	0	55,496	0	0
Deferred Revenue	788,346	2,482,268	243,305	96,154
Accrued Interest Payable	0	0	60,667	0
General Obligation Notes Payable	0	0	4,000,000	0
Total Liabilities	1,077,776	2,541,001	5,382,910	96,154
Fund Balances:				
Reserved for Encumbrances	163,330	0	676,121	0
Reserved for Prepaid Items	54,398	0	0	0
Reserved for Supplies Inventory	9,317	0	0	0
Reserved for Debt Service	0	26,767	0	0
Reserved for Interfund Loans Receivable	1,625,269	0	0	168,866
Undesignated/Unreserved in:				
General Fund	434,530	0	0	0
Special Revenue Funds	0	0	0	0
Capital Projects (Deficit)	0	0	(4,153,648)	1,240,393
Total Fund Balances	2,286,844	26,767	(3,477,527)	1,409,259
Total Liabilities and Funds Balances	\$ 3,364,620	\$ 2,567,768	\$ 1,905,383	\$ 1,505,413

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

Other Governmental Funds	Total Governmental Funds	Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities December 31, 2002	
\$ 773,255	\$ 2,366,360	Total Governmental Fund Balances	\$ 1,119,888
0	1,065,013	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
0	465,720	Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,414,063
0	6,346	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	3,311,901
227,938	736,512	Long-term liabilities, including bonds payable, pension fund payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,090,312)</u>
0	1,305,575		
0	2,482,268		
0	1,794,135		
0	55,496		
44,552	53,869		
2,367	56,765		
0	3,237		
\$ 1,048,112	\$ 10,391,296	Net Assets of Governmental Funds	\$ 30,755,540
\$ 13,867	\$ 1,225,185		
8,794	78,699		
3,386	49,912		
0	34,870		
0	5,749		
0	3,237		
0	55,496		
147,520	3,757,593		
0	60,667		
0	4,000,000		
173,567	9,271,408		
101,064	940,515		
2,367	56,765		
44,552	53,869		
0	26,767		
0	1,794,135		
0	434,530		
475,110	475,110		
251,452	(2,661,803)		
874,545	1,119,888		
\$ 1,048,112	\$ 10,391,296		

CITY OF SPRINGBORO, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2002**

	General	Debt Service	Construction	Income Tax Capital Improvement
Revenues:				
Municipal Income Tax	\$ 4,336,098	\$ 0	\$ 0	\$ 2,164,534
Property and Other Taxes	437,192	0	0	0
Intergovernmental Revenues	556,064	33,596	96,694	0
Charges for Services	675,520	0	0	0
Fines, Licenses and Permits	557,696	0	0	0
Investment Earnings	426,042	0	(22,329)	(24,461)
Special Assessments	0	265,319	0	0
Donations	0	0	0	0
All Other Revenue	336,806	0	17,556	0
Total Revenue	7,325,418	298,915	91,921	2,140,073
Expenditures:				
Current:				
Security of Persons and Property	2,101,903	0	0	0
Public Health and Welfare Services	1,829	0	0	0
Leisure Time Activities	360,850	0	0	0
Community Environment	978,325	0	0	0
Transportation	0	0	0	0
General Government	2,903,183	0	25,499	0
Capital Outlay	0	0	3,347,705	0
Debt Service:				
Principal Retirement	5,055	386,850	0	0
Interest & Fiscal Charges	556	320,103	127,995	0
Total Expenditures	6,351,701	706,953	3,501,199	0
Excess (Deficiency) of Revenues				
Over Expenditures	973,717	(408,038)	(3,409,278)	2,140,073
Other Financing Sources (Uses):				
Operating Transfers In	75,000	232,556	4,131,149	0
Operating Transfers Out	(1,168,068)	0	(82,267)	(3,388,649)
Total Other Financing Sources (Uses)	(1,093,068)	232,556	4,048,882	(3,388,649)
Net Change in Fund Balances	(119,351)	(175,482)	639,604	(1,248,576)
Fund Balances at Beginning of Year	2,406,749	202,249	(4,117,131)	2,657,835
Increase (Decrease) in Inventory Reserve	(554)	0	0	0
Fund Balances End of Year	\$ 2,286,844	\$ 26,767	\$ (3,477,527)	\$ 1,409,259

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds	Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Year Ended December 31, 2002	
\$ 0	\$ 6,500,632	Net Change in Fund Balances - Total Governmental Funds	\$ (838,438)
90,000	527,192		
620,375	1,306,729	<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
0	675,520		
210,375	768,071		
0	379,252	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.	1,329,408
0	265,319		
37,148	37,148		
5,646	360,008		
<u>963,544</u>	<u>10,819,871</u>		
68,934	2,170,837	Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets net of proceeds received.	(130,045)
0	1,829		
0	360,850		
0	978,325	Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(337,388)
489,743	489,743		
21,381	2,950,063		
239,859	3,587,564	The repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	461,732
69,827	461,732		
16,783	465,437		
<u>906,527</u>	<u>11,466,380</u>	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	4,035
57,017	(646,509)		
363,148	4,801,853	Some expenses reported in the statement of activities, such as change in inventory, compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(55,866)
(354,798)	(4,993,782)		
<u>8,350</u>	<u>(191,929)</u>		
65,367	(838,438)		
825,254	1,974,956	Change in Net Assets of Governmental Activities	<u>\$ 433,438</u>
(16,076)	(16,630)		
<u>\$ 874,545</u>	<u>\$ 1,119,888</u>		

CITY OF SPRINGBORO, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Tax	\$ 4,119,482	\$ 4,119,482	\$ 4,026,032	\$ (93,450)
Property and Other Taxes	395,000	395,000	437,054	42,054
Intergovernmental Revenue	515,000	515,000	574,475	59,475
Charges for Services	511,660	671,000	675,520	4,520
Fines, Licenses and Permits	456,900	456,900	554,791	97,891
Investment Earnings	520,000	520,000	426,042	(93,958)
All Other Revenues	140,200	223,687	314,979	91,292
Total Revenues	<u>6,658,242</u>	<u>6,901,069</u>	<u>7,008,893</u>	<u>107,824</u>
Expenditures:				
Current:				
Security of Persons and Property	2,085,895	2,230,895	2,126,789	104,106
Public Health and Welfare Services	1,830	1,830	1,829	1
Leisure Time Activities	370,794	390,794	364,285	26,509
Community Environment	983,272	1,120,772	1,031,893	88,879
General Government	2,638,920	3,272,122	3,044,288	227,834
Debt Service:				
Principal Retirement	5,055	5,055	5,055	0
Interest and Fiscal Charges	556	556	556	0
Total Expenditures	<u>6,086,322</u>	<u>7,022,024</u>	<u>6,574,695</u>	<u>447,329</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	571,920	(120,955)	434,198	555,153
Other Financing Sources (Uses):				
Operating Transfers In	75,000	75,000	75,000	0
Operating Transfers Out	(1,024,140)	(1,185,040)	(1,168,068)	16,972
Advances In	0	0	36,000	36,000
Advances Out	0	(91,496)	(91,496)	0
Total Other Financing Sources (Uses):	<u>(949,140)</u>	<u>(1,201,536)</u>	<u>(1,148,564)</u>	<u>52,972</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(377,220)	(1,322,491)	(714,366)	608,125
Fund Balance at Beginning of Year	1,939,773	1,939,773	1,939,773	0
Prior Year Encumbrances	190,466	190,466	190,466	0
Fund Balance at End of Year	<u>\$ 1,753,019</u>	<u>\$ 807,748</u>	<u>\$ 1,415,873</u>	<u>\$ 608,125</u>

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2002**

	Business-Type Activities Enterprise Funds				
	Golf Course	Water	Sewer	Trash	Total
Assets:					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 0	\$ 3,736,152	\$ 2,298,283	\$ 404,956	\$ 6,439,391
Investments	0	2,716,899	1,644,642	0	4,361,541
Receivables:					
Accounts	44,850	240,989	216,021	65,579	567,439
Inventory of Supplies at Cost	22,449	0	0	0	22,449
Inventory Held for Resale	32,992	0	0	0	32,992
Prepaid Items	6,746	16,624	2,959	0	26,329
Total Current Assets	107,037	6,710,664	4,161,905	470,535	11,450,141
<i>Non Current Assets:</i>					
Restricted Assets:					
Cash and Cash Equivalents	0	60,540	0	0	60,540
Cash and Cash Equivalents with Fiscal Agent	0	747,471	209,474	0	956,945
Investments with Fiscal Agent	0	1,090,468	460,023	0	1,550,491
Capital Assets, Net	10,680,060	27,058,136	21,193,264	0	58,931,460
Unamortized Bond Issuance Cost	71,926	488,744	232,744	0	793,414
Deferred Loss on Early Retirement of Debt	330,671	0	148,742	0	479,413
Total Noncurrent Assets	11,082,657	29,445,359	22,244,247	0	62,772,263
Total Assets	11,189,694	36,156,023	26,406,152	470,535	74,222,404
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	28,875	82,144	96,755	39,843	247,617
Accrued Wages and Benefits	0	9,027	4,966	705	14,698
Intergovernmental Payable	0	31,498	7,721	1,135	40,354
Refundable Deposits	0	60,540	0	0	60,540
Deferred Revenue	62,372	0	0	0	62,372
Interfund Loans Payable	1,794,135	0	0	0	1,794,135
Accrued Interest Payable	17,434	68,218	18,908	0	104,560
Capital Leases - Current	23,057	0	36,227	0	59,284
General Obligation Bonds - Current	125,000	17,500	19,200	0	161,700
Mortgage Revenue - Current	0	545,000	165,000	0	710,000
Total Current Liabilities	2,050,873	813,927	348,777	41,683	3,255,260
<i>Noncurrent Liabilities:</i>					
Compensated Absences Payable	0	24,079	16,775	1,630	42,484
Capital Leases Payable	67,661	0	58,447	0	126,108
General Obligation Bonds Payable	3,913,029	102,500	79,600	0	4,095,129
Revenue Bonds Payable	0	16,075,000	3,835,000	0	19,910,000
Total Noncurrent Liabilities	3,980,690	16,201,579	3,989,822	1,630	24,173,721
Total Liabilities	6,031,563	17,015,506	4,338,599	43,313	27,428,981
Net Assets:					
Invested in Capital Assets, Net of Related Debt	6,953,910	10,806,880	17,381,276	0	35,142,066
Restricted for:					
Debt Service	0	1,837,939	669,497	0	2,507,436
Unrestricted	(1,795,779)	6,495,698	4,016,780	427,222	9,143,921
Total Net Assets	\$ 5,158,131	\$ 19,140,517	\$ 22,067,553	\$ 427,222	\$ 46,793,423

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2002**

	Business-Type Activities				
	Enterprise Funds				
	Golf Course	Water	Sewer	Trash	Total
Operating Revenues:					
Charges for Services	\$ 1,225,551	\$ 2,352,008	\$ 1,569,585	\$ 606,102	\$ 5,753,246
Sales	668,161	0	0	0	668,161
Other Operating Revenue	132,197	93,735	2,070	0	228,002
Total Operating Revenues	2,025,909	2,445,743	1,571,655	606,102	6,649,409
Operating Expenses:					
Personal Services	0	553,509	248,468	31,523	833,500
Contractual Services	1,076,041	850,290	858,528	468,654	3,253,513
Materials and Supplies	160,551	63,677	6,828	7,174	238,230
Cost of Goods Sold	196,308	0	0	0	196,308
Depreciation	156,741	475,344	402,587	0	1,034,672
Total Operating Expenses	1,589,641	1,942,820	1,516,411	507,351	5,556,223
Operating Income	436,268	502,923	55,244	98,751	1,093,186
Nonoperating Revenue (Expenses):					
Intergovernmental Revenues	62,672	0	0	0	62,672
Investment Earnings	66,290	109,696	18,596	0	194,582
Interest and Fiscal Charges	(240,139)	(836,051)	(274,443)	0	(1,350,633)
Loss on Disposal of Fixed Assets	(6,400)	0	(451,782)	0	(458,182)
Capital Contributions - Tap in Fees	0	536,176	618,221	0	1,154,397
Capital Contributions	0	624,175	1,811,082	0	2,435,257
Total Nonoperating Revenues (Expenses)	(117,577)	433,996	1,721,674	0	2,038,093
Income Before Operating Transfers	318,691	936,919	1,776,918	98,751	3,131,279
Operating Transfers:					
Operating Transfers In	266,929	0	0	0	266,929
Operating Transfers Out	0	(68,483)	(35,000)	(5,000)	(108,483)
Total Operating Transfers	266,929	(68,483)	(35,000)	(5,000)	158,446
Change in Net Assets	585,620	868,436	1,741,918	93,751	3,289,725
Net Assets Beginning of Year	4,572,511	18,272,081	20,325,635	333,471	43,503,698
Net Assets End of Year	\$ 5,158,131	\$ 19,140,517	\$ 22,067,553	\$ 427,222	\$ 46,793,423

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

**Statement of Cash Flows
Proprietary Funds
December 31, 2002**

	Golf Course	Water	Sewer	Trash	Totals
Cash Flows from Operating Activities:					
Cash Received from Customers	\$1,956,320	\$2,509,995	\$1,676,162	\$639,158	\$6,781,635
Other Operating Receipts	137,291	95,883	2,070	0	235,244
Cash Payments for Goods and Services	(1,661,660)	(853,690)	(837,994)	(473,878)	(3,827,222)
Cash Payments to Employees	0	(549,671)	(245,383)	(34,874)	(829,928)
Net Cash Provided by Operating Activities	431,951	1,202,517	594,855	130,406	2,359,729
Cash Flows from Noncapital Financing Activities:					
Payment of Interfund Loans	(2,234,064)	0	0	0	(2,234,064)
Receipt of Interfund Loans	1,794,135	0	0	0	1,794,135
Transfers In from Other Funds	266,929	0	0	0	266,929
Transfers Out to Other Funds	0	(35,000)	(35,000)	(5,000)	(75,000)
Net Cash Used by Noncapital Financing Activities	(173,000)	(35,000)	(35,000)	(5,000)	(248,000)
Cash Flows from Capital and Related Financing Activities:					
Cash Received from Tap-in Fees in Excess of Cost	0	536,176	618,221	0	1,154,397
Receipt of Intergovernmental Revenue	62,672	0	0	0	62,672
Principal Paid on General Obligation Notes	0	0	(1,200,000)	0	(1,200,000)
Acquisition and Construction of Assets	(21,010)	(504,298)	(85,210)	0	(610,518)
Principal Paid on General Obligation Bonds	(120,000)	(16,250)	(18,900)	0	(155,150)
Principal Paid on Capital Lease	(27,312)	0	(34,181)	0	(61,493)
Principal Paid on Mortgage Revenue Bonds	0	(520,000)	(160,000)	0	(680,000)
Interest Paid on All Debt	(219,591)	(813,157)	(279,014)	0	(1,311,762)
Net Cash Used by Capital and Related Financing Activities	(325,241)	(1,317,529)	(1,159,084)	0	(2,801,854)
Cash Flows from Investing Activities:					
Receipt of Interest	66,290	63,110	28,220	0	157,620
Sale of Investments	0	2,661,069	2,061,397	0	4,722,466
Net Cash Provided by Investing Activities	66,290	2,724,179	2,089,617	0	4,880,086
Net Increase in Cash and Cash Equivalents	0	2,574,167	1,490,388	125,406	4,189,961
Cash and Cash Equivalents at Beginning of Year	0	1,969,996	1,017,369	279,550	3,266,915
Cash and Cash Equivalents at End of Year	\$0	\$4,544,163	\$2,507,757	\$404,956	\$7,456,876
Reconciliation of Cash and Cash Equivalents per the Balance Sheet:					
Cash and Cash Equivalents	\$0	\$3,736,152	\$2,298,283	\$404,956	\$6,439,391
Restricted Cash and Cash Equivalents	0	60,540	0	0	60,540
Restricted Cash with Fiscal and Escrow Agents	0	747,471	209,474	0	956,945
Cash and Cash Equivalents at End of Year	\$0	\$4,544,163	\$2,507,757	\$404,956	\$7,456,876

(continued)

CITY OF SPRINGBORO, OHIO

**Statement of Cash Flows
Proprietary Funds
December 31, 2002**

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Operating Income	\$436,268	\$502,923	\$55,244	\$98,751	\$1,093,186
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation Expense	156,741	475,344	402,587	0	1,034,672
Changes in Assets and Liabilities:					
Decrease in Accounts Receivable	5,094	157,987	106,577	33,056	302,714
Decrease in Due From Other Funds	236	0	0	0	236
Decrease in Inventory	16,211	0	0	0	16,211
Increase in Inventory Held for Resale	(2,465)	0	0	0	(2,465)
(Increase) Decrease in Prepaid Items	(335)	(2,046)	(2,021)	137	(4,265)
Increase in Accounts Payable	7,829	60,728	29,383	1,813	99,753
Decrease in Accrued Wages and Benefits	0	(9,369)	(4,447)	(678)	(14,494)
Increase (Decrease) in Intergovernmental Payable	0	8,071	1,581	(523)	9,129
Increase in Deferred Revenue	62,372	0	0	0	62,372
Decrease in Estimated Loss Contingency	(250,000)	0	0	0	(250,000)
Increase in Refundable Deposits	0	619	0	0	619
Increase (Decrease) in Compensated Absences	0	8,260	5,951	(2,150)	12,061
Total Adjustments	<u>(4,317)</u>	<u>699,594</u>	<u>539,611</u>	<u>31,655</u>	<u>1,266,543</u>
Net Cash Provided by Operating Activities	<u>\$431,951</u>	<u>\$1,202,517</u>	<u>\$594,855</u>	<u>\$130,406</u>	<u>\$2,359,729</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2002, the Sewer and Water Funds had outstanding liabilities of \$31,590 and \$779, respectively for the purchase of certain capital assets. During 2002, the Sewer and Water Funds received \$1,811,082 and \$602,498, respectively, of fixed assets donated by developers. The Water Fund also received \$21,677 in capital assets from other funds of the City. The Golf Course Fund incurred a new lease liability of \$25,913 in 2002. During 2002, the fair value of investments decreased by \$9,624 in the Sewer Fund and increased by \$46,586 in the Water Fund.

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

***Statement of Net Assets
Fiduciary Funds
December 31, 2002***

	<u>Total Agency Fund</u>
Assets:	
Receivables:	
Special Assessments	<u>\$ 209,842</u>
Total Assets	<u>209,842</u>
Liabilities:	
Due to Others	<u>209,842</u>
Total Liabilities	<u>209,842</u>
Total Net Assets	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Springboro, Ohio (the City) is a home rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council - Manager form of government, was adopted November 7, 1978, became effective January 1, 1979, and was amended November 6, 1984. The six member Council and the Mayor are elected to four-year terms. The Council appoints a City Manager who serves as the chief executive officer, the head of the administrative agencies, and a law enforcement officer of the City. The City Manager appoints all of the department managers.

The financial statements are presented as of December 31, 2002 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police protection, street construction and maintenance, street lighting, parks and recreation, planning and zoning and other governmental services. In addition, golf, water, sewer and trash collection and disposal services are provided under an enterprise concept with user charges set by City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

The Warren County General Health District, a jointly governed organization, provides health services within the County. The Board of Health, which consists of a representative from each of the participating governments, oversees the operation of the District. The City is not financially accountable for the District. The County Commissioners serve as the taxing authority and the County Auditor and Treasurer serve as fiscal officers.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/(expenses). The various funds are summarized by type in the basic financial statements. The following fund types and account groups are used by the City:

Governmental Funds

The governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal and interest.

Construction Fund - This fund is used to account for transfers of income tax revenues and grants used for all construction projects not accounted for in the permanent improvement fund or the enterprise funds.

Income Tax Capital Improvement Fund - This fund is used to account for income tax proceeds from .5% of the City's 1.5% income tax. The funds are to be spent on capital projects at Council's discretion

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Golf Course Fund – To account for revenue received from user charges; such as greens fees, rentals and concessions, to be used for the general operation of Heatherwoode, an 18-hole championship golf course.

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Trash Fund – This fund is used to account for the operation of the City's solid waste collection and disposal service.

Fiduciary Fund

Agency Fund - This fund is used to account for assets held by a government unit as an agent for individuals, private organizations, other governmental units, and/or other funds. The agency fund accounts for special assessments collected from property owners and remitted to various homeowners associations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary 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 statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Special assessment installments including related interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2002 but which are not intended to finance 2002 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6.

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds and the agency fund. Revenues are recognized when they are earned and expenses are recognized when incurred.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds, as included in business-type activities and proprietary fund statements, and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is at the object level (personal services, operations and maintenance and capital outlay) within each department. Budgetary modifications may only be made by ordinance of the City Council.

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2002.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. The allocation of appropriations within a fund may be modified with the approval of the City Council. During 2002, several supplemental appropriations measures were necessary to budget the use of contingency funds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Budget) for the General Fund is presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

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

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	General Fund
GAAP Basis (as reported)	(\$119,351)
Increase (Decrease):	
Accrued Revenues at December 31, 2002 received during 2003	(882,126)
Accrued Revenues at December 31, 2001 received during 2002	510,105
Accrued Expenditures at December 31, 2002 paid during 2003	284,261
Accrued Expenditures at December 31, 2001 paid during 2002	(292,436)
2001 Prepays for 2002	48,970
2002 Prepays for 2003	(54,398)
Outstanding Encumbrances	(209,391)
Budget Basis	(\$714,366)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During 2002, cash and cash equivalents included amounts in demand deposits and U.S. Treasury Money Market accounts in Firststar Seasingood Asset Management and Fifth Third Liquid Asset Manager accounts with original maturities of less than three months.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and cash equivalents represents the balance on hand as if each fund maintained its own cash and cash equivalent account. See Note 5 "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 5, "Cash, Cash Equivalents and Investments."

H. Restricted Assets

Restricted assets in the enterprise funds represent cash and cash equivalents and cash and cash equivalents with fiscal agents set aside to satisfy bond indenture requirements for current and future debt payments and for the replacement and improvement of fixed assets originally acquired with bond proceeds. In addition, water and sewer customer deposits are presented as a restricted assets.

I. Inventory

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life threshold of three or more years.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation on newly acquired/constructed streets begins in the year following acquisition. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Land and Land Improvements	15 - 60
Buildings	10 - 40
Infrastructure	50 - 65
Equipment	3 - 15
Utility Plant in Service	50 - 65

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
Special Assessment Bonds	Bond Retirement Fund
General Obligation Bonds	Bond Retirement Fund, Golf Course Fund, Sewer Fund and Water Fund.
Compensated Absences	General Fund, Street Maintenance and Repair Fund Sewer Fund, Trash Fund and Water Fund
Intergovernmental Payable	General Fund and the Street Maintenance and Repair Fund
Capital Lease Agreements	General Fund, Library Donation Fund, Golf Course Fund and Sewer Fund.
Mortgage Revenue Bonds	Sewer Fund and Water Fund

M. Bond Discounts/Issuance Costs

Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

N. Compensated Absences

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

P. Pensions

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

Q. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.

Transactions that would be treated as revenues and expenditures/expenses if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Interfund Assets/Liabilities

The City reports cash overdrafts from pooled cash and cash equivalents as an interfund loan payable in the fund with the overdraft and as an interfund loan receivable in the fund(s) designated by management. The interfund loans receivable are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Long-term interfund loans are classified as “advances to/from other funds.”

S. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies, prepaid items, interfund loans receivable, debt service and encumbered amounts not accrued at year end. Retained earnings have been reserved as a result of bond covenants (accumulation of resources for retirement of bond principal and interest.)

T. 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.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2002.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Other long-term assets not available to pay for current-period expenditures:

Delinquent Income Tax Revenue	\$291,377
Delinquent Property Tax Revenue	8,990
Shared Revenues	529,266
Special Assessment Revenue	2,482,268
	<hr/>
	\$3,311,901

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	\$3,356,200
Long-term pension liability	93,459
Special Assessment Bonds Payable	2,194,000
Accrued Interest on Long-Term Debt	60,959
Capital Leases Payable	243,290
Compensated Absences Payable	142,404
	<hr/>
	\$6,090,312

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which capital outlay exceeded depreciation in the current period:

Capital Outlay	\$2,763,368
Depreciation Expense	<u>(1,433,960)</u>
	\$1,329,408

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$117,197
Decrease in Delinquent Property Tax	(6,768)
Decrease in Shared Revenue	(199,801)
Decrease in Special Assessment Revenue	(259,822)
Net Transfer In (Out) for Fixed Assets	<u>11,806</u>
	(\$337,388)

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$34,549)
Increase in Long-Term Pension Liability	(4,687)
Decrease in supplies inventory	<u>(16,630)</u>
	(\$55,866)

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For the year 2002, the City has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”; GASB Statement No. 37, “*Basic Financial Statements for State and Local Governments: Omnibus*”; GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*”; and GASB Interpretation No. 6, “*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement.*” At December 31, 2001, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38, or Interpretation No. 6.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE (Continued)

A. Changes in Accounting Principles (Continued)

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2001, caused by the conversion to the accrual basis of accounting.

B. Restatement of Fund Balance

The changes to the beginning retained earnings/fund balance, as well as the transition from fund balance to net assets of the governmental activities are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Fund Balance December 31, 2001	\$1,818,808	\$16,204,828
Adjustments:		
Reclassification of Fund from Expendable Trust Fund to Special Revenue Fund	156,148	0
Prior Period Adjustment to Current Capital Assets	<u>0</u>	<u>(371,411)</u>
Total Adjustments to Fund Balance	<u>156,148</u>	<u>(371,411)</u>
GASB 34 Adjustments:		
Capital Assets	31,202,894	0
PERS and OP&F Liabilities	(88,772)	0
Contributed Capital	0	27,670,281
Long-Term Liabilities	(6,428,071)	0
Long-Term (Deferred) Assets	<u>3,661,095</u>	<u>0</u>
Net Assets, December 31, 2001	<u>\$30,322,102</u>	<u>\$43,503,698</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 4 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

Fund Deficits – The fund deficit at December 31, 2002 of \$3,477,527 in the Construction Fund (capital projects fund) arises from the recording of general obligation notes payable within the fund. This deficit does not exist under the budgetary basis of accounting. Operating transfers are provided when cash is required, not when accruals occur.

B. Compliance

Contrary to Ohio Revised Code, Section 5705.10, the Golf Course Fund, which also includes the Golf Course Capital Reserve Account, has a negative cash balance of \$1,794,135 at December 31, 2002. For GAAP reporting purposes, interfund loans receivable and interfund loans payable were created to eliminate the negative cash position at year end.

During 2002 the following funds had negative balances at some point during year: Income Tax Capital Improvement Fund, Health Insurance Trust (included in the general fund) and the Library Trust Fund.

The City had appropriations exceeding estimated resources in the Golf Course Fund at year end and during the year.

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

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

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3 *"Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,"* collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

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

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end the carrying amount of the City's deposits was \$9,826,473, and the bank balance was \$9,974,561. Federal depository insurance covered \$403,237, of the bank balance. All remaining deposits were classified as Category 3.

B. Investments

The City's investments at December 31, 2002 are summarized below:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Fair Value</u>
U.S. Government Securities	\$6,977,045	\$6,977,045
Total Investments	<u>\$6,977,045</u>	<u>\$6,977,045</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2002 were levied after October 1, 2001 on assessed values as of January 1, 2001, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2000. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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

The full tax rate for all City operations for the year ended December 31, 2002 was \$1.11 per \$1,000 of assessed value. The assessed value upon which the 2002 levy was based was \$359,871,190. This amount constitutes \$322,706,980 in real property assessed value, \$6,061,070 in public utility assessed value and \$31,103,140 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .111% (1.11 mills) of assessed value.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 6 – TAXES (Continued)

B. Income Tax

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed. Of the one and one-half percent income tax, one-half percent is voter approved for the sole purpose of funding capital improvements.

Employers within the City are required to withhold income tax on employees compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are to be used for general fund operations, maintenance of equipment, new equipment/capital improvements, debt service and other governmental functions when needed, as determined by City Council. Income tax revenue for 2002 was \$6,617,829.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2002 consisted of income taxes, property taxes, accounts, special assessments, interfund loans to other funds and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full.

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CITY OF SPRINGBORO, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 8 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2002:

Fund	Transfer In	Transfer Out
General Fund	\$75,000	\$1,168,068
Debt Service Fund	232,556	0
Construction Fund	4,131,149	82,267
Income Tax Capital Improvement Fund	0	3,388,649
Other Governmental Funds	363,148	354,798
Total Governmental Funds	4,801,853	4,993,782
Golf Course Fund	266,929	0
Water Fund	0	68,483
Sewer Fund	0	35,000
Trash Fund	0	5,000
Total Proprietary Funds	266,929	108,483
Totals	\$5,068,782	\$5,102,265

For the year ended December 31, 2002, the Water Fund reports an operating transfer out of \$68,483. This amount contains \$33,483 in a “one-sided” transfer transaction. The transfer out was made to account for the net book value of certain fixed assets that were transferred to Governmental Activities.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the income tax fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

The interfund loans outstanding at December 31, 2002 were made to eliminate the cash deficit in the Golf Course Fund. The following is a summary of interfund loans receivable and payable for all funds for 2002:

Interfund Loans Receivable/Payable	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$1,625,269	\$0
Capital Projects Fund:		
Income Tax Capital Improvement Fund	168,866	0
Enterprise Fund:		
Golf Course Fund	0	1,794,135
Totals	\$1,794,135	\$1,794,135

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2002:

Historical Cost:

Class	Restated December 31, 2001	Additions	Deletions	December 31, 2002
Capital assets not being depreciated:				
Land	\$12,202,734	\$1,117,353	\$0	\$13,320,087
Capital assets being depreciated:				
Improvements	269,929	84,307	(32,137)	322,099
Infrastructure	26,524,789	1,261,603	(278,224)	27,508,168
Buildings	2,001,902	15,099	0	2,017,001
Machinery and Equipment	2,631,926	157,119	(102,811)	2,686,234
Construction in Progress	128,143	242,899	(51,573)	319,469
Total Cost	\$43,759,423	\$2,878,380	(\$464,745)	\$46,173,058

Accumulated Depreciation:

Class	Restated December 31, 2001	Additions	Deletions	December 31, 2002
Improvements	(\$216,213)	(\$20,355)	\$29,580	(\$206,988)
Infrastructure	(9,974,437)	(1,054,975)	154,651	(10,874,761)
Buildings	(661,160)	(53,207)	0	(714,367)
Machinery and Equipment	(1,704,719)	(335,379)	77,219	(1,962,879)
Total Depreciation	(\$12,556,529)	(\$1,463,916) *	\$261,450	(\$13,758,995)
Net Value:	\$31,202,894			\$32,414,063

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$123,974)
Leisure Time Activities	(81,621)
Community Development	(37,693)
Transportation	(1,133,895)
General Government	(56,777)
Total Depreciation Expense	(1,433,960)
Amount Transferred In from Water	(29,956)
Total Additions to Accumulated Depreciation	(\$1,463,916)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 10 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2002:

Historical Cost:

Class	Restated December 31, 2001	Additions	Deletions	December 31, 2002
Capital assets not being depreciated:				
Land	\$8,468,733	\$63,657	\$0	\$8,532,390
Capital assets being depreciated:				
Buildings	3,319,919	4,690	0	3,324,609
Land Improvements	594,992	4,330	0	599,322
Infrastructure	50,577,788	3,018,593	(593,180)	53,003,201
Machinery and Equipment	1,372,524	50,406	(115,438)	1,307,492
Construction in Progress	403,659	306,895	(374,476)	336,078
Total Cost	\$64,737,615	\$3,448,571	(\$1,083,094)	\$67,103,092

Accumulated Depreciation:

Class	Restated December 31, 2001	Additions	Deletions	December 31, 2002
Buildings	(\$743,875)	(\$83,057)	\$0	(\$826,932)
Land Improvements	(282,799)	(36,293)	0	(319,092)
Infrastructure	(5,346,083)	(798,875)	141,398	(6,003,560)
Machinery and Equipment	(1,002,832)	(116,447)	97,231	(1,022,048)
Total Depreciation	(\$7,375,589)	(\$1,034,672)	\$238,629	(\$8,171,632)

Net Value:

\$57,362,026	\$58,931,460
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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (the “Ohio PERS”)

The following information was provided by the Ohio PERS to assist the City in complying with GASB Statement No. 27, “*Accounting for Pensions by State and Local Government Employers.*”

All employees of the City, except full-time uniformed police officers, participate in the Ohio PERS, a cost-sharing multiple employer defined benefit pension plan. The Ohio PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2002 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2002, 2001 and 2000 were \$256,415, \$243,550 and \$171,912, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll which amounted to \$94,618.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0%. An annual increase of 4.0% 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 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2001 is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

All City full-time police officers participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to the OP&F Fund for the years ending December 31, 2002, 2001 and 2000 were \$203,183, \$180,471 and \$161,006, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund 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 the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”) (Continued)

The portion of the 2002 covered payroll that was used to fund postemployment health care benefits was \$80,752 representing 7.75% of covered payroll for police. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 2001, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,174 for police. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2001 were \$122,298,771, which was net of member contributions of \$6,874,699.

NOTE 12 - COMPENSATED ABSENCES

The costs of vacation and sick leave benefits are recorded as they are earned. Employees earn vacation leave at varying rates based upon length of service. Sick leave is accumulated at a rate of four and six tenths hours per eighty hours of service. Sick leave is cumulative without limit. Upon retirement an individual will be compensated for their accumulated sick leave at a rate of 25% of the balance.

At December 31, 2002, the City's accumulated, unpaid compensated absences amounted to \$184,888, of which \$142,404 is recorded as a liability of the Governmental Activities and \$42,484 is recorded as a liability of the Business-Type Activities. Both amounts are recorded as Amounts Due in More Than One Year on the Entity Wide Statement of Net Assets.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 13 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

General Obligation Notes:	Balance December 31, 2001	Issued	(Retired)	Balance December 31, 2002
Capital Projects Funds:				
3.30% South Main St. Improvements	\$450,000	\$0	(\$450,000)	\$0
2.60% South Tech Street Improvements	900,000	900,000	(900,000)	900,000
3.30% Various Street Improvements	850,000	0	(850,000)	0
3.30% Various Street Improvements	270,000	0	(270,000)	0
2.60% Various Street Improvements	950,000	950,000	(950,000)	950,000
2.60% Various Street Improvements	600,000	50,000	(600,000)	50,000
2.60% Various Street Improvements	2,100,000	2,100,000	(2,100,000)	2,100,000
Total Capital Projects	6,120,000	4,000,000	(6,120,000)	4,000,000
Enterprise Fund:				
3.53% Sewer Improvement	1,200,000	0	(1,200,000)	0
Grand Total All Funds	\$7,320,000	\$4,000,000	(\$7,320,000)	\$4,000,000

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CITY OF SPRINGBORO, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 14 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2002 were as follows:

		Balance December 31, 2001	Issued	(Retired)	Balance December 31, 2002	Amount Due Within One Year
Business Type-Activities:						
General Obligation Bonds:						
6.4 - 7.5% Sewer Real Estate Acquisition	1989	\$85,000	\$0	(\$15,000)	\$70,000	\$15,000
3.0 - 6.1% Sewer Various Purpose	1993	32,700	0	(3,900)	28,800	4,200
3.0 - 6.1% Water Various Purpose	1993	136,250	0	(16,250)	120,000	17,500
3.9 - 5.4% Golf Course Refunding	1999	4,175,000	0	(120,000)	4,055,000	125,000
Total General Obligation Bonds		4,428,950	0	(155,150)	4,273,800	161,700
Mortgage Revenue Bonds:						
2.75 - 5.45% Waterworks Improvement	1993	3,545,000	0	(135,000)	3,410,000	145,000
4.00 - 5.70% Water	1997	13,595,000	0	(385,000)	13,210,000	400,000
4.00 - 5.70% Sewer Refunding	1997	4,160,000	0	(160,000)	4,000,000	165,000
Total Mortgage Revenue Bonds		21,300,000	0	(680,000)	20,620,000	710,000
Compensated Absences		30,423	42,484	(30,423)	42,484	0
Capital Leases Payable		220,972	25,913	(61,493)	185,392	59,284
Total Business-Type Activity Long-Term Liabilities		\$25,980,345	\$68,397	(\$927,066)	\$25,121,676	\$930,984
Governmental Activities:						
Special Assessment Bonds:						
12.875% Sharts Road Sewer	1983	\$2,000	\$0	(\$2,000)	\$0	\$0
12.875% Sharts Road Street	1983	4,000	0	(4,000)	0	0
7.500% Hiawatha Trail	1987	30,000	0	(5,000)	25,000	5,000
7.500% Hiawatha Trail II	1989	51,000	0	(5,000)	46,000	5,000
7.500% Sharts Road Improvement	1989	64,000	0	(6,000)	58,000	7,000
5.500% Various Purpose	1993	725,000	0	(40,000)	685,000	45,000
5.500% Various Purpose	1994	275,000	0	(15,000)	260,000	15,000
4.200 - 6.350% Pioneer Blvd. North	1994	375,000	0	(20,000)	355,000	20,000
4.200 - 5.600% Commercial Way	1997	500,000	0	(20,000)	480,000	20,000
6.750% N. Pioneer Blvd.	1998	295,000	0	(10,000)	285,000	10,000
Total Special Assessment Bonds						
(with Governmental Commitment)		2,321,000	0	(127,000)	2,194,000	127,000
Unvoted General Obligation Bonds:						
3.000 - 6.100% Various Purpose	1993	376,050	0	(44,850)	331,200	48,300
3.500 - 5.900% St. Route 741 Improvement	1996	375,000	0	(15,000)	360,000	20,000
4.500 - 6.000% South Main St. Improvement	1997	200,000	0	(10,000)	190,000	10,000
3.900 - 5.375% Various Purpose	1999	975,000	0	(35,000)	940,000	35,000
4.850 - 5.250% Street Improvement TIF	2000	1,690,000	0	(155,000)	1,535,000	160,000
Total General Obligation Bonds		3,616,050	0	(259,850)	3,356,200	273,300
Compensated Absences		107,855	142,404	(107,855)	142,404	0
Capital Leases Payable		318,172	0	(74,882)	243,290	79,253
Total Governmental Activity Long-Term Liabilities		\$6,363,077	\$142,404	(\$569,587)	\$5,935,894	\$479,553

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment bonds outstanding at December 31, 2002, \$2,194,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

The 2000 Golf Course Refunding bonds are reported at carrying value of \$4,038,029. The face value of the bonds at December 31, 2002 was \$4,055,000. The difference of \$16,971 represents a discount on the issue amount. This discount is being amortized over the life of the bond.

A. Future Long-Term Financing Requirements

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2002, follow:

Years	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2003	\$435,000	\$398,485	\$127,000	\$123,188
2004	460,000	376,843	138,000	116,351
2005	470,000	353,627	144,000	108,864
2006	485,000	329,806	154,000	100,769
2007	515,000	304,722	156,000	92,001
2008-2012	2,050,000	1,147,320	860,000	316,659
2013-2017	1,635,000	693,230	590,000	79,603
2018-2022	1,580,000	251,518	25,000	1,312
2023	0	0	0	0
Totals	\$7,630,000	\$3,855,551	\$2,194,000	\$938,747

Years	Mortgage Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest
2003	\$710,000	\$999,649	\$1,272,000	\$1,521,322
2004	740,000	970,003	1,338,000	1,463,197
2005	770,000	938,271	1,384,000	1,400,762
2006	800,000	904,484	1,439,000	1,335,059
2007	840,000	868,759	1,511,000	1,265,482
2008-2012	4,805,000	3,716,554	7,715,000	5,180,533
2013-2017	6,145,000	2,376,468	8,370,000	3,149,301
2018-2022	4,850,000	871,101	6,455,000	1,123,931
2023	960,000	45,600	960,000	45,600
Totals	\$20,620,000	\$11,690,889	\$30,444,000	\$16,485,187

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

B. Defeased Debt

In prior years, the City has defeased certain general obligation and other bonds by placing the proceeds of the refunding bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. At December 31, 2002, \$6,930,000 of bonds outstanding are considered defeased.

NOTE 15 - CAPITAL LEASE COMMITMENTS

The City is obligated under several leases accounted for as capital leases. The cost of the leased assets (building, data processing equipment, office furniture and other items) are accounted for as governmental type capital assets, for items leased by governmental funds, and in the appropriate enterprise funds for items leased by the golf course, sewer and water funds. The related liabilities are recorded as amounts due within one year and amounts due in more than one year within the governmental activities and as capital lease liabilities within the appropriate enterprise funds. The original cost of the assets under capital lease was \$933,652. The leased assets were categorized as follows: \$568,213 as buildings and \$365,439 as machinery and equipment.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2002.

Year Ending December 31,	Governmental Type	Business Type
2003	\$92,221	\$68,813
2004	89,415	65,101
2005	86,610	44,458
2006	0	23,815
2007	0	2,958
Minimum Lease Payments	268,246	205,145
Less: Amount representing interest at the City's incremental borrowing rate of interest	(24,956)	(19,753)
Present value of minimum lease payments	<u>\$243,290</u>	<u>\$185,392</u>

CITY OF SPRINGBORO, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2002 the City contracted with several different insurance providers for various insurance coverages, as follows:

Type of Coverage	Liability Limits	Deductible
Property	\$3,000,000	\$5,000
Inland Marine	3,000,000	250
General Liability	3,000,000	0
Automobile	2,000,000	250/500
Excess Liability	5,000,000	10,000
Public Officials Liability	2,000,000	5,000
Police Liability	2,000,000	5,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

The City has established an Employees Benefits Fund which has been included within the General Fund within the Basic Financial Statements to account for the cost of the City's self-insured medical claims. The program is provided through an administrative service contract with a third party administrator who furnished claims review and processing. The City purchases stop-loss coverage of \$15,000 per claim per year. The City funds are charged a premium based upon the number of employees participating in the Medical Plan. The premium payments are accounted for as an expenditure/expense in the paying funds.

The claims liability of \$34,870 reported in the General Fund at December 31, 2002 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for fiscal years 2001 and 2002 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2001	\$35,790	\$536,682	(\$542,585)	\$29,887
2002	29,887	659,956	(654,973)	34,870

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 16 - RISK MANAGEMENT (Continued)

For the year 2002, the City participated in the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm of Gates McDonald provides administrative, cost control and actuarial services to the GRP.

The City may withdraw from the GRP if written notice is provided within sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amount owed to the GRP prior to withdrawal, and any participant leaving the GRP allows the representative of the GRP to access loss experience for three years following the last year of participation.

NOTE 17 - CONTRACTUAL COMMITMENTS

As of December 31, 2002, the City had the following significant contractual commitments:

<u>Company</u>	<u>Remaining Contractual Commitment</u>
URS Corporation	\$917,020
Miller Valentine Construction	213,355
L C United Painting	209,500
L P Cavett Inc.	154,384
Warren County	143,000
SK Construction Co.	88,640
L J Dewesse Co	87,000
C G Construction & Utilities	86,407
Total	<u>\$1,899,306</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 18 – GROUP PURCHASING POOL

The City participates in the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a twenty-five member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance officers and two law directors which are voted in by the members for staggered two year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the GRP. Each year, the participating cities pay an enrollment fee to the GRP to cover the costs of administering the GRP.

NOTE 19 – JOINTLY GOVERNED ORGANIZATION

The City participates in the Warren County General Health District (District), a jointly governed organization, which provides health services to the citizens within the County. The Board of Health, which consists of a representative from each of the participating governments, including the City, oversees the operation of the District. The amount the City contributed during 2002 for the operation of the District was immaterial. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as the fiscal officers. Financial information may be obtained from Kathy Stephenson at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

NOTE 20 – GOLF COURSE FUND CASH DEFICIT

The Golf Course Fund experienced a cash deficit of \$1,794,135 at December 31, 2002. The City eliminated this cash deficit through interfund loans of \$1,625,269 from the General Fund and \$168,866 from the Income Tax Capital Improvement Fund.

Historically, the Golf Course has not generated sufficient cash from operations to pay required debt service. These debt service payments have created cash deficits in the Golf Course Fund. The deficits have been eliminated through operating transfers and advances from other funds.

Management plans to eliminate the cash deficit in the Golf Course Fund within the next three years. To accomplish this, the City renegotiated a new management contract for operation of the golf course that reduced the amount paid in management fees to American Golf Corporation. Also, the user fee structure will be reviewed annually to determine if revenues can be enhanced. Finally, the General Fund and Income Tax Capital Improvement Fund continue to generate a substantial excess of revenues over expenditures, and it appears that this trend will continue. Management believes that sufficient monies will be available each year to transfer to the Golf Course Fund (if necessary) over the next four years.

Management has also reduced the Golf Course Long-Term Debt from \$9,928,724 at December 31, 1993 (\$3,300,000 bonds payable, \$6,313,274 capital lease, and \$315,000 due to other funds) to \$5,832,164 at December 31, 2002 (\$4,038,029 bonds payable and \$1,794,135 interfund loans payable). If the Golf Course Fund continues to generate sufficient cash operating income, this reduced debt burden should eventually eliminate the need for debt service payments to be subsidized by other funds.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES
INCLUDE THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS,
AND FIDUCIARY FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Street Maintenance and Repair Fund

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of designated streets within the City.

State Highway Fund

To account for that portion of the state gasoline tax designated for maintenance of state highways within the City.

Permissive Use Tax Fund

To account for the \$5.00 license tax levied by the City of Springboro. This money is used for the maintenance of highway projects.

Motor Vehicle License Tax Fund

To account for \$2.50 of each \$5.00 tax levied by Warren County on each motor vehicle registered in the City. Expenditures include planning, constructing, improving, maintaining, and repairing roads, streets and bridges.

Community Oriented Policing Service (COPS) Grant Fund

To account for proceeds from federal and state grant monies. The grant funds must be used toward the salary and benefits of police officers.

Drug Law Enforcement Fund

To account for fines and costs collected for felonious drug trafficking convictions and sentences. This money may be used in any drug law enforcement activity.

Library Donation Trust Fund

To account for donations that the City receives and then gives to the library.

Civic Center Trust Fund

To account for a donation received to be used for the purpose of providing a public gathering place.

Law Enforcement Trust Fund

To account for the fines generated in the prosecution of those in possession of contraband and the proceeds gained from the sale of confiscated contraband. This money may be spent for any law enforcement activity.

(Continued)

Special Revenue Funds

D.A.R.E. Trust Fund

To account for donations and a portion of fines and forfeitures from the City of Springboro's Mayor's Court to be used for the DARE education program.

Housing Committee Fund

To account for donations received for future projects developed by the Housing Committee. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Capital Projects Funds

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

Permanent Improvement Fund

To account for various local and state revenues used for all construction projects related to park facilities.

Land Acquisition Fund

To account for monies used for the purchase of land.
(The Balance Sheet is not presented because there are no assets or liabilities at year end.)

CITY OF SPRINGBORO, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002**

	Special Revenue Funds	Capital Projects Permanent Improvement Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 460,233	\$ 313,022	\$ 773,255
Receivables:			
Intergovernmental	227,938	0	227,938
Inventory of Supplies, at Cost	44,552	0	44,552
Prepaid Items	2,367	0	2,367
Total Assets	<u>\$ 735,090</u>	<u>\$ 313,022</u>	<u>\$ 1,048,112</u>
Liabilities:			
Accounts Payable	\$ 13,867	\$ 0	\$ 13,867
Accrued Wages and Benefits Payable	8,794	0	8,794
Intergovernmental Payable	3,386	0	3,386
Deferred Revenue	147,520	0	147,520
Total Liabilities	<u>173,567</u>	<u>0</u>	<u>173,567</u>
Fund Balances:			
Reserved for Encumbrances	39,494	61,570	101,064
Reserved for Prepaid Items	2,367	0	2,367
Reserved for Supplies Inventory	44,552	0	44,552
Undesignated/Unreserved in:			
Special Revenue Funds	475,110	0	475,110
Capital Projects Fund	0	251,452	251,452
Total Fund Balances	<u>561,523</u>	<u>313,022</u>	<u>874,545</u>
Total Liabilities and Funds Balances	<u>\$ 735,090</u>	<u>\$ 313,022</u>	<u>\$ 1,048,112</u>

CITY OF SPRINGBORO, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2002***

	Special Revenue Funds	Capital Projects Permanent Improvement Fund	Total Nonmajor Governmental Funds
Revenues:			
Property and Other Taxes	\$ 90,000	\$ 0	\$ 90,000
Intergovernmental Revenues	620,375	0	620,375
Fines, Licenses and Permits	9,558	200,817	210,375
Donations	37,148	0	37,148
All Other Revenue	5,646	0	5,646
Total Revenue	762,727	200,817	963,544
Expenditures:			
Current:			
Security of Persons and Property	68,934	0	68,934
Transportation	489,743	0	489,743
General Government	6,088	15,293	21,381
Capital Outlay	0	239,859	239,859
Debt Service:			
Principal Retirement	69,827	0	69,827
Interest & Fiscal Charges	16,783	0	16,783
Total Expenditures	651,375	255,152	906,527
Excess (Deficiency) of Revenues			
Over Expenditures	111,352	(54,335)	57,017
Other Financing Sources (Uses):			
Operating Transfers In	207,000	156,148	363,148
Operating Transfers Out	(321,648)	(33,150)	(354,798)
Total Other Financing Sources (Uses)	(114,648)	122,998	8,350
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,296)	68,663	65,367
Fund Balances at Beginning of Year	580,895	244,359	825,254
Decrease in Inventory Reserve	(16,076)	0	(16,076)
Fund Balances End of Year	\$ 561,523	\$ 313,022	\$ 874,545

CITY OF SPRINGBORO, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002**

	Street Maintenance and Repair	State Highway	Permissive Use Tax	Motor Vehicle License Tax
Assets:				
Cash and Cash Equivalents	\$ 283,233	\$ 80,164	\$ 1,057	\$ 15,956
Receivables:				
Intergovernmental	152,217	25,038	0	50,436
Inventory of Supplies, at Cost	44,552	0	0	0
Prepaid Items	2,367	0	0	0
Total Assets	<u>\$ 482,369</u>	<u>\$ 105,202</u>	<u>\$ 1,057</u>	<u>\$ 66,392</u>
Liabilities:				
Accounts Payable	\$ 12,547	\$ 1,320	\$ 0	\$ 0
Accrued Wages and Benefits Payable	8,794	0	0	0
Intergovernmental Payable	3,386	0	0	0
Deferred Revenue	97,204	16,692	0	33,624
Total Liabilities	<u>121,931</u>	<u>18,012</u>	<u>0</u>	<u>33,624</u>
Fund Balances:				
Reserved for Encumbrances	39,379	0	0	0
Reserved for Prepaid Items	2,367	0	0	0
Reserved for Supplies Inventory	44,552	0	0	0
Undesignated/Unreserved	274,140	87,190	1,057	32,768
Total Fund Balances	<u>360,438</u>	<u>87,190</u>	<u>1,057</u>	<u>32,768</u>
Total Liabilities and Funds Balances	<u>\$ 482,369</u>	<u>\$ 105,202</u>	<u>\$ 1,057</u>	<u>\$ 66,392</u>

CITY OF SPRINGBORO, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002***

<u>COPS Grant</u>	<u>Drug Law Enforcement</u>	<u>Library Donation Trust</u>	<u>Civic Center Trust</u>	<u>Law Enforcement Trust</u>	<u>DARE Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1,379	\$ 12,527	\$ 14,646	\$ 28,046	\$ 4,182	\$ 19,043	\$ 460,233
0	0	0	0	247	0	227,938
0	0	0	0	0	0	44,552
0	0	0	0	0	0	2,367
<u>\$ 1,379</u>	<u>\$ 12,527</u>	<u>\$ 14,646</u>	<u>\$ 28,046</u>	<u>\$ 4,429</u>	<u>\$ 19,043</u>	<u>\$ 735,090</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,867
0	0	0	0	0	0	8,794
0	0	0	0	0	0	3,386
0	0	0	0	0	0	147,520
0	0	0	0	0	0	173,567
0	0	0	0	115	0	39,494
0	0	0	0	0	0	2,367
0	0	0	0	0	0	44,552
1,379	12,527	14,646	28,046	4,314	19,043	475,110
1,379	12,527	14,646	28,046	4,429	19,043	561,523
<u>\$ 1,379</u>	<u>\$ 12,527</u>	<u>\$ 14,646</u>	<u>\$ 28,046</u>	<u>\$ 4,429</u>	<u>\$ 19,043</u>	<u>\$ 735,090</u>

CITY OF SPRINGBORO, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002**

	Street Maintenance and Repair	State Highway	Permissive Use Tax	Motor Vehicle License Tax	COPS Grant
Revenues:					
Property and Other Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	370,535	33,929	50,000	109,912	50,000
Fines, Licenses and Permits	0	0	0	0	0
Donations	0	0	0	0	0
All Other Revenue	3,839	0	0	0	0
Total Revenue	374,374	33,929	50,000	109,912	50,000
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	57,279
Transportation	466,604	23,139	0	0	0
General Government	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0
Total Expenditures	466,604	23,139	0	0	57,279
Excess (Deficiency) of Revenues					
Over Expenditures	(92,230)	10,790	50,000	109,912	(7,279)
Other Financing Sources (Uses):					
Operating Transfers In	200,000	0	0	0	7,000
Operating Transfers Out	0	0	(50,000)	(115,500)	0
Total Other Financing Sources (Uses)	200,000	0	(50,000)	(115,500)	7,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	107,770	10,790	0	(5,588)	(279)
Fund Balance at Beginning of Year	268,744	76,400	1,057	38,356	1,658
Increase (Decrease) in Inventory Reserve	(16,076)	0	0	0	0
Fund Balance End of Year	\$ 360,438	\$ 87,190	\$ 1,057	\$ 32,768	\$ 1,379

CITY OF SPRINGBORO, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002**

<u>Drug Law Enforcement</u>	<u>Library Donation Trust</u>	<u>Civic Center Trust</u>	<u>Law Enforcement Trust</u>	<u>DARE Trust</u>	<u>Housing Committee</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 90,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,000
0	0	0	0	5,999	0	620,375
9,303	0	0	0	255	0	9,558
0	5,987	28,046	0	3,115	0	37,148
0	0	0	1,807	0	0	5,646
<u>9,303</u>	<u>95,987</u>	<u>28,046</u>	<u>1,807</u>	<u>9,369</u>	<u>0</u>	<u>762,727</u>
2,838	0	0	299	8,518	0	68,934
0	0	0	0	0	0	489,743
0	5,891	0	0	0	197	6,088
0	69,827	0	0	0	0	69,827
0	16,783	0	0	0	0	16,783
<u>2,838</u>	<u>92,501</u>	<u>0</u>	<u>299</u>	<u>8,518</u>	<u>197</u>	<u>651,375</u>
6,465	3,486	28,046	1,508	851	(197)	111,352
0	0	0	0	0	0	207,000
0	0	(156,148)	0	0	0	(321,648)
<u>0</u>	<u>0</u>	<u>(156,148)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(114,648)</u>
6,465	3,486	(128,102)	1,508	851	(197)	(3,296)
6,062	11,160	156,148	2,921	18,192	197	580,895
0	0	0	0	0	0	(16,076)
<u>\$ 12,527</u>	<u>\$ 14,646</u>	<u>\$ 28,046</u>	<u>\$ 4,429</u>	<u>\$ 19,043</u>	<u>\$ 0</u>	<u>\$ 561,523</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2002***

GENERAL FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Municipal Income Taxes	\$ 4,119,482	\$ 4,119,482	\$ 4,026,032	\$ (93,450)
Property and Other Taxes	395,000	395,000	437,054	42,054
Intergovernmental Revenues	515,000	515,000	574,475	59,475
Charges for Services	511,660	671,000	675,520	4,520
Fines, Licenses and Permits	456,900	456,900	554,791	97,891
Investment Earnings	520,000	520,000	426,042	(93,958)
All Other Revenues	140,200	223,687	314,979	91,292
Total Revenues	<u>6,658,242</u>	<u>6,901,069</u>	<u>7,008,893</u>	<u>107,824</u>
Expenditures:				
Security of Persons and Property:				
Police Department:				
Personal Services	1,398,995	1,523,495	1,496,605	26,890
Materials and Supplies	66,290	66,340	54,756	11,584
Contractual Services	108,030	108,230	75,895	32,335
Capital Outlay	60,402	62,402	59,934	2,468
Total Police Department	<u>1,633,717</u>	<u>1,760,467</u>	<u>1,687,190</u>	<u>73,277</u>
Police Dispatcher:				
Personal Services	324,770	338,760	329,551	9,209
Materials and Supplies	1,000	1,660	1,608	52
Contractual Services	5,963	6,563	4,454	2,109
Total Police Dispatcher	<u>331,733</u>	<u>346,983</u>	<u>335,613</u>	<u>11,370</u>
Police Mechanic:				
Personal Services	12,345	15,345	14,477	868
Total Police Mechanic	<u>12,345</u>	<u>15,345</u>	<u>14,477</u>	<u>868</u>
Street Lighting:				
Contractual Services	100,000	100,000	83,540	16,460
Total Street Lighting	<u>100,000</u>	<u>100,000</u>	<u>83,540</u>	<u>16,460</u>
Civil Defense:				
Contractual Services	1,100	1,100	1,054	46
Total Civil Defense	<u>1,100</u>	<u>1,100</u>	<u>1,054</u>	<u>46</u>
Prisoner Care:				
Contractual Services	4,000	4,000	1,915	2,085
Total Prisoner Care	<u>4,000</u>	<u>4,000</u>	<u>1,915</u>	<u>2,085</u>

(Continued)

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2002***

GENERAL FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Traffic Control:				
Contractual Services	3,000	3,000	3,000	0
Total Traffic Control	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total Security of Persons and Property	<u>2,085,895</u>	<u>2,230,895</u>	<u>2,126,789</u>	<u>104,106</u>
Public Health and Welfare:				
Health Board:				
Contractual Services	1,830	1,830	1,829	1
Total Public Health and Welfare	<u>1,830</u>	<u>1,830</u>	<u>1,829</u>	<u>1</u>
Leisure Time Activities:				
Parks:				
Contractual Services	22,150	26,150	23,663	2,487
Materials and Supplies	7,000	7,000	4,863	2,137
Total Parks	<u>29,150</u>	<u>33,150</u>	<u>28,526</u>	<u>4,624</u>
Park Maintenance:				
Personal Services	208,305	216,990	209,953	7,037
Contractual Services	36,689	36,004	29,979	6,025
Materials and Supplies	51,850	51,850	44,158	7,692
Capital Outlay	22,500	30,500	30,450	50
Total Park Maintenance	<u>319,344</u>	<u>335,344</u>	<u>314,540</u>	<u>20,804</u>
Library Services:				
Contractual Services	21,500	21,125	20,419	706
Materials and Supplies	800	1,175	800	375
Total Library Services	<u>22,300</u>	<u>22,300</u>	<u>21,219</u>	<u>1,081</u>
Total Leisure Time Activities	<u>370,794</u>	<u>390,794</u>	<u>364,285</u>	<u>26,509</u>
Community Environment:				
Planning and Zoning:				
Personal Services	62,625	64,625	64,020	605
Contractual Services	83,511	83,611	80,500	3,111
Materials and Supplies	2,600	2,500	1,308	1,192
Capital Outlay	2,000	2,000	2,000	0
Total Planning and Zoning	<u>150,736</u>	<u>152,736</u>	<u>147,828</u>	<u>4,908</u>

(Continued)

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2002***

GENERAL FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Engineering:				
Personal Services	99,500	99,100	96,750	2,350
Contractual Services	166,807	165,007	154,941	10,066
Materials and Supplies	2,700	4,900	2,737	2,163
Capital Outlay	8,000	8,000	7,999	1
Total Engineering	277,007	277,007	262,427	14,580
Economic Development:				
Personal Services	85,400	89,075	88,020	1,055
Contractual Services	92,469	223,794	219,917	3,877
Materials and Supplies	500	500	364	136
Capital Outlay	1,500	2,000	1,998	2
Total Economic Development	179,869	315,369	310,299	5,070
Main Street Springboro:				
Contractual Services	49,900	50,000	43,257	6,743
Materials and Supplies	100	0	0	0
Total Main Street Springboro	50,000	50,000	43,257	6,743
Building Inspection:				
Personal Services	250,620	246,620	228,408	18,212
Contractual Services	61,265	65,265	31,624	33,641
Materials and Supplies	7,250	7,250	5,492	1,758
Capital Outlay	6,525	6,525	2,558	3,967
Total Building Inspection	325,660	325,660	268,082	57,578
Total Community Environment	983,272	1,120,772	1,031,893	88,879
General Government:				
City Council:				
Personal Services	116,039	110,659	96,515	14,144
Contractual Services	41,390	48,355	45,858	2,497
Materials and Supplies	3,000	3,516	3,165	351
Capital Outlay	1,800	1,800	1,528	272
Total City Council	162,229	164,330	147,066	17,264
City Manager:				
Personal Services	119,364	120,142	111,386	8,756
Contractual Services	82,475	127,097	100,155	26,942
Materials and Supplies	3,000	3,100	2,515	585
Total City Manager	204,839	250,339	214,056	36,283

(Continued)

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2002***

GENERAL FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Assistant City Manager:				
Personal Services	63,972	62,597	54,950	7,647
Contractual Services	32,800	34,175	27,378	6,797
Materials and Supplies	1,200	1,200	634	566
Total Assistant City Manager	<u>97,972</u>	<u>97,972</u>	<u>82,962</u>	15,010
Computer Administration:				
Personal Services	81,500	81,500	72,778	8,722
Contractual Services	13,050	11,350	8,702	2,648
Materials and Supplies	12,130	13,830	12,664	1,166
Capital Outlay	1,000	2,200	2,112	88
Total Computer Administration	<u>107,680</u>	<u>108,880</u>	<u>96,256</u>	12,624
Finance Department:				
Personal Services	128,140	126,635	115,533	11,102
Contractual Services	105,585	105,590	92,262	13,328
Materials and Supplies	4,000	5,500	4,499	1,001
Capital Outlay	2,500	2,900	2,616	284
Total Finance Department	<u>240,225</u>	<u>240,625</u>	<u>214,910</u>	25,715
Mayor's Court:				
Personal Services	68,165	68,265	62,668	5,597
Contractual Services	76,320	76,270	73,426	2,844
Materials and Supplies	1,400	1,350	1,011	339
Total Mayor's Court	<u>145,885</u>	<u>145,885</u>	<u>137,105</u>	8,780
Income Tax:				
Personal Services	95,650	98,892	95,834	3,058
Contractual Services	242,909	484,167	481,581	2,586
Materials and Supplies	2,580	1,580	1,580	0
Capital Outlay	700	700	516	184
Total Income Tax	<u>341,839</u>	<u>585,339</u>	<u>579,511</u>	5,828
Legal Administration:				
Personal Services	92,720	92,720	92,597	123
Contractual Services	66,700	153,444	122,428	31,016
Materials and Supplies	5,000	3,256	3,018	238
Total Legal Administration	<u>164,420</u>	<u>249,420</u>	<u>218,043</u>	31,377
Volunteer Services:				
Contractual Services	3,000	3,000	2,854	146
Total Volunteer Services	<u>3,000</u>	<u>3,000</u>	<u>2,854</u>	146

(Continued)

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2002***

GENERAL FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Building and Land:				
Personal Services	70,880	140,880	123,067	17,813
Contractual Services	423,828	439,005	418,058	20,947
Materials and Supplies	49,000	34,824	31,795	3,029
Capital Outlay	325	23,325	20,408	2,917
Total Building and Land	<u>544,033</u>	<u>638,034</u>	<u>593,328</u>	<u>44,706</u>
Miscellaneous:				
Contractual Services	115,298	116,758	102,723	14,035
Materials and Supplies	500	540	501	39
Other Expenditures	1,000	1,000	0	1,000
Total Miscellaneous	<u>116,798</u>	<u>118,298</u>	<u>103,224</u>	<u>15,074</u>
Health Insurance:				
Contractual Services	510,000	670,000	654,973	15,027
Total Health Insurance	<u>510,000</u>	<u>670,000</u>	<u>654,973</u>	<u>15,027</u>
Total General Government	<u>2,638,920</u>	<u>3,272,122</u>	<u>3,044,288</u>	<u>227,834</u>
Debt Service:				
Principal Retirement	5,055	5,055	5,055	0
Interest and Fiscal Charges	556	556	556	0
Total Expenditures	<u>6,086,322</u>	<u>7,022,024</u>	<u>6,574,695</u>	<u>447,329</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	571,920	(120,955)	434,198	555,153
Other Financing Sources (Uses):				
Operating Transfers In	75,000	75,000	75,000	0
Operating Transfers Out	(1,024,140)	(1,185,040)	(1,168,068)	16,972
Advances In	0	0	36,000	36,000
Advances Out	0	(91,496)	(91,496)	0
Total Other Financing Sources (Uses)	<u>(949,140)</u>	<u>(1,201,536)</u>	<u>(1,148,564)</u>	<u>52,972</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(377,220)	(1,322,491)	(714,366)	608,125
Fund Balance at Beginning of Year	1,939,773	1,939,773	1,939,773	0
Prior Year Encumbrances	190,466	190,466	190,466	0
Fund Balance at End of Year	<u>\$ 1,753,019</u>	<u>\$ 807,748</u>	<u>\$ 1,415,873</u>	<u>\$ 608,125</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2002***

DEBT SERVICE FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 89,095	\$ 33,596	\$ 33,596	\$ 0
Special Assessments	234,435	233,485	265,319	31,834
All Other Revenues	0	55,496	0	(55,496)
Total Revenues	<u>323,530</u>	<u>322,577</u>	<u>298,915</u>	<u>(23,662)</u>
Expenditures:				
Debt Service:				
Principal Retirement	6,553,740	6,506,850	6,506,850	0
Interest and Fiscal Charges	500,463	520,791	520,725	66
Total Expenditures	<u>7,054,203</u>	<u>7,027,641</u>	<u>7,027,575</u>	<u>66</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,730,673)	(6,705,064)	(6,728,660)	(23,596)
Other Financing Sources (Uses):				
Operating Transfers In	6,553,740	6,553,178	6,553,178	0
Advances In	0	0	55,496	55,496
Total Other Financing Sources (Uses)	<u>6,553,740</u>	<u>6,553,178</u>	<u>6,608,674</u>	<u>55,496</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(176,933)	(151,886)	(119,986)	31,900
Fund Balance at Beginning of Year	<u>202,249</u>	<u>202,249</u>	<u>202,249</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 25,316</u>	<u>\$ 50,363</u>	<u>\$ 82,263</u>	<u>\$ 31,900</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Funds
For the Year Ended December 31, 2002***

CONSTRUCTION FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental Revenues	\$ 575,000	\$ 575,000	\$ 96,694	\$ (478,306)
All Other Revenues	20,000	20,000	17,556	(2,444)
Total Revenues	<u>595,000</u>	<u>595,000</u>	<u>114,250</u>	<u>(480,750)</u>
Expenditures:				
General Government:				
Contractual Services	91,038	91,038	82,571	8,467
Total General Government	<u>91,038</u>	<u>91,038</u>	<u>82,571</u>	<u>8,467</u>
Capital Outlay	4,945,482	4,110,482	3,661,482	449,000
Total Expenditures	<u>5,036,520</u>	<u>4,201,520</u>	<u>3,744,053</u>	<u>457,467</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,441,520)	(3,606,520)	(3,629,803)	(23,283)
Other Financing Sources (Uses):				
Proceeds from General Obligation Notes	4,635,000	3,650,000	4,015,400	365,400
Operating Transfers In	3,754,150	4,005,000	4,131,149	126,149
Operating Transfers Out	(6,403,450)	(6,403,450)	(6,402,889)	561
Total Other Financing Sources (Uses)	<u>1,985,700</u>	<u>1,251,550</u>	<u>1,743,660</u>	<u>492,110</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,455,820)	(2,354,970)	(1,886,143)	468,827
Fund Balance at Beginning of Year	714,610	714,610	714,610	0
Prior Year Encumbrances	1,756,179	1,756,179	1,756,179	0
Fund Balance at End of Year	<u>\$ 14,969</u>	<u>\$ 115,819</u>	<u>\$ 584,646</u>	<u>\$ 468,827</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Funds
For the Year Ended December 31, 2002***

INCOME TAX CAPITAL IMPROVEMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Municipal Income Taxes	\$ 2,077,300	\$ 1,925,454	\$ 2,011,815	\$ 86,361
Total Revenues	<u>2,077,300</u>	<u>1,925,454</u>	<u>2,011,815</u>	<u>86,361</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,077,300	1,925,454	2,011,815	86,361
Other Financing Sources (Uses):				
Operating Transfers In	1,138,650	2,077,000	0	(2,077,000)
Operating Transfers Out	(5,315,950)	(5,465,950)	(3,388,649)	2,077,301
Total Other Financing Sources (Uses)	<u>(4,177,300)</u>	<u>(3,388,950)</u>	<u>(3,388,649)</u>	<u>301</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,100,000)	(1,463,496)	(1,376,834)	86,662
Fund Balance at Beginning of Year	2,446,898	2,446,898	2,446,898	0
Fund Balance at End of Year	<u>\$ 346,898</u>	<u>\$ 983,402</u>	<u>\$ 1,070,064</u>	<u>\$ 86,662</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

	STREET MAINTENANCE AND REPAIR FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 333,125	\$ 333,125	\$ 367,294	\$ 34,169
All Other Revenues	<u>0</u>	<u>0</u>	<u>3,839</u>	<u>3,839</u>
Total Revenues	<u>333,125</u>	<u>333,125</u>	<u>371,133</u>	<u>38,008</u>
Expenditures:				
Transportation:				
Personal Services	308,991	318,991	278,248	40,743
Materials and Supplies	110,600	94,100	91,740	2,360
Contractual Services	67,100	83,600	76,092	7,508
Capital Outlay	<u>67,920</u>	<u>67,920</u>	<u>60,093</u>	<u>7,827</u>
Total Expenditures	<u>554,611</u>	<u>564,611</u>	<u>506,173</u>	<u>58,438</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,486)	(231,486)	(135,040)	96,446
Other Financing Sources (Uses):				
Operating Transfers In	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(21,486)	(31,486)	64,960	96,446
Fund Balance at Beginning of Year	167,033	167,033	167,033	0
Prior Year Encumbrances	<u>3,711</u>	<u>3,711</u>	<u>3,711</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 149,258</u>	<u>\$ 139,258</u>	<u>\$ 235,704</u>	<u>\$ 96,446</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 28,700	\$ 27,000	\$ 29,781	\$ 2,781
Total Revenues	<u>28,700</u>	<u>27,000</u>	<u>29,781</u>	<u>2,781</u>
Expenditures:				
Transportation:				
Contractual Services	27,000	27,000	24,452	2,548
Total Expenditures	<u>27,000</u>	<u>27,000</u>	<u>24,452</u>	<u>2,548</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,700	0	5,329	5,329
Fund Balance at Beginning of Year	67,035	67,035	67,035	0
Prior Year Encumbrances	7,200	7,200	7,200	0
Fund Balance at End of Year	<u>\$ 75,935</u>	<u>\$ 74,235</u>	<u>\$ 79,564</u>	<u>\$ 5,329</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

PERMISSIVE USE TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	50,000	50,000	0
Other Financing Sources (Uses):				
Operating Transfers Out	(50,000)	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	0
Fund Balance at Beginning of Year	1,057	1,057	1,057	0
Fund Balance at End of Year	<u>\$ 1,057</u>	<u>\$ 1,057</u>	<u>\$ 1,057</u>	<u>\$ 0</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

MOTOR VEHICLE LICENSE TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 115,500	\$ 100,000	\$ 108,762	\$ 8,762
Total Revenues	<u>115,500</u>	<u>100,000</u>	<u>108,762</u>	<u>8,762</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	115,500	100,000	108,762	8,762
Other Financing Sources (Uses):				
Operating Transfers Out	(115,500)	(115,500)	(115,500)	0
Total Other Financing Sources (Uses)	<u>(115,500)</u>	<u>(115,500)</u>	<u>(115,500)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	(15,500)	(6,738)	8,762
Fund Balance at Beginning of Year	22,694	22,694	22,694	0
Fund Balance at End of Year	<u>\$ 22,694</u>	<u>\$ 7,194</u>	<u>\$ 15,956</u>	<u>\$ 8,762</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

COPS GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	56,900	60,901	60,474	427
Total Expenditures	<u>56,900</u>	<u>60,901</u>	<u>60,474</u>	<u>427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,900)	(10,901)	(10,474)	427
Other Financing Sources (Uses):				
Operating Transfers In	7,000	7,000	7,000	0
Total Other Financing Sources (Uses)	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	100	(3,901)	(3,474)	427
Fund Balance at Beginning of Year	4,853	4,853	4,853	0
Fund Balance at End of Year	<u>\$ 4,953</u>	<u>\$ 952</u>	<u>\$ 1,379</u>	<u>\$ 427</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

DRUG LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines, Licenses and Permits	\$ 2,000	\$ 2,000	\$ 9,303	\$ 7,303
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>9,303</u>	<u>7,303</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	0	2,000	0	2,000
Capital Outlay	4,000	4,000	2,838	1,162
Total Expenditures	<u>4,000</u>	<u>6,000</u>	<u>2,838</u>	<u>3,162</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	(4,000)	6,465	10,465
Fund Balance at Beginning of Year	6,062	6,062	6,062	0
Fund Balance at End of Year	<u>\$ 4,062</u>	<u>\$ 2,062</u>	<u>\$ 12,527</u>	<u>\$ 10,465</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

LIBRARY DONATION TRUST FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Taxes	\$ 95,000	\$ 90,000	\$ 90,000	\$ 0
Donations	5,000	5,000	5,987	987
Total Revenues	<u>100,000</u>	<u>95,000</u>	<u>95,987</u>	<u>987</u>
Expenditures:				
General Government:				
Contractual Services	6,000	6,000	5,891	109
Debt Service:				
Principal Retirement	69,827	69,827	69,827	0
Interest and Fiscal Charges	16,783	16,783	16,783	0
Total Expenditures	<u>92,610</u>	<u>92,610</u>	<u>92,501</u>	<u>109</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,390	2,390	3,486	1,096
Other Financing Sources (Uses):				
Advances In	0	36,000	36,000	0
Advances Out	0	(36,000)	(36,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	7,390	2,390	3,486	1,096
Fund Balance at Beginning of Year	11,160	11,160	11,160	0
Fund Balance at End of Year	<u>\$ 18,550</u>	<u>\$ 13,550</u>	<u>\$ 14,646</u>	<u>\$ 1,096</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

CIVIC CENTER TRUST FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Donations	\$ 0	\$ 28,046	\$ 28,046	\$ 0
Total Revenues	<u>0</u>	<u>28,046</u>	<u>28,046</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	28,046	28,046	0
Other Financing Sources (Uses):				
Operating Transfers Out	(156,148)	(156,148)	(156,148)	0
Total Other Financing Sources (Uses)	<u>(156,148)</u>	<u>(156,148)</u>	<u>(156,148)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(156,148)	(128,102)	(128,102)	0
Fund Balance at Beginning of Year	156,148	156,148	156,148	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 28,046</u>	<u>\$ 28,046</u>	<u>\$ 0</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

LAW ENFORCEMENT TRUST FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 500	\$ 500	\$ 1,779	\$ 1,279
Total Revenues	<u>500</u>	<u>500</u>	<u>1,779</u>	<u>1,279</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	450	450	414	36
Contractual Services	450	450	0	450
Total Expenditures	<u>900</u>	<u>900</u>	<u>414</u>	<u>486</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(400)	(400)	1,365	1,765
Fund Balance at Beginning of Year	2,702	2,702	2,702	0
Fund Balance at End of Year	<u>\$ 2,302</u>	<u>\$ 2,302</u>	<u>\$ 4,067</u>	<u>\$ 1,765</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002**

DARE TRUST FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 8,000	\$ 6,300	\$ 5,999	\$ (301)
Donations	2,000	2,000	3,180	1,180
Total Revenues	<u>10,000</u>	<u>8,300</u>	<u>9,179</u>	<u>879</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	15,000	15,000	6,012	8,988
Materials and Supplies	3,160	3,160	2,801	359
Contractual Services	500	500	0	500
Total Expenditures	<u>18,660</u>	<u>18,660</u>	<u>8,813</u>	<u>9,847</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,660)	(10,360)	366	10,726
Fund Balance at Beginning of Year	18,262	18,262	18,262	0
Prior Year Encumbrances	160	160	160	0
Fund Balance at End of Year	<u>\$ 9,762</u>	<u>\$ 8,062</u>	<u>\$ 18,788</u>	<u>\$ 10,726</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
General Government:				
Materials and Supplies	<u>0</u>	<u>197</u>	<u>197</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>197</u>	<u>197</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(197)	(197)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	197	197	197	0
Fund Balance at End of Year	<u>\$ 197</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

PERMANENT IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines, Licenses and Permits	\$ 186,500	\$ 186,500	\$ 200,817	\$ 14,317
Total Revenues	<u>186,500</u>	<u>186,500</u>	<u>200,817</u>	<u>14,317</u>
Expenditures:				
General Government:				
Contractual Services	31,000	35,580	35,580	0
Total General Government	<u>31,000</u>	<u>35,580</u>	<u>35,580</u>	<u>0</u>
Capital Outlay	279,000	310,391	287,177	23,214
Total Expenditures	<u>310,000</u>	<u>345,971</u>	<u>322,757</u>	<u>23,214</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,500)	(159,471)	(121,940)	37,531
Other Financing Sources (Uses):				
Operating Transfers In	156,148	156,148	156,148	0
Operating Transfers Out	(33,150)	(33,150)	(33,150)	0
Total Other Financing Sources (Uses)	<u>122,998</u>	<u>122,998</u>	<u>122,998</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(502)	(36,473)	1,058	37,531
Fund Balance at Beginning of Year	214,423	214,423	214,423	0
Prior Year Encumbrances	35,971	35,971	35,971	0
Fund Balance at End of Year	<u>\$ 249,892</u>	<u>\$ 213,921</u>	<u>\$ 251,452</u>	<u>\$ 37,531</u>

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Fund

Special Assessment Fund

To account for special assessments collected from property owners and remitted to various homeowners associations.

Mayor's Court Fund

To account for the collection and distribution of court fines and forfeitures.

CITY OF SPRINGBORO, OHIO

***Statement Of Changes In Assets And Liabilities
Agency Fund
For the Year Ended December 31, 2002***

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
<u>Special Assessment Fund</u>				
Assets:				
Special Assessments Receivable	\$0	\$209,842	\$0	\$209,842
Total Assets	\$0	\$209,842	\$0	\$209,842
Liabilities:				
Due to Others	\$0	\$209,842	\$0	\$209,842
Total Liabilities	\$0	\$209,842	\$0	\$209,842

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*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

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CITY OF SPRINGBORO, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2002***

Capital Assets:

Land	\$13,320,087
Land Improvements	322,099
Infrastructure	27,508,168
Buildings	2,017,001
Equipment	2,686,234
Construction in Progress	319,469
	<hr/>
Total Capital Assets	<u>\$46,173,058</u>

Investment in Capital Assets from:

General Fund	\$5,388,986
Special Revenue Funds	440,873
Capital Projects Funds	4,433,150
Infrastructure Prior to 2002	35,712,957
Enterprise Funds	197,092
	<hr/>
Total Investment in Capital Assets	<u>\$46,173,058</u>

CITY OF SPRINGBORO, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2002**

<u>Function and Activity</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Infrastructure</u>
<u>General Government:</u>			
Council	\$0	\$0	\$0
City Manager	0	0	0
Records Management	0	0	0
Finance	0	0	0
Mayor's Court	0	0	0
Taxation	0	0	0
Public Land and Buildings	2,172,814	9,828	0
Total	<u>2,172,814</u>	<u>9,828</u>	<u>0</u>
<u>Security of Persons and Property:</u>			
Police	0	0	0
Street Lighting	0	0	0
Traffic Control	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
<u>Transportation:</u>			
Street	10,272,638	12,898	27,508,168
Grounds	153,795	0	0
Total	<u>10,426,433</u>	<u>12,898</u>	<u>27,508,168</u>
<u>Leisure Time Activities:</u>			
Parks and Recreation	720,840	299,373	0
Library	0	0	0
Total	<u>720,840</u>	<u>299,373</u>	<u>0</u>
<u>Community Environment:</u>			
Engineering	0	0	0
Planning and Zoning	0	0	0
Community Development	0	0	0
Building Inspection	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
Total General Fixed Assets	<u>\$13,320,087</u>	<u>\$322,099</u>	<u>\$27,508,168</u>

CITY OF SPRINGBORO, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2002**

<u>Buildings</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
\$3,000	\$19,999	\$0	\$22,999
0	11,371	0	11,371
0	38,681	0	38,681
0	71,753	0	71,753
0	19,854	0	19,854
0	13,025	0	13,025
<u>414,080</u>	<u>190,133</u>	<u>0</u>	<u>2,786,855</u>
<u>417,080</u>	<u>364,816</u>	<u>0</u>	<u>2,964,538</u>
31,040	693,431	0	724,471
0	78,675	0	78,675
0	294,689	0	294,689
<u>31,040</u>	<u>1,066,795</u>	<u>0</u>	<u>1,097,835</u>
614,994	762,248	0	39,170,946
0	1,905	9,283	164,983
<u>614,994</u>	<u>764,153</u>	<u>9,283</u>	<u>39,335,929</u>
220,306	309,346	310,186	1,860,051
689,149	47,543	0	736,692
<u>909,455</u>	<u>356,889</u>	<u>310,186</u>	<u>2,596,743</u>
44,432	36,078	0	80,510
0	17,356	0	17,356
0	10,063	0	10,063
0	70,084	0	70,084
<u>44,432</u>	<u>133,581</u>	<u>0</u>	<u>178,013</u>
<u>\$2,017,001</u>	<u>\$2,686,234</u>	<u>\$319,469</u>	<u>\$46,173,058</u>

CITY OF SPRINGBORO, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For Year Ended December 31, 2002***

Function and Activity	Restated January 1, 2002	Transfers	Additions	Deletions	December 31, 2002
<u>General Government:</u>					
Council	\$23,167	(\$168)	\$0	\$0	\$22,999
City Manager	11,371	0	0	0	11,371
Records Management	34,627	4,054	0	0	38,681
Finance	67,878	1,575	2,300	0	71,753
Mayor's Court	19,854	0	0	0	19,854
Taxation	14,600	(1,575)	0	0	13,025
Public Land and Buildings	2,182,726	0	604,129	0	2,786,855
Total	<u>2,354,223</u>	<u>3,886</u>	<u>606,429</u>	<u>0</u>	<u>2,964,538</u>
<u>Security of Persons and Property:</u>					
Police	651,145	31,040	64,673	(22,387)	724,471
Street Lighting	78,675	0	0	0	78,675
Traffic Control	294,689	0	0	0	294,689
Total	<u>1,024,509</u>	<u>31,040</u>	<u>64,673</u>	<u>(22,387)</u>	<u>1,097,835</u>
<u>Transportation:</u>					
Street	37,691,968	26,750	1,774,827	(322,599)	39,170,946
Grounds	157,695	0	9,283	(1,995)	164,983
Total	<u>37,849,663</u>	<u>26,750</u>	<u>1,784,110</u>	<u>(324,594)</u>	<u>39,335,929</u>
<u>Leisure Time Activities:</u>					
Parks and Recreation	2,317,746	(729,455)	389,524	(117,764)	1,860,051
Library	51,692	685,000	0	0	736,692
Total	<u>2,369,438</u>	<u>(44,455)</u>	<u>389,524</u>	<u>(117,764)</u>	<u>2,596,743</u>
<u>Community Environment:</u>					
Engineering	99,291	(33,030)	14,249	0	80,510
Planning and Zoning	17,356	0	0	0	17,356
Community Development	8,565	0	1,498	0	10,063
Building Inspection	36,378	15,809	17,897	0	70,084
Total	<u>161,590</u>	<u>(17,221)</u>	<u>33,644</u>	<u>0</u>	<u>178,013</u>
Total General Fixed Assets	<u>\$43,759,423</u>	<u>\$0</u>	<u>\$2,878,380</u>	<u>(\$464,745)</u>	<u>\$46,173,058</u>

STATISTICAL SECTION



STATISTICAL TABLES

THE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.

CITY OF SPRINGBORO, OHIO

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN YEARS

Year	Security of	Public	Leisure	Community	Transportation	General	Debt	Total
	Persons and Property	Health and Welfare	Time Activities					
1993	\$992,246	\$17,155	\$159,856	\$212,624	\$373,569	\$994,621	\$216,566	\$2,966,637
1994	1,089,650	18,046	150,250	191,189	368,654	1,133,870	298,600	3,250,259
1995	1,098,498	17,560	178,255	197,276	447,179	1,095,945	449,612	3,484,325
1996	1,162,688	15,998	152,377	408,692	408,765	1,373,393	447,762	3,969,675
1997	1,228,970	17,826	213,748	505,251	466,174	1,678,623	353,057	4,463,649
1998	1,568,042	21,533	235,084	617,174	355,769	1,638,663	463,163	4,899,428
1999	1,764,306	13,569	214,419	716,566	455,676	2,206,726	357,356 (2)	5,728,618
2000	1,817,020	1,923	206,529	950,210	505,980	2,501,915	412,910	6,396,487
2001	1,982,231	1,874	296,561	684,998	400,002	2,759,509	663,149	6,788,324
2002	2,170,837	1,829	360,850	978,325	489,743	2,909,271	799,174	7,710,029

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(2) Includes Basic Utility Services from the Debt Service Fund.

CITY OF SPRINGBORO, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS**

Year	Taxes (2)	Inter-Governmental Revenues	Charges for Services	Fines, Licenses and Permits (3)	Investment Earnings	All Other (4)	Total
1993	\$1,974,881	\$752,766	\$5,172	\$344,030	\$26,744	\$222,266	\$3,325,859
1994	2,119,522	653,240	3,089	360,512	24,813	204,234	3,365,410
1995	2,323,229	671,744	3,730	290,721	174,325	330,612	3,794,361
1996	3,424,685	744,315	155,893	340,357	194,677	492,228	5,352,155
1997	3,988,271	909,487	189,598	402,554	275,658	497,771	6,263,339
1998	3,182,087	1,072,824	404,577	494,778	375,255	527,292	6,056,813
1999	3,581,369	904,526	352,465	523,587	224,200	603,548	6,189,695
2000	3,760,538	1,219,893	381,632	469,479	519,956	894,093	7,245,591
2001	4,295,380	1,149,376	526,743	470,299	619,578	399,685	7,461,061
2002	4,863,290	1,210,035	675,520	567,254	426,042	644,919	8,387,060

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund.

(2) Municipal Income Tax and Property Taxes are combined.

(3) Fines and Forfeitures were combined with Licenses and Permits.

(4) Includes Special Assessments and Donations.

CITY OF SPRINGBORO, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Current Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Current Taxes Levied
1993	\$188,865	\$184,770	97.83%	\$10,860	\$195,630	103.58%
1994	201,663	195,613	97.00%	3,961	199,574	98.96%
1995	212,885	206,958	97.22%	2,785	209,743	98.52%
1996	260,138	252,360	97.01%	3,326	255,686	98.29%
1997	298,301	292,336	98.00%	6,170	298,506	100.07%
1998	309,611	302,898	97.83%	8,964	311,862	100.73%
1999	328,855	318,704	96.91%	6,597	325,301	98.92%
2000	348,598	338,243	97.03%	9,295	347,538	99.70%
2001	409,572	393,232	96.01%	9,459	402,691	98.32%
2002	394,484	381,944	96.82%	16,858	398,802	101.09%

Source: Warren County Auditor

CITY OF SPRINGBORO, OHIO

ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES OF TAXABLE PROPERTY LAST TEN YEARS

Tax Levy Year	Real Property		Public Utility		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1993	\$115,225,660	\$329,216,171	\$9,044,270	\$10,277,580	\$30,282,696	\$121,130,784	\$154,552,626	\$460,624,535	33.55%
1994	150,135,280	428,957,943	9,634,370	10,948,148	25,353,793	101,415,172	185,123,443	541,321,263	34.20%
1995	164,838,600	470,967,429	9,717,570	11,042,693	28,055,098	112,220,392	202,611,268	594,230,514	34.10%
1996	178,524,970	510,071,343	9,848,350	11,191,307	27,275,164	109,100,656	215,648,484	630,363,306	34.21%
1997	206,314,170	589,469,057	10,112,190	11,491,125	28,591,249	114,364,996	245,017,609	715,325,178	34.25%
1998	222,044,280	634,412,229	10,532,680	11,968,955	28,621,985	114,487,940	261,198,945	760,869,123	34.33%
1999	234,929,640	671,227,543	10,917,940	12,406,750	28,832,343	115,329,372	274,679,923	798,963,665	34.38%
2000	291,192,270	831,977,914	10,187,320	11,576,500	32,103,229	128,412,916	333,482,819	971,967,330	34.31%
2001	302,321,650	863,776,143	6,044,780	6,869,068	33,131,850	132,527,400	341,498,280	1,003,172,611	34.04%
2002	322,706,980	922,019,943	6,061,070	6,887,580	31,103,140	124,412,560	359,871,190	1,053,320,083	34.17%

NOTE: Estimated Actual Value is calculated by dividing the assessed value by the assessment percentage.
Current percentages are 35% for Real Property, 88% for Public Utility Tangible and 25% for Tangible Personal Property.

Source: Warren County Auditor

CITY OF SPRINGBORO, OHIO

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS**

Collection Year	City of Springboro	Clearcreek School District	Warren County	Clearcreek Township	Joint		Special District	Total
					Vocational School	School		
1993	1.10	45.20	7.10	4.50	4.50	1.00	63.40	
1994	1.10	44.71	7.07	4.51	4.50	1.00	62.89	
1995	1.11	53.10	7.07	4.51	4.50	1.00	71.29	
1996	1.11	53.00	5.00	4.51	4.50	1.50	69.62	
1997	1.11	51.71	5.00	4.51	4.50	1.50	68.33	
1998	1.11	51.70	4.75	4.51	4.50	1.50	68.07	
1999	1.11	54.88	4.00	4.51	4.50	1.50	70.50	
2000	1.11	51.96	4.00	4.51	4.50	1.50	67.58	
2001	1.11	51.06	4.00	8.36	4.50	1.50	70.53	
2002	1.11	50.91	4.96	8.36	4.50	1.50	71.34	

Source: Warren County Auditor

CITY OF SPRINGBORO, OHIO

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Amount Billed	Amount Collected	Percent Collected
1993	\$96,042	\$86,871	90.45%
1994	117,757	76,511	64.97%
1995	271,840	228,182	83.94%
1996	233,407	212,627	91.10%
1997	242,088	230,566	95.24%
1998	286,201	281,553	98.38%
1999	276,167	256,310	92.81%
2000	265,634	248,186	93.43%
2001	318,971	287,159	90.03%
2002	287,621	270,816	94.16%

NOTE: This table reflects only those special assessments collected through the Warren County Auditor's Office.

Source: Warren County Auditor

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2002**

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$359,871,190	\$359,871,190
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	37,786,475	19,792,915
Applicable City Debt Outstanding (2)	7,356,200	7,356,200
Less: Applicable Debt Service Fund Amounts	(26,767)	(26,767)
Net Indebtedness Subject to Limitation	7,329,433	7,329,433
Legal Debt Margin	\$30,457,042	\$12,463,482

(1) Direct Debt Limitation Based Upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Notes and Bonds Only.

CITY OF SPRINGBORO, OHIO

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS**

<u>Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Net Bonded Debt (1)</u>	<u>Ratio of Net Bonded Debt to Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
1993	8,417	\$154,552,626	\$1,076,300	0.70%	\$128
1994	9,230	185,123,443	1,028,250	0.56%	111
1995	9,590	202,611,268	978,750	0.48%	102
1996	10,331	215,648,484	1,374,250	0.64%	133
1997	10,945	245,017,609	1,529,750	0.62%	140
1998	11,200	261,198,945	1,451,800	0.56%	130
1999	12,045	274,679,923	2,111,927	0.77%	175
2000	12,380	333,482,819	3,692,647	1.11%	298
2001	13,265	341,498,280	3,413,801	1.00%	257
2002	14,483	359,871,190	3,329,433	0.93%	230

(1) Does not include Bond Anticipation Notes or Special Assessment debt with governmental commitment.

CITY OF SPRINGBORO, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)
LAST TEN YEARS**

<u>Year</u>	<u>Debt Principal</u>	<u>Debt Interest (3)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Tax Debt Service to General Governmental Expenditures</u>
1993	\$15,000	\$32,562	\$47,562	\$2,966,637	1.60%
1994	46,050	66,517	112,567	3,250,259	3.46%
1995	49,500	79,576	129,076	3,484,325	3.70%
1996	54,500	74,073	128,573	3,969,675	3.24%
1997	69,500	89,295	158,795	4,463,749	3.56%
1998	77,950	97,716	175,666	4,899,428	3.59%
1999 (2)	57,950	74,967	132,917	5,728,618	2.32%
2000	96,400	112,108	208,508	6,396,487	3.26%
2001	101,400	208,357	309,757	6,788,324	4.56%
2002	259,850	188,386	448,236	7,710,029	5.81%

(1) General obligation bonds reported in the enterprise funds and special assessment debt with governmental commitment have been excluded.

(2) Does not include defeased issue of \$315,000.

(3) Excludes bond issuance and other costs.

CITY OF SPRINGBORO, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
DECEMBER 31, 2002**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Springboro (2)</u>	<u>Amount Applicable to City of Springboro</u>
City of Springboro (1)	\$3,329,433	100.00%	\$3,329,433
Warren County	13,913,600	8.72%	1,213,266
	Total		<u>\$4,542,699</u>

Source: Warren County Auditor

(1) Net debt outstanding equals the amount of non self-supporting general obligation notes and bonds outstanding less the amount available in the debt service fund.

(2) Percentages determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

CITY OF SPRINGBORO, OHIO

**REVENUE BOND COVERAGE - WATER MORTGAGE BONDS
LAST TEN YEARS**

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirement	Coverage
1993	\$1,314,063	\$1,291,575	\$22,488	\$142,075	0.16
1994	2,333,346	534,073	1,799,273	315,720	5.70
1995	1,647,780	867,867	779,913	323,108	2.41
1996	1,689,614	700,958	988,656	324,696	3.04
1997	1,999,765	935,765	1,064,000	325,845	3.27
1998	2,360,083	1,378,223	981,860	125,566	7.82
1999	2,615,761	1,381,313	1,234,448	1,341,929	0.92
2000	2,725,797	983,364	1,742,433	1,326,344	1.31
2001	2,671,855	1,079,429	1,592,426	1,324,214	1.20
2002	2,555,439	1,467,476	1,087,963	1,325,674	0.82

(1) Gross Revenues include operating revenues plus interest income.

(2) Direct operating expenses include total operating expenses less depreciation.

Source: City of Springboro, Department of Finance

CITY OF SPRINGBORO, OHIO

**REVENUE BOND COVERAGE - SEWER MORTGAGE BONDS
LAST TEN YEARS**

Year	Gross Revenues	Direct Operating Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirement	Coverage
1993	\$1,152,750	\$858,135	\$294,615	\$439,491	0.67
1994	1,147,338	987,883	159,455	440,035	0.36
1995	1,070,999	1,024,548	46,451	440,114	0.11
1996	1,199,334	888,008	311,326	432,480	0.72
1997 (2)	1,502,164	960,679	541,485	166,733	3.25
1998	1,820,233	994,844	825,389	382,630	2.16
1999	1,488,972	941,114	547,858	381,643	1.44
2000	1,708,096	944,391	763,705	380,418	2.01
2001	1,793,762	1,169,247	624,515	378,705	1.65
2002	1,590,251	1,113,824	476,427	381,495	1.25

(1) Direct operating expenses include total operating expenses less depreciation

(2) Refunding bonds were issued during 1997. No principal was paid.

Source: City of Springboro, Department of Finance

CITY OF SPRINGBORO, OHIO

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	Population	Per Capita Income	Unemployment Rate Warren County Area	School Enrollment
1993	8,417	\$21,710	5.7%	2,605
1994	9,230	22,361	5.3%	2,716
1995	9,590	22,876	4.2%	2,729
1996	10,331	28,723	3.8%	2,837
1997	10,945	29,584	3.0%	2,944
1998	11,200	30,176	3.0%	3,158
1999	12,045	31,081	3.0%	3,338
2000	12,380	32,013	3.0%	3,505
2001	13,265	32,973	2.6%	3,774
2002	14,483	35,422	3.1%	4,024

Source: City of Springboro Community Development Department

CITY OF SPRINGBORO, OHIO

**PROPERTY VALUE, CONSTRUCTION PERMITS AND BANK DEPOSITS
LAST TEN YEARS**

Year	Building Permits (1)		Assessed Value	Bank Deposits (2)
	Number of Permits Issued	Estimated Value		
1993	261	\$39,299,858	\$115,225,660	\$411,164,000
1994	231	36,449,326	150,135,280	422,581,000
1995	161	20,665,648	164,838,600	460,950,000
1996	198	20,802,945	178,524,970	482,684,523
1997	212	24,382,801	206,314,170	523,595,000
1998	262	20,085,429	222,044,280	521,795,000
1999	319	33,499,038	274,679,923	533,873,000
2000	311	32,673,609	333,482,819	569,566,000
2001	267	32,464,314	341,498,280	618,781,000
2002	280	36,805,793	359,871,190	660,464,000

(1) Source: City of Springboro Building Inspection Department.

(2) Source: Federal Reserve Bank of Cleveland - amounts are for commercial banks headquartered in Warren County.

CITY OF SPRINGBORO, OHIO

**PRINCIPAL TAXPAYERS (REAL ESTATE)
DECEMBER 31, 2002**

	Taxpayer	2002 Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1.	Coffman Development	\$4,522,820	1.40%
2.	Cincinnati Gas & Electric	3,853,460	1.19%
3.	Inland Real Estate Group	3,126,170	0.97%
4.	Gayston Corporation	1,947,090	0.60%
5.	Ohio Bell Telephone	1,706,990	0.53%
6.	ARV Springboro Villas	1,660,290	0.51%
7.	Springboro YMCA	1,533,970	0.48%
8.	Martin - Coffman Development	1,304,230	0.40%
9.	Springboro Pointe Inc.	1,160,850	0.36%
10.	Bunnell Hill Development	1,144,650	0.35%
	Sub - Total	21,960,520	6.79%
	All Others	300,746,460	93.21%
	Total	\$322,706,980	100.00%

Based on valuation of property taxes levied in 2002.
Source: Warren County Auditor

CITY OF SPRINGBORO, OHIO

**MISCELLANEOUS STATISTICS
DECEMBER 31, 2002**

	January 1, 1979	Form of Government	Council/Manager
Date of Incorporation			
Number of Employees	76	Area (square miles)	10.07
Number of Streets	329		
Cultural and Recreation:			
Parks		3	
Park Acreage		287.7	
Heatherwoode Golf Course		18 Hole Course	
Police Protection:			
Number of Stations		1	
Number of Full-time Personnel		22	
Number of Patrol Units		16	
Education:			
Number of Elementary Schools		3	
Number of Elementary School Instructors		114	
Number of Secondary Schools		2	
Number of Secondary School Instructors		117	

Source: City of Springboro Economic Development Department





**Auditor of State
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CITY OF SPRINGBORO

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 18, 2003**