

CITY OF OREGON, OHIO

SINGLE AUDIT REPORT

DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

The Honorable Marge Brown, Mayor
and Members of City Council
City of Oregon
Oregon, Ohio

We have reviewed the Independent Auditor's Report of the City of Oregon, Lucas County, prepared by James G. Zupka, C.P.A., Inc., for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

November 8, 2004

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CITY OF OREGON, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

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Certified Public Accountants

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Ohio Society of Certified Public Accountants

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

Honorable Mayor, Finance Director,
and Members of City Council
City of Oregon, Ohio

We have audited the basic financial statements of the City of Oregon, Ohio (the City), as of and for the year ended December 31, 2003, and have issued our report thereon dated September 16, 2004. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* as of January 1, 2003. This resulted in a change to the City's method of accounting for certain nonexchange revenues, capital assets, long-term liabilities, and changes in the format and content of the basic financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of American 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to the management of the City of Oregon, Ohio in a separate letter dated September 16, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to the management of the City of Oregon in a separate letter dated September 16, 2004.

This report is intended for the information and use of members of City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

James G. Zupka
Certified Public Accountant

September 16, 2004

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Honorable Mayor, Finance Director,
and Members of City Council
City of Oregon, Ohio

Compliance

We have audited the compliance of the City of Oregon, Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The City of Oregon, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Oregon, Ohio's management. Our responsibility is to express an opinion on the City of Oregon, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Oregon, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Oregon, Ohio's compliance with those requirements.

In our opinion, the City of Oregon, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Internal Control Over Compliance

The management of the City of Oregon, Ohio, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Oregon, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oregon, Ohio, as of and for the year ended December 31, 2003, and have issued our report thereon dated September 16, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Oregon's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of members of the City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

James G. Zupka
Certified Public Accountant

September 16, 2004

CITY OF OREGON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Expenditures/ Disbursements
United States Department of Housing and Urban Development			
<i>Passed through the Ohio Department of Development</i>			
CHIP Grant - 2002	14.239	A-C-02-161-1 and 2	163,121
Total CHIP Grant			<u>163,121</u>
Community Development Block Grant - 2002	14.219	A-F-02-161-1	74,700
Community Development Block Grant - 2003	14.219	A-F-03-161-1	5,439
Total Community Development Block Grant			<u>80,139</u>
Community Development Block Grant - Economic Development Program	14.228	A-E-02-161-1	256,598
Total United States Department of Housing and Urban Development			<u>499,858</u>
United States Department of Justice			
<i>Direct Payment to City</i>			
JJDP	16.540	JJ-DP2-0314	12,298
Total JJDP			<u>12,298</u>
Local Law Enforcement Block Grant	16.592	2001-LBVX3328	6,359
Local Law Enforcement Block Grant	16.592	2002-LBVX0952	13,969
Total Local Law Enforcement Block Grant			<u>20,328</u>
FY 03 Bulletproof Vest Grant	16.607	03015948	1,628
Total Bulletproof Vest Grant			<u>1,628</u>
<i>Passed through the State of Ohio</i>			
FY 00 Byrne Grant/Achievement Program	16.579	00-OG-B02-B1000	51,259
Total Byrne Grant/Achievement Program			<u>51,259</u>
Total United States Department of Justice			<u>85,513</u>
United States Department of Transportation			
<i>Passed through the Ohio Department of Transportation</i>			
Seaman Road Overpass	20.205	TE21-G-990(657)	110,932
Stadium Drive Bike Path	20.205	ODOT #02N074	6,693
Municipal Drive Bike Path	20.205	ODOT #03N110	247,499
Total United States Department of Transportation			<u>365,124</u>
United States Department of Environmental Protection Agency			
<i>Direct Payment to City</i>			
Seaman Road Sewer Project	66.606	XP-97561801-1	290,400
Total United States Department of Environmental Protection Agency			<u>290,400</u>
United States Department of Homeland Security			
<i>Passed through the Ohio Department of Public Safety</i>			
Federal Emergency Management Agency	97.036	3187-EM-095-58730	1,080
Total United States Department of Homeland Security			<u>1,080</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,241,975</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF OREGON, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1: **GENERAL**

The accompanying Schedule of Expenditures of Federal Awards of the City of Oregon, Ohio, presents the activity of all federal financial assistance programs of the City. The City's reporting entity is defined in Note 1 to the City's general purpose financial statements. Federal financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies are included on this schedule.

NOTE 2: **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation by grant from the cash basis to the accrual basis at December 31, 2003.

	<u>Program Expenditures</u>
<u>Department of HUD</u>	
Cash Basis	\$ 602,280
Refund	<u>(102,422)</u>
Department of HUD - Accrual Basis	<u>\$ 499,858</u>
 <u>Department of Justice</u>	
Cash Basis	\$ 85,513
Accrual Adjustment	<u>0</u>
Department of Justice - Accrual Basis	<u>\$ 85,513</u>
 <u>Department of Transportation</u>	
Cash Basis	\$ 365,124
Accrual Adjustment	<u>0</u>
Department of Transportation - Accrual Basis	<u>\$ 365,124</u>
 <u>Department of Environmental Protection Agency</u>	
Cash Basis	\$ 290,400
Accrual Adjustment	<u>0</u>
Department of Environmental Protection Agency - Accrual Basis	<u>\$ 290,400</u>
 <u>Department of Homeland Security</u>	
Cash Basis	\$ 1,080
Accrual Adjustment	<u>0</u>
Department of Homeland Security - Accrual Basis	<u>\$ 1,080</u>

CITY OF OREGON
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 DECEMBER 31, 2003

1. **SUMMARY OF AUDITOR'S RESULTS**

2003(i)	Type of Financial Statement Opinion	Unqualified
2003(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2003(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
2003(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
2003(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2003(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2003(v)	Type of Major Programs' Compliance Opinions	Unqualified
2003(vi)	Are there any reportable findings under .510?	No
2003(vii)	Major Programs (list):	CFDA 66.606 Seaman Road Sewer Project CFDA 14.228 Economic Development Program
2003(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 Type B: All Others
2003(ix)	Low Risk Auditee?	Yes

CITY OF OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2003

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

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

CITY OF OREGON, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003

The prior audit report, as of December 31, 2002, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

Lucas County, Ohio



City of Opportunity

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003



City of Opportunity

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003

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Director of Finance

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LUCAS COUNTY, OHIO

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INTRODUCTORY SECTION



City of Opportunity



City of Opportunity

CITY OF OREGON

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James Austermilller, Director of Finance

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September 16, 2004

To The Mayor and Members of City Council and
All Citizens of the City of Oregon, Ohio:

We are pleased to submit the eleventh Comprehensive Annual Financial Report of the City of Oregon, Ohio for the fiscal year ended December 31, 2003. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Oregon (the "City") to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data, as presented, is accurate in all material respects; is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

The Report

The Comprehensive Annual Financial Report (CAFR) is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three major sections:

1. The Introductory Section includes this letter of transmittal, which represents the City's organization, operational structure and accomplishments; an organizational chart, and a list of elected officials.
2. The Financial Section contains the Independent Auditors' 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. The Statistical Section presents social, economic and historical data in a multi-year format which can be used to identify financial trends and data relative to the fiscal capacity of the City.

***Letter of Transmittal
For the Year Ended December 31, 2003***

The Reporting Entity

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (the "GASB") Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide 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, account groups, agencies, boards and commissions that are part of the primary government, which includes the following services as authorized by its Charter: police and fire protection, emergency medical services, parks and recreation, planning, zoning, street maintenance, and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system, each of which is reported as an enterprise fund.

Historical Information

Oregon, on the shores of Maumee Bay, was once part of the Great Black Swamp. Settlements were established as the sawmills were built to harvest the vast variety of trees in the area. The harvested forests created rich farmland, but the area remained swampy and in need of drainage. Ditches, draining into Maumee Bay, were constructed along the roadways that followed the path of the old Indian trails. These ditches remain today.

In 1838, the first government was formed as Oregon Township. In 1856 the township took ownership of two cemeteries that are still owned by the City today. The same area that was Oregon Township is now the City of Oregon. The City is bounded on the west by the City of Toledo, on the north by Maumee Bay/Lake Erie, on the east by Jerusalem Township (Lucas County), and on the south by the City of Northwood (Wood County).

The 1800's and 1900's saw the development of an extensive rail system. In the early 1800's, the Port of Toledo began operations. Port operations in Oregon began in 1955 in the northwest corner of the City. These operations have grown and continue today.

Around the turn of the century, two major oil refineries, British Petroleum (BP) and Sun Marketing, located in Oregon. These two refineries took advantage of the water, rail, pipeline and surface transportation available in the City, and have historically been two of the City's largest employers.

Northwestern Oregon grew as an industrial center with a coal powered electrical generating facility, the refinery, and several chemical plants. Pipelines were laid to carry petroleum products to and from the port facilities and other states East of the Mississippi. Buckeye Pipeline has the largest pipeline distribution system in Oregon.

As industrialization continued, commercial and residential growth followed. Generally, urban growth continued eastward from Interstate 280. Recently, residential growth has also occurred south of Maumee Bay in the waterfront areas and in the more rural areas of the City's perimeter.

CITY OF OREGON, OHIO

Letter of Transmittal

For the Year Ended December 31, 2003

In 1954 Oregon Township trustees sought to zone the area. At about the same time, City of Toledo officials sought to annex the northwest industrial area of Oregon Township. The annexation failed, and in 1957 there was an election for Oregon to become an incorporated City. The vote was 3,660 in favor and 2,925 opposed. A key issue in incorporation was to have Oregon own and operate a water and a wastewater plant.

The City of Oregon adopted a home rule Charter in 1958. The City's slogan was "City of Opportunity," which was amended in the 1980's to, *Oregon on the Bay, City of Opportunity*. In 1959 voters approved a municipal income tax. The City's first major project was a seven million-gallon per day regional water plant constructed with federal and local funds in 1964. The treated water coming from Lake Erie, services over 90% of the land in Oregon and also provides water to surrounding communities. A multi-phase \$17.9 million expansion to double the capacity of the water plant is now underway. The water plant expansion is being financed through a combination of grants, loans and debt. The City also has a wastewater treatment plant, constructed in 1977 with local and federal funds, which can process up to eight million gallons per day. In 1997 a major upgrade to the wastewater plant was completed. Sanitary sewer lines service approximately one-third of the land in the City. The City's water and wastewater operations also service portions of Jerusalem Township, northern Wood County and northwest Ottawa County.

Form of Government

The original Charter adopted in 1958 called for a Mayor/Council form of government. The City was divided into five wards, each represented by a councilman, and there were two at-large members for a total of seven councilmen. The Charter named the Mayor as the Administrator. The Mayor and Council were elected for two-year terms. In 1968, the Charter was amended to elect all councilmen at large and to eliminate the ward system. In 1988, the Charter was amended to change the term of the Mayor from two to four years. Five years later, in 1993, there were two charter changes: The first created the position of City Administrator, who reports to the Mayor, the second created the positions of Finance Director and Clerk of Council. Other technical charter changes, such as reading the title of an ordinance instead of the entire ordinance, have been periodically approved by the voters.

Location

The City of Oregon is located in northwestern Ohio in the Toledo Metropolitan area. Oregon is Lucas County's largest suburb with 28.5 square miles and a population of 19,355. The City has approximately five miles of shoreline along Maumee Bay/Lake Erie. The City's elevation is approximately 606 feet above sea level. Local temperatures average 73 degrees in the summer and 25 degrees in the winter. The City has approximately 120 miles of roads with I-280 (linking east - west to the Ohio Turnpike, I-80/90 and linking north-south to I-75), State Route 2 (Lake Erie access road) and State Route 51 (Wood County and Ottawa County access road). The port facilities service foreign and domestic cargo shipments in the Saint Lawrence Seaway and the Great Lakes.

Letter of Transmittal

For the Year Ended December 31, 2003

The City of Oregon provides a variety of recreational opportunities for residents, workers, and visitors to the area. The City is home to Pearson Metropark, Maumee Bay State Park, South Shore Park, South Shore Boardwalk, and the Koontz Recreational Complex. Maumee Bay State Park has over 1,800 acres, with one mile of Lake Erie shoreline, and over one million visitors annually. Maumee Bay is a full service state park that includes the eighteen-hole Arthur Hill's golf course. Pearson Metropark has 320 acres for biking, a nature center, fishing, picnicking, and paddleboats. There are two municipal parks: Koontz Park with eight-lit ball fields and South Shore Park (across the street from the Maumee Bay shoreline) with a sledding hill, picnic area, and a fitness trail. The South Shore Boardwalk is a landscaped walkway along the shoreline.

Oregon schools offer a full range of programs from advanced placement courses to vocational education. The Oregon City School District includes a high school, two middle schools, and four elementary schools, one of which is located in Jerusalem Township. As well, there is a private coeducational parochial school, Cardinal Stritch High School. In addition to Oregon City Schools, the region is serviced by the University of Toledo, Bowling Green State University, Medical College of Ohio, Lourde's College, and Michael J. Owen's Technical College, a leading two-year college. All of these schools are within approximately one-half hour drive time of the City.

Municipal Services

The City provides a wide variety of services authorized by its Charter and administrative codes. City services include police and fire protection, emergency medical service, municipal court, planning and engineering, zoning, code enforcement, street maintenance, traffic control, parks and recreation, building inspection, cemetery, community development, curbside recycling, solid waste collection and disposal and general administrative services. The City does not operate hospitals, schools or landfills. In 2003, the City continued to receive federal funding for persons, with qualifying income levels, to rehabilitate and/or receive down payments to purchase homes.

The City also operates two enterprise activities: water treatment and distribution, and wastewater collection and treatment. The enterprise funds are used to account for activities operated in a manner similar to a private business. The intent of the City is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. The cost of capitalizing the water and wastewater plants is subsidized with a voter-approved designation of approximately twenty percent of income tax revenues for said purpose.

The City's enterprise activities are not subject to rate review or determination by the Public Utilities Commission of Ohio or any similar regulatory body. The City Council has the necessary authority to establish and to amend appropriate user rates as required. The rates are monitored on an ongoing basis to insure their adequacy to meet operational and maintenance needs. The rates remain competitive in northwest Ohio. Responsibility for the frequency and amount of rate change lies solely with the City Council.

***Letter of Transmittal
For the Year Ended December 31, 2003***

Basis of Accounting

Except for that used for budgetary purposes, the basis of accounting used by the City is in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units and is consistent with GASB Codified Section 1600, "Basis of Accounting." All governmental and expendable trust funds are accounted for using current financial resources (current assets and current liabilities) measurement focus. The modified accrual basis of accounting is utilized for governmental, expendable trust and agency funds.

Under the modified accrual basis of accounting revenues are recognized when they are susceptible to accrual, both measurable and available. Expenditures are recognized when the related liability is incurred, except for interest on long-term debt which is recorded when due.

The measurement focus for the City's proprietary funds is on the flow of economic resources (all assets and liabilities). The accrual basis of accounting is utilized which recognizes revenues when earned and expenses when incurred.

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available). A reconciliation of the results of this method appears in Note 1. During 2003 the City implemented GASB Statement No. 34, all other accounting policies were applied consistently with those of 2002. Accounting policies are further stated in Note 1.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The City of Oregon is located in the eastern Toledo Metropolitan Statistical Area (MSA) in Lucas County, and is the largest in the M.S.A. area. According to the World Almanac, the Toledo MSA is the 67th largest MSA in the United States and lists Lucas County as the sixth most populous of the 88 counties in the State of Ohio. The Toledo area is a key intermodal transportation hub with one-half of the United States population living within one day's driving time. The following are the primary transportation routes within the City of Oregon: I-280 connecting with I-75 and I-80/90 and State Routes 2 and 51; rail access from the CSX, Norfolk and Southern and Conrail lines; and the Lucas County Port general cargo and loading docks.

The City's largest employer is St. Charles Hospital. St. Charles Hospital, owned by the Sisters of Mercy, is a regional hospital serving the eastern suburbs. St. Charles has 885 full time jobs and 320 part time positions. A second hospital, Bay Park Community Hospital is complete and has 304 full time jobs and 86 part time jobs.

The City maintains a solid manufacturing base with two major refineries, British Petroleum (BP) and Sun Marketing and Refining. These two refineries provided 14% of the income tax revenue in 2003. Both B.P. and Sun Petroleum continue to invest in upgrading the refineries, primarily to meet environmental requirements. Spartan Warehouses, a growing business, added a new warehouse during 2003, along with 46 new jobs.

CITY OF OREGON, OHIO

Letter of Transmittal

For the Year Ended December 31, 2003

The Spartan Warehouse complex is part of a 500-acre industrial area owned by the City, the Oregon on the Bay Regional Economic Development Foundation and major industries. The City works with the Foundation to attract and retain industry in the City.

The City offers economic incentives to businesses that locate in the industrial area. These include municipal link deposits, an enterprise zone, a community reinvestment area, and an approved foreign trade zone. For businesses receiving real and personal property tax abatement, the City requires a contract for direct payment to the schools in lieu of all or a portion of the abated school taxes.

Major transportation improvements continue in the community. The regional \$227 million Maumee River Crossing continues in 2003 with the northern touchdown in Toledo and the southern touchdown in Oregon. This project is the State of Ohio's largest bridge project and first ever signature bridge. The project is scheduled for completion in 2006. The State Route 2, \$27 million project, including an overpass and four miles of widening, on the seven mile City stretch, was completed in 2001 and is spurring interest in retail establishments. Wall Mart opened in the spring of 2003, and Gordon Foods is now under construction. Several other big box users continue to have an interest in Oregon locations. In addition 8.5 miles of new sewer lines are or will be under construction in the next several years providing opportunities for additional development.

The City's \$4 million Seaman Rd. overpass was completed in the summer of 2003. Nearly 100% of the cost was funded through federal grants. The new Bay Park Hospital opened in 2001 and is generating additional traffic along Wheeling Street. The Wheeling Street corridor between S.R.2 and S.R.51 is programmed for improvements in the next five years.

Unemployment Rate

The 2003 unemployment rate for Lucas County was 7.3% compared to 7.6% in 2002. The Toledo Metropolitan area rates were about the same as the national and state unemployment rates of 5.8% and 5.7% respectively. There are no statistics specifically for the City of Oregon, because statistics are not kept for communities with a population of less than 50,000. As in 2002, the estimate for unemployment in the City of Oregon is estimated to be below the Toledo Metropolitan area average.

Employee Relations

At the end of 2003, the City had 187 full-time employees and 3 regular part time employees, approximately 75% of which are represented by a bargaining unit. The number of employees in each group are as follows with a total of 141 employees in unions: The American Federation of State, County and Municipal Employees (AFSCME) Local 755 Ohio Council 8, 76 employees; Oregon Police Command Officers, Fraternal Order of Police, Inc. (FOP), 11 employees; Oregon Patrolman's Association (OPPA) 45 employees; Full-Time Firefighters; 10 employees; Oregon Part-Time Firefighters 89 part-time firefighters; and non-bargaining employees, 47.

Letter of Transmittal

For the Year Ended December 31, 2003

The current City contracts were negotiated in 2000 for three year terms ending on June 30, 2003. No contracts have been agreed to for the period after June 30, 2003. Health Insurance continues to be the most expensive escalating personnel cost. The City's contract for health insurance was renewed with the same carriers at the end of 2002. In 2003, the City paid \$1,255,496 for health insurance, a 9 % increase from 2002. The benefit level for prescription drugs remained at a \$10 co-pay for generics and \$20 for name brands. The employees family premium share remained at \$30 in 2003. The per family cost in 2003 was \$775.42. This excludes the F.O.P. bargaining unit, which has a slightly richer health benefit. There is a Health Insurance Committee working to find ways to improve the health of employees and their families and to find ways to control costs. Health insurance premiums are the second in employee benefit cost, the first is the employer paid pension share. Because of rising health care costs and a tight budget, the administration states that there are no funds available for raises.

MAJOR CITY INITIATIVES

The City continues its largest capital investment with the completion of Phase 2 of the water treatment plant expansion, doubling the treatment capacity. The total project cost is \$17.9 million over five phases with completion in 2006. An additional four million gallons of capacity is now available. Another major project is the \$5.2 million Seaman Rd. overpass, which was completed in 2003. Construction began in the fall of 2001 and was financed with nearly 100% federal and state grants. Another major improvement is a \$4.9 million sewer trunk line and local lines that will service an area of about three square miles including the high school, school administration offices, the City complex, a county school, fire station and several churches. The trunk line is financed through grants and debt, while the service to parcels is financed through assessments. Two additional miles of sewer lines have been petitioned for. This will increase the amount of land that can be developed from 50% to 75% of the total land area in the City with sewers.

The Seaman Rd. overpass was the third overpass constructed in the City in the last five years. (Millard and State Route 2 are the others). The new I-280 Maumee River crossing is the State of Ohio's largest bridge project, and will be a signature bridge, connecting the Eastern Toledo and Oregon area with downtown Toledo and I-75 North. This new Maumee River project also eliminates one of the nation's last interstate drawbridges - even though the existing bridge will remain for local traffic. The \$227 million river crossing project is financed with federal and state funds. The construction bid was awarded in 2001. The City of Oregon is not a financial participant in the River Crossing. All of these key transportation improvement projects will enhance development and the quality of life for all who live and/or work in Oregon.

Infrastructure Improvements

In addition to transportation projects, the City continues to upgrade and add infrastructure. Sanitary sewers and water extensions continue to be located in needed areas, usually requested by petition and funded through assessments.

***Letter of Transmittal
For the Year Ended December 31, 2003***

A major new sewer trunk line was completed in 2003. This project was prompted by neighboring Jerusalem Township, who was ordered by the Ohio EPA to provide sanitary sewers for the township's shoreline area. The City agreed to tie the township line into Oregon's wastewater treatment system. This created a new sanitary sewer trunk line in the City that runs 3.5 miles down Seaman Road. This trunk/local line services a large area that includes the municipal complex, high school, county school, main fire station, several churches as well as many residences and adds hundreds of acres of land that can be developed. In addition to the Seaman Road line, another subtrunk is to be constructed down Stadium Rd. The three-mile Stadium Rd. sewer project was petitioned, therefore most of this project is assessed. Financing for the Seaman trunk/local sewer line \$4.9 million project includes \$700,000 from Lucas County and \$290,000 in federal grants, with the remaining \$3.9 million financed through a combination of City funds and assessed funds. These key infrastructure improvements support private sector investments for industrial, commercial and residential development.

The annual estimated income tax allocation for water and sewer capital improvements is fully committed to the debt of these projects and some reserves may be required to cover a portion of the debt over the next four years. Until the debt is paid or additional resources are found, major new projects will require a new source of funding for the next decade or longer. Capital projects for water and sewer improvements are City financed projects derived from income tax, not user fees. Therefore, under current funding policies, increases in water use will not provide additional revenue for debt. If there are increased jobs within the City, then the water and sewer allocation of the income tax will increase, allowing for funding of new projects.

Water Plant Improvements

The water plant began improvements to double the capacity and to upgrade the plant in 1999. This \$20.2 million expansion project is being conducted in five phases. The City received a \$12.58 million EPA loan in 2001 for Phases One and Two of the project. Other Sources of funding for Phases One and Two include \$556,000 in grants from O.P.W.C. and \$1.064 million in zero percent loans from O.P.W.C. The City will finance the loans from a designated portion of the income tax. There is some offset from outside users; the Wood County Regional Water and Sewer Authority, the Village of Genoa in Ottawa County and Jerusalem Township in Lucas County, estimated at 15% of the total project cost. Of the current \$20.2 million estimate for the water plant expansion, \$1.6 million is projected from grants, \$2.6 million from O.P.W.C. zero percent loans, \$3.4 million from outside users and the remaining \$12.6 from E.P.A. loans. It is expected that there will be a reduction in the E.P.A. loan amount from Phases One and Two. Debt repayment for Phases One and Two began in July 2002. The primary source of repayment will be from an allocation of the income tax revenues. The water plant expansion at current levels depletes the income tax allocation for water and sewer improvements.

Streets

The City utilizes funding from the General Fund, Street Construction, Maintenance and Repair Fund, State Highway Improvement Fund and Capital Improvement Fund for its street projects. The City traditionally repairs several miles of the estimated 120 miles of streets each year, but as the budget is tightening, the amount of roads repaved is decreasing.

An important regional project for the City is a new river crossing that will improve I-280. This is a \$227 million project. Construction continues in 2003. The new river crossing is a signature bridge with a unique architecture. No City funds are part of this project. Construction should be complete by 2006.

***Letter of Transmittal
For the Year Ended December 31, 2003***

Police and Fire Departments

The Fire Department has made major equipment purchases in the last decade. Federal grants paid a portion of the annual cost of four school resource police officers. This funding was no longer available in 2003 and the City is working with the schools for partial funding. The City is committed to keeping the officers. The fire department maintains an ISO (insurance) rating of 4, which is the lowest possible rating for a part-time department. This rating lowers insurance costs for all types of buildings and operations in the City. The fire department also operates a fire training center, which is financed by the refineries and the electrical company.

Parks and Recreation

The Parks and Recreation Department continues to recruit state, regional and national baseball and softball tournaments and the soccer program continues to expand. Recreation department programs include basketball, baseball, football, volleyball, senior activities and summer theatre programs. In addition, there are summer playground programs, golf lessons, senior exercise and swimming at the YMCA.

The Oregon Senior Center, located at the northeastern edge of South Shore Park, across the street from Maumee Bay, leases a City owned building. In its eight year of operations, the Senior Center continues to expand senior programs including nutritional lunches during the week.

Continuing and Future Projects

The City continues to plan for projects that improve infrastructure and the quality of life for Oregon residents along with improved municipal operations to better serve the citizens. Major improvements such as the water plant expansion, additional water and sewer lines, overpasses and the new river crossing should aid in economic development efforts. Quality of life continues to improve with the addition of bikeways, additions to Pearson Metropark and the continuing designation as Tree City. Funding is very limited for future improvements to the water and wastewater plants and related projects. Debt financing in other areas is not at the maximum of amount of estimated resources.

Planning continues for bikeway connections that link Pearson Metropark, South Shore Park and Boardwalk, Maumee Bay State Park, the Koontz Complex and the high school. The City received a grant for fifty percent of the costs for the next phase along Stadium Road. A grant has also been awarded for the Municipal Connector portion of the projects. Construction is expected to begin 2004.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and Accounting System

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance that:

1. The City's assets are protected against loss and other unauthorized use or disposition; and

***Letter of Transmittal
For the Year Ended December 31, 2003***

2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing internal controls should not exceed the benefits likely to be derived from their implementation and
2. The evaluation of offsetting the costs and benefits involves estimates and judgment by the City administration and the finance department.

All internal control evaluations occur within this framework. It is the belief of the administration and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions. Administrative policies 59 and 60 provide the policies for purchase requisitions and invoice approval. These policies are reviewed annually to determine if there are better methods available, which will improve efficiency and reduce redundancy, as well as lower the overall cost of purchases. The Finance Department is responsible for the auditing and analysis of all purchase orders and vouchers of the City. Finance Department personnel review and process requisitions, purchase orders and vouchers. Personnel responsibilities are carefully managed to ensure the availability of moneys in the proper funds and accounts prior to the certification and payment of approved invoices. The City utilizes a fully automated accounting system as well as an automated system of controls for fixed assets, accounting and payroll. These systems, coupled with the review and examination performed by the Finance Department, ensure that the financial information generated is both accurate and reliable.

Budgetary control is maintained at the objective level for each function within each fund via legislation approved by City Council. The various object levels are:

- Personal Services
- Other (Miscellaneous)
 - * Materials and Supplies
 - * Contractual Services
 - * Utilities
- Transfers
- Capital Outlay
- Debt Service:
 - * Principal
 - * Interest

Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts for vendors. Encumbrances in excess of the available object level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations at year-end return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year that coincides with the calendar year.

CITY OF OREGON, OHIO

Letter of Transmittal For the Year Ended December 31, 2003

Debt Administration

The debt service funds accumulate resources for the payment of principal, interest and associated administrative costs on the City's general and special assessment long-term debt. In 1998 the City received a Moody's rating of Aaa - one step above its previous rating. Resources to pay debt are derived from property taxes (real and personal), special assessments, income taxes, and operating transfers. The City's general obligation notes are prepared by Squire, Sanders, and Dempsey and if offered for bid, submitted to the Ohio Municipal Advisory Council. The rate for the various issues was 1.48% on various improvement notes of \$1,500,000.

The total long-term debt of the City as of December 31, 2003 consisted of the following:

Ohio Public Works Commission Loans	\$2,056,336
Ohio Water Development Authority Loans	17,093,669
Special Assessment Bonds with Governmental Commitment	1,556,473
General Obligation Bonds	<u>3,835,000</u>
Total	<u>\$24,541,478</u>

The City has loans obtained from the Ohio Water Development Authority (OWDA), which have been used to finance water and wastewater plants and distribution and collection systems. The loans are being repaid from the water and wastewater income tax allocation, and from areas outside the City in Wood and Lucas Counties that have tapped into the City water and/or wastewater systems.

The ratio of property tax supported general bond debt to assessed value and the amount of bond debt per capita are considered to be good indicators to municipal managers, citizens and investors in general government debt of the City's debt position. The City's debt position as of December 31, 2003 was as follows:

Ratio of Net General Obligation Bonded Debt to Assessed Value	0.20%
Net General Obligation Bonded Debt per Capita	\$59.31
Net General Obligation Bonded Debt	\$1,147,986

A more thorough presentation of the calculation of these figures is located in the statistical section of this report.

Cash Management

Cash Management is a vital component of the City of Oregon's financial strategy. The primary objective of the City's investments was to maximize the rate of return while preserving the investment principal. The City pooled its cash for maximizing investment efficiency, except for that held by law in trusts and perpetual care funds, fiscal and escrow agents and certain debt service and trust and agency funds.

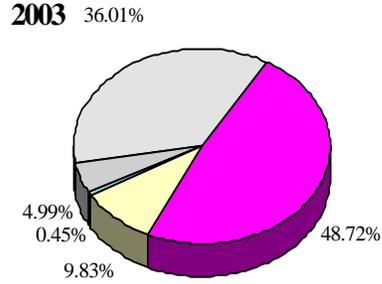
Public funds were invested to achieve the maximum return on the portfolio without assuming unreasonable risk. The City purchases investments only through member banks of the Federal Reserve System or broker-dealers registered with the US Securities and Exchange Commission. Investments are diversified to avoid incurring unreasonable risks relating to a specific type of security or to a particular type of financial institution. Portfolio investments remain sufficiently liquid to ensure that all operating requirements are satisfied in a timely manner.

CITY OF OREGON, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2003**

The City’s cash resources were invested on December 31, 2003 as follows:

Cash Resources	2003	Percent of Total
Cash	\$8,256,742	36.01%
Certificates of Deposit	11,169,858	48.72%
US Government Securities	2,253,873	9.83%
STAR Ohio	104,135	0.45%
City of Oregon SA Bonds	1,143,154	4.99%
Total Resources	\$22,927,762	100.00%



The City earned \$579,554 on investments for fiscal year 2003, which was credited to the governmental funds. The permanent funds also received investment earnings totaling \$2,476 in 2003, as required by the trust instruments.

At December 31, 2003, the City had bank deposits of \$20,198,822. Federal depository insurance covered \$281,859 of the bank balance and the rest of the deposits were classified as Category 3. Ohio law requires that deposits be placed in eligible banks or savings and loans associations in Ohio. Any public depository in which the City places its deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of the 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 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 instrumentality of such county, municipal corporation or other authority. Based upon criteria in GASB Statement No. 3, “*Deposits With Financial Institutions, Investments, (Including Repurchase Agreements) and Reverse Repurchase Agreements,*” collateral held in single financial institution collateral pools with securities being held by the pledging financial institution’s agent in the pool’s name are classified as Category 3.

Risk Management

The City provides a self-funded dental insurance program for its employees, which is funded through the City’s self-insurance dental internal service fund. The City also participated in the Ohio Bureau of Workers’ Compensation (Bureau) Retrospective Rating Program for premium periods (calendar years) 1996 and 1997 and joined the Ohio Municipal League Joint Self-Insurance Pool (the "Pool") in 1999, an insurance purchasing pool. See Note 15 to the basic financial statements for additional information. The City has a contract with the Ohio Municipal League Joint Self-Insurance Pool for losses relating to general liability, law enforcement liability, public officials liability and emergency medical services liability coverage. Deductibles have been selected so as not to expose the City to excessive “first dollars” in claims.

CITY OF OREGON, OHIO

Letter of Transmittal For the Year Ended December 31, 2003

Deductibles for property damage coverages are as follows:

<u>Liability Coverage</u>	<u>Occurrence Limits</u>	<u>Aggregate Limits</u>	<u>Deductible</u>
Bodily Injury	\$5,000,000	\$7,000,000	
Property Damage	Included		
Personal Injury	Included		
Governmental Medical Service Liability	Included		
Fire Department Errors and Omissions	Included		
Public Officials Wrongful Act Liability	\$5,000,000	\$6,000,000	\$5,000 per Occurrence
Law Enforcement Agency Officers	\$5,000,000	\$6,000,000	\$5,000 per Occurrence
Employee Benefits Liability	\$1,000,000	\$1,000,000	
Automobile Liability	\$5,000,000		
		Police	\$500 Comprehensive \$500 Collision
		All Other	\$100 Comprehensive \$250 Collision
Premises	\$10,000		
Legal Liability - Real Property	\$500,000		

All claims are handled by the Finance Department, which is in direct contact with the insurance company. All claims are reviewed by the administration's legal counsel who is consulted on a regular basis.

There are periodic reviews of the City's claims and evaluations of acquisitions and disposals of fixed assets. All vehicle changes are reported within thirty days of the purchase and/or disposal.

OTHER INFORMATION

Independent Audit

The basic financial statements of the City of Oregon were audited by James G. Zupka, Inc., Certified Public Accountant, who was approved by the State Auditor's office to conduct the audit. The auditor's unqualified opinion has been included in this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for excellence in Financial Reporting to those governmental entities that qualify. To be awarded the Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A certificate of Achievement is valid for a period of one year. The City received Certificates of Achievement for fiscal years 1993 through 2002. I believe that this, our eleventh Comprehensive Annual Financial Report, meets the high standards set by GFOA for a Certificate of Achievement for Excellence in Financial Reporting, and we are submitting the report to GFOA.

***Letter of Transmittal
For the Year Ended December 31, 2003***

Public Disclosure

The publication of this Comprehensive Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Oregon, the recipients of this report include city, state, and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is an example of the City's continued efforts to improve its overall financial accounting, management and reporting capabilities.

Acknowledgments

The City of Oregon is pleased to be submitting the GAAP financial report utilizing the guidelines recommended by the GFOA. This report is the result of the continued cooperation and combined services of the Mayor, City Council, Judge, and administrative officials of the City of Oregon, the Lucas County Auditor's Office, independent auditors, James G. Zupka, Inc., and the State Auditor.

In addition, a special thank you to Donald J. Schonhardt and Associates, Inc. who provided the expertise, professionalism and guidance to complete this report. The Schonhardt firm was knowledgeable, kind and cooperative in working with the Finance Department staff.

Finance Department personnel are dedicated, professional, experienced accountants who work hard to provide excellent service to the financial operations of the City. Each of them substantively contributes to the information contained in this publication. The Finance Department Staff is:

Payroll

Cheryl Kneisley
Susan Hopkins

Accounts Payable

Vicki Schwamberger
DarLynn Huntermark
Deborah Levy

Assessments, Grants, Investments, Debt

Kathleen Hufford

Accounts Receivable, Grants,

Risk Management and CAFR

Jacqueline Holzauer

Sincerely,



James Auster Miller
Finance Director

CITY OF OREGON, OHIO

**List of Principal Officials
For the Year Ended December 31, 2003**

Elected Officials

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>	<u>Surety</u>
Marge Brown	Mayor	11/30/05	A,C
Donald Petroff	Municipal Judge	12/31/05	A,B,C
Mathew Szollosi	City Council	11/30/05	A,C
James Seaman	City Council	11/30/05	A,C
Jerry Peach	City Council	11/30/05	A,C
Jeffrey Keller	City Council	11/30/05	A,C
Michael Seferian	City Council	11/30/05	A,C
Sharon Rudess	City Council	11/30/05	A,C
Michael Sheehy	City Council, President	11/30/05	A,C

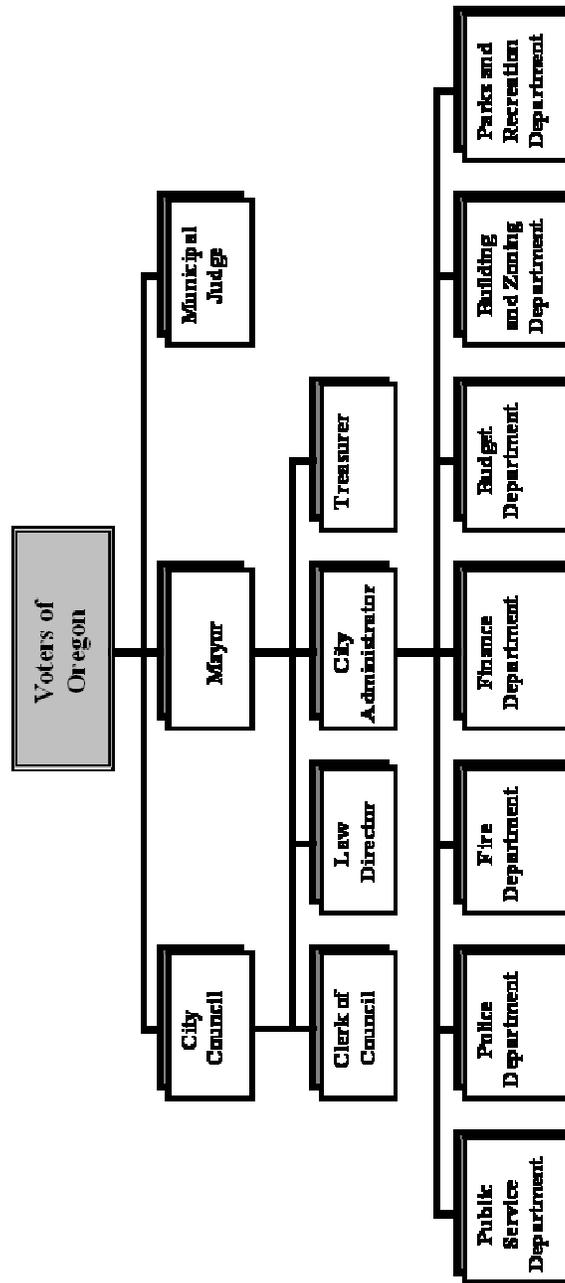
Administrators

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>	<u>Surety</u>
Paul Goldberg	Director of Law	06/03/03	A,C
James Zsigray	Treasurer	Indefinite	\$25,000 Bond A,C
Kenneth Filipiak	City Administrator	Indefinite	A,B,C
Paul Roman	Director of Public Service	Indefinite	A,B,C
James Austermilller	Director of Finance	Indefinite	A,B,C
Thomas Gulch	Chief of Police	Indefinite	A,B,C
Raymond Walenzak	Chief of Fire	Indefinite	A,B,C
Douglas Young	Commissioner of Building and Zoning	Indefinite	A,B,C
Joseph Wasserman	Commissioner of Parks and Recreation	Indefinite	A,B,C
Patricia Fisher	Commissioner of Taxation	Indefinite	A,B,C
Stacy A. DeShetler	Clerk of Courts	Indefinite	\$10,000 Bond A,B,C

Applies to All Elected Officials

- A. Public Officials \$10 Million/occurrence.
- B. In addition to individual bonds, there is a \$250,000 blanket bond for those administrators and employees who receive cash, and or receipt revenues.
- C. Insurance Term: July 15, 2003 thru July 14, 2004.

City Organizational Chart
For the Year Ended December 31, 2003



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Oregon,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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



President

Executive Director



City of Opportunity

FINANCIAL SECTION



City of Opportunity

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Marge Brown, Mayor
and Members of City Council
City of Oregon, Ohio

The Honorable Betty Montgomery
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oregon, Ohio, as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oregon, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund, the special assessment street light special revenue fund, and the special assessment sewer maintenance special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for States and Local Governments* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2004 on our consideration of the City of Oregon, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oregon, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We 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 them.

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

September 16, 2004

The discussion and analysis of the City of Oregon's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2003. 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 2003 are as follows:

- ❑ In total, net assets increased \$3,840,216. Net assets of governmental activities increased \$1.9 million, which represents a 3.9% increase from 2002. Net assets of business-type activities increased \$1.9 million or 4.6% from 2002.
- ❑ General revenues accounted for \$20 million in revenue or 67% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 33% of total revenues of \$29,724,632 million.
- ❑ The City had \$19.1 million in expenses related to governmental activities; only \$3.6 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$13.4 million in revenues and \$12.5 million in expenditures. The general fund's fund balance declined \$295,833 to \$6,538,677 million.
- ❑ Net assets for enterprise funds increased by \$1,964,927.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service 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. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

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

Fund Financial Statements

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

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 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.

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Current and other assets	\$35,155,297	\$4,418,846	\$39,574,143
Capital assets, Net	35,357,876	48,262,757	83,620,633
Total assets	70,513,173	52,681,603	123,194,776
Long-term debt outstanding	16,745,171	9,904,197	26,649,368
Other liabilities	4,836,883	416,221	5,253,104
Total liabilities	21,582,054	10,320,418	31,902,472
Net assets			
Invested in capital assets, net of related debt	20,152,188	38,926,966	59,079,154
Restricted	22,178,024	0	22,178,024
Unrestricted	6,600,907	3,434,219	10,035,126
Total net assets	\$48,931,119	\$42,361,185	\$91,292,304

CITY OF OREGON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2003:

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,373,993	\$5,020,877	\$6,394,870
Operating Grants and Contributions	912,184	0	912,184
Capital Grants and Contributions	1,297,270	1,075,582	2,372,852
General revenues:			
Income Taxes	11,778,804	0	11,778,804
Property Taxes	1,635,896	0	1,635,896
Shared Revenues	4,020,038	0	4,020,038
Investment Earnings	472,004	16,416	488,420
Miscellaneous	2,121,568	0	2,121,568
Operating Transfers In (Out)	(2,570,961)	2,570,961	0
Total revenues	21,040,796	8,683,836	29,724,632
Program Expenses			
Security of Persons and Property	8,446,756	0	8,446,756
Public Health and Welfare Services	382,521	0	382,521
Leisure Time Activities	766,960	0	766,960
Community Environment	1,188,162	0	1,188,162
Basic Utility Service	329,707	0	329,707
Transportation	3,269,862	0	3,269,862
General Government	4,100,040	0	4,100,040
Debt Service:			
Interest and Fiscal Charges	681,499	0	681,499
Water	0	2,925,956	2,925,956
Sewer	0	3,792,953	3,792,953
Total expenses	19,165,507	6,718,909	25,884,416
Total Change in Net Assets	1,875,289	1,964,927	3,840,216
Beginning Net Assets	47,055,830	40,396,258	87,452,088
Ending Net Assets	\$48,931,119	\$42,361,185	\$91,292,304

Governmental Activities

Net assets of the City's governmental activities increased by \$1,875,289. 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.

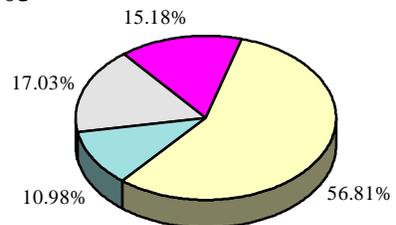
The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill 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 2.25% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 7% and 50% respectively of revenues for governmental activities for the City in fiscal year 2003. The City's reliance upon tax revenues is demonstrated by the following graph indicating 56.81% of total revenues from general tax revenues:

<u>Revenue Sources</u>	<u>2003</u>	<u>Percent of Total</u>
General Shared Revenues	\$4,020,038	17.03%
Program Revenues	3,583,447	15.18%
General Tax Revenues	13,414,700	56.81%
General Other	2,593,572	10.98%
Total Revenue	<u>\$23,611,757</u>	<u>100.00%</u>

2003



Business-Type Activities

Net assets of the business-type activities increased by \$1,964,927. This increase was the result of an increase special assessments revenue and reducing operating costs. The special assessments revenue increase is the result of the completion of water and sewer distribution facilities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$18,765,933, which is an increase from last year's balance of \$17,906,936. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2003 and 2002:

	Fund Balance December 31, 2003	Fund Balance December 31, 2002	Increase (Decrease)
General	\$6,538,677	\$6,800,262	(\$261,585)
Special Assessment Street Light	159,346	165,781	(6,435)
Special Assessment Sewer Maintenance	42,298	45,471	(3,173)
Special Assessment Bond Retirement	142,238	30,395	111,843
Water Project	2,408,618	1,394,936	1,013,682
Other Governmental	9,474,756	9,470,091	4,665
Total	\$18,765,933	\$17,906,936	\$858,997

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:

	2003 Revenues	2002 Revenues	Increase (Decrease)
Taxes	\$10,663,656	\$10,434,684	\$228,972
Intergovernmental Revenue	1,270,951	1,527,606	(256,655)
Charges for Services	280,173	195,947	84,226
Fines, Licenses and Permits	551,790	601,439	(49,649)
Investment Earnings	579,554	868,605	(289,051)
Special Assessments	9,528	857	8,671
All Other Revenue	53,844	22,369	31,475
Total	\$13,409,496	\$13,651,507	(\$242,011)

General Fund revenues in 2003 decreased approximately 1.8% compared to revenues in fiscal year 2002. The most significant factor contributing to this decrease was a decrease in investment earnings due to significant decrease in rates earned by investments.

	2003 Expenditures	2002 Expenditures	Increase (Decrease)
Security of Persons and Property	\$6,716,155	\$6,699,947	\$16,208
Public Health and Welfare Services	368,088	344,694	23,394
Leisure Time Activities	7,040	22,535	(15,495)
Community Environment	553,109	523,972	29,137
Transportation	2,091,219	2,689,296	(598,077)
General Government	2,807,872	2,686,912	120,960
Total	\$12,543,483	\$12,967,356	(\$423,873)

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

General Fund expenditures decreased by \$423,873 or 3.3% compared to the prior year mostly due to a decrease in the cost of maintenance materials.

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

During the course of fiscal year 2003 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$12.6 million did not significantly change over the original budget estimates of \$12.9 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2003 the City had \$83,620,633 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$35,357,876 was related to governmental activities and \$48,262,757 to the business-type activities. The following table shows fiscal year 2003 and 2002 balances:

	Governmental Activities		Increase (Decrease)
	2003	2002	
Land	\$5,230,927	\$4,810,957	\$419,970
Buildings and Improvements	7,287,555	7,131,466	156,089
Infrastructure	38,917,183	38,661,032	256,151
Machinery and Equipment	4,188,177	4,037,937	150,240
Vehicles	5,136,326	5,167,873	(31,547)
Construction in Progress	767,762	613,299	154,463
Less: Accumulated Depreciation	(26,170,054)	(25,007,897)	(1,162,157)
Totals	\$35,357,876	\$35,414,667	(\$56,791)

	Business-Type Activities		Increase (Decrease)
	2003	2002	
Land	\$1,737,645	\$1,737,645	\$0
Buildings and Distribution	50,653,625	46,987,190	3,666,435
Machinery and Equipment	23,533,543	23,577,670	(44,127)
Vehicles	775,593	775,593	0
Construction in Progress	9,891,990	8,642,815	1,249,175
Less: Accumulated Depreciation	(38,329,639)	(36,249,323)	(2,080,316)
Totals	\$48,262,757	\$45,471,590	\$2,791,167

CITY OF OREGON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

The primary increases occurred in buildings and distribution and construction in progress.

As of December 31, 2003, the City has contractual commitments of \$20,861,424 for various projects. Included in these projects are the design of the water treatment plant expansion, street improvements, water mains, sanitary sewer trunk lines and a water booster pumping station. Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2003, the City had \$5.4 million in bonds outstanding, \$403,671 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Governmental Activities:		
General Obligation Bonds	\$1,150,000	\$1,315,000
Special Assessment Bonds	1,556,473	1,654,254
Promissory Notes	0	108,500
OWDA Loans Payable	10,448,231	9,412,082
OPWC Loans Payable	2,050,983	1,420,300
Pension Liability	57,350	58,208
Compensated Absences	1,482,133	1,600,777
Total Governmental Activities	<u>16,745,170</u>	<u>15,569,121</u>
Business-Type Activities:		
General Obligation Bonds	\$2,685,000	\$2,810,000
OWDA Loans Payable	6,645,438	5,349,575
OPWC Loans Payable	5,353	16,057
Compensated Absences	568,406	542,760
Total Business-Type Activities	<u>9,904,197</u>	<u>8,718,392</u>
Totals	<u>\$26,649,367</u>	<u>\$24,287,513</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 Oregon lies, is limited to ten mills. At December 31, 2003, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The City's original budget for 2003 utilized conservative revenue estimates with limited increases in base operating costs. However, due to projected declines in certain revenues, expenditures were projected to exceed revenues in some of the funds, including the General Fund. City Council decided they wanted to maintain current service levels to the residents of the City by utilizing reserve fund balances. Original General Fund revenues were projected to be 8% less than the actual receipts for 2003. This was due to a projected decrease in interest income because of the low interest rates on investments and uncertainty in the amount of actual municipal income taxes to be collected due to uncertain economic conditions.

General Fund expenditures were originally budgeted at 13% more than 2003 actual expenditures. No additional personnel were added in the final approved budget. Department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were eliminated or reduced; and only those items that management and City Council determined necessary were appropriated.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary 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 419-698-7000 or writing to City of Oregon Finance Department, 5330 Seaman Road, Oregon, Ohio 43616.



City of Opportunity

CITY OF OREGON, OHIO

**Statement of Net Assets
December 31, 2003**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 7,363,232	\$ 919,178	\$ 8,282,410
Investments	12,349,629	2,217,256	14,566,885
Receivables:			
Taxes	3,728,512	0	3,728,512
Accounts	85,334	764,604	849,938
Intergovernmental	1,909,369	0	1,909,369
Interest	46,055	0	46,055
Special Assessments	9,126,907	0	9,126,907
Intergovernmental Loan	0	164,435	164,435
Internal Balances	(54,274)	54,274	0
Inventory of Supplies at Cost	496,146	232,427	728,573
Prepaid Items	104,387	66,672	171,059
Capital Assets (net of Accumulated Depreciation):			
Property, Plant and Equipment	60,760,168	76,700,406	137,460,574
Construction in Progress	767,762	9,891,990	10,659,752
Accumulated Depreciation	(26,170,054)	(38,329,639)	(64,499,693)
Total Assets	70,513,173	52,681,603	123,194,776
Liabilities:			
Accounts Payable	517,732	188,996	706,728
Accrued Wages and Benefits	1,101,882	219,953	1,321,835
Intergovernmental Payable	18,436	0	18,436
Workers Compensation Liability	236,983	0	236,983
Deferred Revenue	1,442,532	0	1,442,532
Accrued Interest Payable	19,318	7,272	26,590
General Obligation Notes Payable	1,500,000	0	1,500,000
Noncurrent liabilities:			
Due within one year	1,323,015	719,074	2,042,089
Due in more than one year	15,422,156	9,185,123	24,607,279
Total Liabilities	21,582,054	10,320,418	31,902,472
Net Assets:			
Invested in Capital Assets, Net of Related Debt	20,152,188	38,926,966	59,079,154
Restricted For:			
Capital Projects	7,552,309	0	7,552,309
Debt Service	5,611,811	0	5,611,811
Other Purposes	9,013,904	0	9,013,904
Unrestricted (Deficit)	6,600,907	3,434,219	10,035,126
Total Net Assets	\$ 48,931,119	\$ 42,361,185	\$ 91,292,304

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

**Statement of Activities
For the Year Ended December 31, 2003**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	\$ 8,446,756	\$ 344,297	\$ 193,124	\$ 409,814
Public Health and Welfare Services	382,521	72,063	0	0
Leisure Time Activities	766,960	160,661	0	0
Community Environment	1,188,162	267,764	654,000	0
Basic Utility Services	329,707	0	0	321,978
Transportation	3,269,862	65,796	3,115	536,615
General Government	4,100,040	463,412	61,945	28,863
Interest and Fiscal Charges	681,499	0	0	0
Total Governmental Activities	19,165,507	1,373,993	912,184	1,297,270
Business-Type Activities:				
Water	3,046,084	2,386,784	0	0
Sewer	3,672,825	2,634,093	0	1,075,582
Total Business-Type Activities	6,718,909	5,020,877	0	1,075,582
Totals	\$ 25,884,416	\$ 6,394,870	\$ 912,184	\$ 2,372,852

General Revenues

Property Taxes
Municipal Income Taxes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers
Change in Net Assets
Net Assets Beginning of Year
Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (7,499,521)	\$ 0	\$ (7,499,521)
(310,458)	0	(310,458)
(606,299)	0	(606,299)
(266,398)	0	(266,398)
(7,729)	0	(7,729)
(2,664,336)	0	(2,664,336)
(3,545,820)	0	(3,545,820)
(681,499)	0	(681,499)
<u>(15,582,060)</u>	<u>0</u>	<u>(15,582,060)</u>
0	(659,300)	(659,300)
0	36,850	36,850
<u>0</u>	<u>(622,450)</u>	<u>(622,450)</u>
<u>(15,582,060)</u>	<u>(622,450)</u>	<u>(16,204,510)</u>
1,635,896	0	1,635,896
11,778,804	0	11,778,804
4,020,038	0	4,020,038
472,004	16,416	488,420
2,121,568	0	2,121,568
<u>(2,570,961)</u>	<u>2,570,961</u>	<u>0</u>
<u>17,457,349</u>	<u>2,587,377</u>	<u>20,044,726</u>
1,875,289	1,964,927	3,840,216
<u>47,055,830</u>	<u>40,396,258</u>	<u>87,452,088</u>
<u>\$ 48,931,119</u>	<u>\$ 42,361,185</u>	<u>\$ 91,292,304</u>

CITY OF OREGON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2003**

	General	Special Assessment Street Light	Special Assessment Sewer Maintenance	Special Assessment Bond Retirement
Assets:				
Cash and Cash Equivalents	\$ 1,632,774	\$ 190,877	\$ 42,881	\$ 142,238
Investments	3,938,604	0	0	0
Taxes	2,785,239	0	0	0
Accounts	56,405	0	0	0
Intergovernmental	670,842	0	0	0
Interest	45,667	0	0	0
Special Assessments	121,458	1,920,627	1,612,768	5,472,054
Inventory of Supplies, at Cost	496,146	0	0	0
Prepaid Items	97,304	0	0	0
Total Assets	\$ 9,844,439	\$ 2,111,504	\$ 1,655,649	\$ 5,614,292
Liabilities:				
Accounts Payable	\$ 227,910	\$ 31,531	\$ 583	\$ 0
Accrued Wages and Benefits Payable	1,001,270	0	0	0
Intergovernmental Payable	16,086	0	0	0
Deferred Revenue	2,060,496	1,920,627	1,612,768	5,472,054
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	3,305,762	1,952,158	1,613,351	5,472,054
Fund Balances:				
Reserved for Encumbrances	260,909	0	217	0
Reserved for Prepaid Items	97,304	0	0	0
Reserved for Supplies Inventory	496,146	0	0	0
Reserved for Debt Service	0	0	0	142,238
Reserved for Endowments	0	0	0	0
Undesignated/Unreserved in:				
General Fund	5,684,318	0	0	0
Special Revenue Funds		159,346	42,081	0
Capital Projects Funds				
Total Fund Balances	6,538,677	159,346	42,298	142,238
Total Liabilities and Funds Balances	\$ 9,844,439	\$ 2,111,504	\$ 1,655,649	\$ 5,614,292

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Water Project	Other Governmental Funds	Total Governmental Funds
\$ 721,860	\$ 4,153,348	\$ 6,883,978
1,741,283	6,669,742	12,349,629
0	943,273	3,728,512
0	28,929	85,334
0	1,238,527	1,909,369
0	388	46,055
0	0	9,126,907
0	0	496,146
0	6,283	103,587
<u>\$ 2,463,143</u>	<u>\$ 13,040,490</u>	<u>\$ 34,729,517</u>
\$ 54,525	\$ 203,183	\$ 517,732
0	100,612	1,101,882
0	2,350	18,436
0	1,744,727	12,810,672
0	14,862	14,862
0	1,500,000	1,500,000
<u>54,525</u>	<u>3,565,734</u>	<u>15,963,584</u>
4,641,229	619,444	5,521,799
0	6,283	103,587
0	0	496,146
0	2,014	144,252
0	82,246	82,246
0	0	5,684,318
0	3,825,275	4,026,702
(2,232,611)	4,939,494	2,706,883
<u>2,408,618</u>	<u>9,474,756</u>	<u>18,765,933</u>
<u>\$ 2,463,143</u>	<u>\$ 13,040,490</u>	<u>\$ 34,729,517</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2003***

Total Governmental Fund Balances	\$ 18,765,933
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	35,357,876
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	11,368,140
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	188,797
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(16,749,627)</u>
<i>Net Assets of Governmental Funds</i>	<u><u>\$ 48,931,119</u></u>

See accompanying notes to the basic financial statements



City of Opportunity

CITY OF OREGON, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003**

	General	Special Assessment Street Light	Special Assessment Sewer Maintenance	Special Assessment Bond Retirement
Revenues:				
Property Taxes	\$ 926,455	\$ 0	\$ 0	\$ 0
Municipal Income Taxes	9,737,201	0	0	0
Intergovernmental Revenues	1,270,951	0	0	0
Charges for Services	280,173	0	0	0
Licenses, Permits and Fees	240,561	0	0	0
Investment Earnings	579,554	0	0	0
Special Assessments	9,528	198,039	151,911	321,685
Fines and Forfeitures	311,229	0	0	0
All Other Revenue	53,844	0	0	0
Total Revenue	13,409,496	198,039	151,911	321,685
Expenditures:				
Current:				
Security of Persons and Property	6,716,155	204,474	0	0
Public Health and Welfare Services	368,088	0	0	0
Leisure Time Activities	7,040	0	0	0
Community Environment	553,109	0	0	0
Basic Utility Services	0	0	155,084	0
Transportation	2,091,219	0	0	0
General Government	2,807,872	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	524,088
Interest & Fiscal Charges	0	0	0	597,950
Total Expenditures	12,543,483	204,474	155,084	1,122,038
Excess (Deficiency) of Revenues Over Expenditures	866,013	(6,435)	(3,173)	(800,353)
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	0	0
Proceeds from OPWC Loans	0	0	0	0
Proceeds from OWDA Loans	0	0	0	0
Transfers In	895,173	0	0	912,196
Transfers Out	(2,057,019)	0	0	0
Total Other Financing Sources (Uses)	(1,161,846)	0	0	912,196
Net Change in Fund Balances	(295,833)	(6,435)	(3,173)	111,843
Fund Balances at Beginning of Year	6,800,262	165,781	45,471	30,395
Increase (Decrease) in Inventory Reserve	34,248	0	0	0
Fund Balances End of Year	\$ 6,538,677	\$ 159,346	\$ 42,298	\$ 142,238

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Water Project	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 639,208	\$ 1,565,663
0	2,022,855	11,760,056
1,416,491	2,547,056	5,234,498
0	390,558	670,731
0	0	240,561
0	2,476	582,030
1,694	0	682,857
0	192,352	503,581
0	66,160	120,004
<u>1,418,185</u>	<u>5,860,665</u>	<u>21,359,981</u>
0	1,292,651	8,213,280
0	3,536	371,624
0	624,589	631,629
0	626,191	1,179,300
0	174,623	329,707
0	658,188	2,749,407
0	1,205,253	4,013,125
68,855	1,038,815	1,107,670
0	403,189	927,277
0	85,549	683,499
<u>68,855</u>	<u>6,112,584</u>	<u>20,206,518</u>
1,349,330	(251,919)	1,153,463
0	20,276	20,276
731,198	27,786	758,984
1,462,987	0	1,462,987
0	2,641,723	4,449,092
<u>(2,529,833)</u>	<u>(2,433,201)</u>	<u>(7,020,053)</u>
<u>(335,648)</u>	<u>256,584</u>	<u>(328,714)</u>
1,013,682	4,665	824,749
1,394,936	9,470,091	17,906,936
0	0	34,248
<u>\$ 2,408,618</u>	<u>\$ 9,474,756</u>	<u>\$ 18,765,933</u>

***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, 2003***

Net Change in Fund Balances - Total Governmental Funds \$ 824,749

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (56,791)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,231,500

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (1,294,694)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,000

Some expenses reported in the statement of activities, such as 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. 152,892

The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 15,633

Change in Net Assets of Governmental Activities \$ 1,875,289

See accompanying notes to the basic financial statements

CITY OF OREGON, 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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 816,585	\$ 816,585	\$ 926,455	\$ 109,870
Municipal Income Taxes	9,860,206	9,501,458	9,586,796	85,338
Intergovernmental Revenue	1,334,807	1,334,807	1,299,831	(34,976)
Charges for Services	145,700	145,700	277,766	132,066
Licenses, Permits and Fees	199,000	199,000	240,561	41,561
Investment Earnings	300,000	300,000	586,945	286,945
Special Assessments	500	500	9,528	9,028
Fines and Forfeitures	292,100	292,100	318,112	26,012
All Other Revenues	50,600	50,600	53,983	3,383
Total Revenues	<u>12,999,498</u>	<u>12,640,750</u>	<u>13,299,977</u>	<u>659,227</u>
Expenditures:				
Current:				
Security of Persons and Property	6,732,310	6,843,770	6,648,455	195,315
Public Health and Welfare Services	368,393	373,792	368,255	5,537
Leisure Time Activities	0	7,040	7,040	0
Community Environment	552,349	559,750	528,599	31,151
Transportation	2,862,070	2,328,153	2,179,762	148,391
General Government	2,990,697	3,111,388	2,834,075	277,313
Total Expenditures	<u>13,505,819</u>	<u>13,223,893</u>	<u>12,566,186</u>	<u>657,707</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(506,321)	(583,143)	733,791	1,316,934
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	10,000	10,000	0	(10,000)
Transfers In	994,187	994,187	895,173	(99,014)
Transfers Out	(2,255,205)	(2,057,125)	(2,057,019)	106
Total Other Financing Sources (Uses):	<u>(1,251,018)</u>	<u>(1,052,938)</u>	<u>(1,161,846)</u>	<u>(108,908)</u>
Net Change In Fund Balance	(1,757,339)	(1,636,081)	(428,055)	1,208,026
Fund Balance at Beginning of Year	5,077,396	5,077,396	5,077,396	0
Prior Year Encumbrances	558,538	558,538	558,538	0
Fund Balance at End of Year	<u>\$ 3,878,595</u>	<u>\$ 3,999,853</u>	<u>\$ 5,207,879</u>	<u>\$ 1,208,026</u>

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Special Assessment Street Lighting Fund
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 185,292	\$ 185,292	\$ 198,039	\$ 12,747
Total Revenues	<u>185,292</u>	<u>185,292</u>	<u>198,039</u>	<u>12,747</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>208,400</u>	<u>208,652</u>	<u>195,786</u>	<u>12,866</u>
Total Expenditures	<u>208,400</u>	<u>208,652</u>	<u>195,786</u>	<u>12,866</u>
Net Change In Fund Balance	(23,108)	(23,360)	2,253	25,613
Fund Balance at Beginning of Year	<u>188,624</u>	<u>188,624</u>	<u>188,624</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 165,516</u>	<u>\$ 165,264</u>	<u>\$ 190,877</u>	<u>\$ 25,613</u>

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Special Assessment Sewer Maintenance Fund
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 148,404	\$ 148,404	\$ 151,911	\$ 3,507
Total Revenues	<u>148,404</u>	<u>148,404</u>	<u>151,911</u>	<u>3,507</u>
Expenditures:				
Current:				
Basic Utility Services	<u>176,500</u>	<u>180,511</u>	<u>159,051</u>	<u>21,460</u>
Total Expenditures	<u>176,500</u>	<u>180,511</u>	<u>159,051</u>	<u>21,460</u>
Net Change In Fund Balance	(28,096)	(32,107)	(7,140)	24,967
Fund Balance at Beginning of Year	<u>49,221</u>	<u>49,221</u>	<u>49,221</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,125</u>	<u>\$ 17,114</u>	<u>\$ 42,081</u>	<u>\$ 24,967</u>

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2003**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
ASSETS				
Current assets:				
Cash and Cash Equivalents	\$ 264,561	\$ 654,617	\$ 919,178	\$ 479,254
Investments	638,177	1,579,079	2,217,256	0
Accounts receivable (net of allow for uncollectibles)	310,410	454,194	764,604	0
Intergovernmental Loan receivable	0	164,435	164,435	0
Inventory of Supplies at Cost	211,382	21,045	232,427	0
Prepaid Items	37,818	28,854	66,672	800
Total current assets	<u>1,462,348</u>	<u>2,902,224</u>	<u>4,364,572</u>	<u>480,054</u>
Noncurrent assets:				
Capital assets:				
Property, Plant and Equipment	27,420,234	49,280,172	76,700,406	0
Construction in Progress	7,399,208	2,492,782	9,891,990	0
Less accumulated depreciation	<u>(15,437,702)</u>	<u>(22,891,937)</u>	<u>(38,329,639)</u>	<u>0</u>
Total capital assets (net of accumulated depr)	<u>19,381,740</u>	<u>28,881,017</u>	<u>48,262,757</u>	<u>0</u>
Total noncurrent assets	<u>19,381,740</u>	<u>28,881,017</u>	<u>48,262,757</u>	<u>0</u>
Total assets	<u>20,844,088</u>	<u>31,783,241</u>	<u>52,627,329</u>	<u>480,054</u>
LIABILITIES				
Current liabilities:				
Accounts Payable	64,054	124,942	188,996	0
Accrued Wages and Benefits	126,261	93,692	219,953	0
Workers Compensation Liability	0	0	0	236,983
Accrued Interest Payable	0	7,272	7,272	0
General Obligation Bonds Payable - Current	0	130,000	130,000	0
OWDA Loans Payable - Current	0	428,017	428,017	0
OPWC Loans Payable - Current	0	5,353	5,353	0
Compensated Absences Payable - Current	97,584	58,120	155,704	0
Total Current Liabilities	<u>287,899</u>	<u>847,396</u>	<u>1,135,295</u>	<u>236,983</u>
Noncurrent Liabilities:				
General Obligation Bonds Payable	0	2,555,000	2,555,000	0
OWDA Loans Payable	0	6,217,421	6,217,421	0
Compensated Absences Payable	242,484	170,218	412,702	0
Total noncurrent liabilities	<u>242,484</u>	<u>8,942,639</u>	<u>9,185,123</u>	<u>0</u>
Total Liabilities	<u>530,383</u>	<u>9,790,035</u>	<u>10,320,418</u>	<u>236,983</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	19,381,740	19,545,226	38,926,966	0
Unrestricted	931,965	2,447,980	3,379,945	243,071
Total Net Assets	<u>\$ 20,313,705</u>	<u>\$ 21,993,206</u>	<u>42,306,911</u>	<u>\$ 243,071</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			54,274	
Net Assets of Business-type Activities			<u>\$ 42,361,185</u>	

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
Operating Revenues:				
Charges for Services	\$ 2,382,258	\$ 2,615,168	\$ 4,997,426	\$ 56,009
Other Charges for Services	3,370	0	3,370	0
Other Operating Revenues	1,156	18,925	20,081	5,537
Total Operating Revenues	2,386,784	2,634,093	5,020,877	61,546
Operating Expenses:				
Personal Services	1,468,562	1,073,378	2,541,940	36,865
Contractual Services	358,177	356,423	714,600	0
Materials and Supplies	307,317	63,734	371,051	0
Utilities	227,572	294,782	522,354	0
Depreciation	693,469	1,478,735	2,172,204	0
Total Operating Expenses	3,055,097	3,267,052	6,322,149	36,865
Operating Income (Loss)	(668,313)	(632,959)	(1,301,272)	24,681
Non-Operating Revenue (Expenses):				
Interest Income	0	16,416	16,416	0
Interest and Fiscal Charges	0	(405,808)	(405,808)	0
Capital Contributions	0	1,075,582	1,075,582	0
Total Non-Operating Revenues (Expenses)	0	686,190	686,190	0
Income(Loss) Before Transfers	(668,313)	53,231	(615,082)	24,681
Transfers:				
Transfers In	2,234,649	1,333,675	3,568,324	0
Transfers Out	(450,000)	(547,363)	(997,363)	0
Total Transfers	(1,784,649)	(786,312)	(2,570,961)	0
Change in Net Assets	1,116,336	839,543	1,955,879	24,681
Net Assets Beginning of Year	19,197,369	21,153,663	40,351,032	218,390
Net Assets End of Year	\$ 20,313,705	\$ 21,993,206	42,306,911	\$ 243,071
Change in Net Assets - Total Enterprise Funds			1,955,879	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			9,048	
Change in Net Assets - Business-type Activities			<u>\$ 1,964,927</u>	

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003**

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Sewer	Totals	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$2,396,364	\$2,621,406	\$5,017,770	\$61,528
Cash Payments for Goods and Services	(888,991)	(690,523)	(1,579,514)	0
Cash Payments to Employees	(1,424,569)	(1,043,967)	(2,468,536)	(37,665)
Net Cash Provided by Operating Activities	82,804	886,916	969,720	23,863
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	147,363	1,553,030	1,700,393	0
Transfers Out to Other Funds	(450,000)	(547,363)	(997,363)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(302,637)	1,005,667	703,030	0
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Intergovernmental Grants	0	1,075,582	1,075,582	0
Acquisition and Construction of Assets	(38,313)	(2,422,012)	(2,460,325)	0
Principal Paid on General Obligation Bonds	0	(125,000)	(125,000)	0
Proceeds from Ohio Water Development Authority Loans	0	1,659,978	1,659,978	0
Principal Paid on Ohio Water Development Authority Loans	0	(364,115)	(364,115)	0
Principal Paid on Ohio Public Works Commission Loan	0	(10,704)	(10,704)	0
Interest Paid on All Debt	0	(1,068,048)	(1,068,048)	0
Net Cash Used for Capital and Related Financing Activities	(38,313)	(1,254,319)	(1,292,632)	0
<u>Cash Flows from Investing Activities:</u>				
Sale of Investments	516,905	0	516,905	425,889
Purchase of Investments	0	(9,267)	(9,267)	0
Receipts of Interest	0	16,416	16,416	0
Net Cash Provided by Investing Activities	516,905	7,149	524,054	425,889
Net Increase in Cash and Cash Equivalents	258,759	645,413	904,172	449,752
Cash and Cash Equivalents at Beginning of Year	5,802	9,204	15,006	29,502
Cash and Cash Equivalents at End of Year	\$264,561	\$654,617	\$919,178	\$479,254

(Continued)

CITY OF OREGON, OHIO

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Sewer	Totals	
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income (Loss)	(\$668,313)	(\$632,959)	(\$1,301,272)	\$24,681
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	693,469	1,478,735	2,172,204	0
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	9,580	(12,687)	(3,107)	0
Decrease (Increase) in Inventory	18,732	(1,801)	16,931	0
Decrease (Increase) in Prepaid Items	(5,771)	23,199	17,428	(800)
Increase (Decrease) in Accounts Payable	(9,134)	2,844	(6,290)	0
Increase in Accrued Wages and Benefits	26,883	21,297	48,180	0
Decrease in Workers' Compensation Liability	0	0	0	(18)
Increase in Compensated Absences	17,358	8,288	25,646	0
Total Adjustments	751,117	1,519,875	2,270,992	(818)
Net Cash Provided by Operating Activities	\$82,804	\$886,916	\$969,720	\$23,863

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2003, the Sewer Fund had an outstanding liability of \$70,445 for the purchase of certain capital assets.

In addition, the Sewer Fund received capital assets from various sources in the amount of \$1,075,582.

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2003**

	Private Purpose Trust	
	Unclaimed Monies Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 23,115	\$ 55,352
Total Assets	<u>23,115</u>	<u>55,352</u>
Liabilities:		
Intergovernmental Payable	0	31,478
Due to Others	0	23,874
Total Liabilities	<u>0</u>	<u>55,352</u>
Unrestricted	<u>23,115</u>	<u>0</u>
Total Net Assets	<u>\$ 23,115</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

***Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended December 31, 2003***

	<u>Private Purpose Trust</u>
	<u>Unclaimed Monies Fund</u>
Additions:	
Contributions:	
Private Donations	\$ 10,320
Total Additions	<u>10,320</u>
Deductions:	
Administrative Expenses	<u>62,197</u>
Total Deductions	<u>62,197</u>
Change in Net Assets	(51,877)
Net Assets at Beginning of Year	<u>74,992</u>
Net Assets End of Year	<u><u>\$ 23,115</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oregon, 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 Mayor/Council form of government, was adopted in 1958 and has been amended several times, most recently in 1993.

A. Reporting Entity

The accompanying basic financial statements of the City present the financial position of the various fund types, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2003 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).

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

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical, parks, recreation, cemetery, planning, zoning, street maintenance, judicial administration and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

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 are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

Special Assessment - Street Light Fund - This fund is used to account for revenues from general fund transfers and from assessments on real property. Expenditures may only be used to pay for street light operations, including capital improvements.

Special Assessment - Sewer Maintenance Fund - This fund is used to account for revenues from real and personal property taxes and for general fund transfers. Expenditures may only be used for sanitary sewer maintenance costs.

Special Assessment Bond Retirement Fund - This fund is used to accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment bonds.

Water Project Fund - This fund is used to account for revenues and expenditures designated for construction of City waterlines.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City’s own programs. The City’s only trust fund is a private purpose trust that accounts for unclaimed monies. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds operate on an accrual basis of accounting.

C. Basis of Presentation – Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. 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 and agency 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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments, special assessment, and state levied locally shared taxes (including motor vehicle license fees, and local government assistance). Other revenues, including licenses, permits, certain charges for services and miscellaneous revenues, are recorded as revenues when received in cash because generally these revenues are not measurable until actually received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2003, but which are not intended to finance 2003 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 proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Government-Wide Statements are also prepared using the accrual basis of accounting.

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

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. Budgetary control is maintained by not permitting expenditures to exceed appropriations by fund at the major object level (personal services, materials and supplies, contractual services, capital outlay, and transfers) by department without the approval of City Council. Budgetary modifications above the major object level by fund may only be made by ordinance of the City Council.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Tax Budget

The 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 2003

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. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. During the year several supplemental appropriations were necessary to budget the use of contingency funds, major capital improvement projects and intergovernmental grant proceeds. Administrative control is maintained through the establishment of more detailed line-item budgets. The Finance Director may transfer appropriations among line items within a department, within a major object.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Encumbrances

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

5. Lapsing of Appropriations

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the 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 governmental funds:

	Net Change In Fund Balance		
	General Fund	Special Assessment Street Lighting Fund	Special Assessment Sewer Maintenance Fund
GAAP Basis (as reported)	(\$295,833)	(\$6,435)	(\$3,173)
Increase (Decrease):			
Accrued Revenues at December 31, 2003 received during 2004	(1,619,115)	0	0
Accrued Revenues at December 31, 2002 received during 2003	1,509,706	0	0
Accrued Expenditures at December 31, 2003 paid during 2004	1,245,266	31,531	583
Accrued Expenditures at December 31, 2002 paid during 2003	(899,237)	(22,843)	(3,750)
2002 Prepays for 2003	91,961	0	0
2003 Prepays for 2004	(97,304)	0	0
Outstanding Encumbrances	(363,499)	0	(800)
Budget Basis	<u>(\$428,055)</u>	<u>\$2,253</u>	<u>(\$7,140)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, short-term certificates of deposit and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements. The certificates of deposit are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 5, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and the Oregon Municipal 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 except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates 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."

The City has invested funds in the STAR Ohio during 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2003.

H. Inventory

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. This amount was \$1,000 before 2003.

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.

2. Property, Plant and Equipment – Business Type Activities

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

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

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	20 - 40
Improvements other than Buildings/Infrastructure	10 - 50
Machinery, Equipment, Furniture and Fixtures	5 - 10

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Bond Retirement Fund Sewer Fund
Special Assessment Bonds	Special Assessment Bond Retirement Fund
Ohio Water Development Authority Loans	Special Assessment Bond Retirement Fund Sewer Fund
Ohio Public Works Commission Loan	General Obligation Bond Retirement Fund Sewer Fund
Promissory Notes	General Obligation Bond Retirement Fund
Police and Firemen's Pension Accrued Liability	General Fund
Compensated Absences	General Fund Emergency Medical Services Operating Fund Recreation Fund, Water Fund, Sewer Fund

K. Compensated Absences

All full-time City employees earn vacation at varying rates based upon length of service. Carryovers are allowed by contracts up to 40 hours for bargaining contracts and 120 hours for non-bargaining legislation. Any additions require legislative approval. Upon separation from the City, the employee (or his estate) is paid for his accumulated unused vacation leave balance.

All full-time City employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon retirement from the City's service, an employee receives one hour of monetary compensation for each two hours of unused sick leave. The monetary compensation is equal to the hourly rate of compensation of the employee at the time of retirement.

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

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

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

M. Pensions

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

N. Interfund Activity

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

O. Reservations of Fund Balance

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

P. Estimates

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2003.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For fiscal year 2003, 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, 2002, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38, or Interpretation No. 6.

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 an accounting error and 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, 2002, caused by the conversion to the accrual basis of accounting.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE (continued)

B. Prior Period Adjustment

During the year ended December 31, 2002, it was determined that OWDA Loans payable in the Sewer Fund were misstated. In addition, capital assets were restated in the Governmental Activities, Water and Sewer Funds, and as required by GASB 34, contributed capital was reported as part of the fund balance. The adjustments had the following effect on fund balance:

	Water Fund	Sewer Fund	Total
Fund Balance at December 31, 2002 as reported	\$11,560,181	\$16,052,473	\$27,612,654
Correction of Accounting Error	0	27,059	27,059
Contributed Capital	8,550,840	6,649,143	15,199,983
Restate Capital Assets	(913,652)	(1,575,012)	(2,488,664)
Net Assets at December 31, 2002 as restated	<u>\$19,197,369</u>	<u>\$21,153,663</u>	<u>\$40,351,032</u>

C. Restatement of Fund Balance

The changes to the beginning fund balance, as well as the transition from fund balance to net assets of the governmental activities and the business-type activities are as follows:

	Governmental Activities	Business Type Activities
Fund Balance December 31, 2002	\$17,826,537	\$27,612,654
Adjustments:		
Reclassified fund from Non-Expendable Trust Fund to Permanent Fund	80,399	0
Correction of Accounting Error	0	27,059
Contributed Capital	0	15,199,983
Restate Capital Assets	0	(2,488,664)
Adjusted Fund Balance	<u>17,906,936</u>	<u>40,351,032</u>
GASB 34 Adjustments:		
Capital Assets	35,414,667	0
Internal Service Fund	173,164	45,226
Long-Term Liabilities	(15,575,577)	0
Long-Term (Deferred) Assets	9,136,640	0
Net Assets, December 31, 2002	<u>\$47,055,830</u>	<u>\$40,396,258</u>

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2003*

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Delinquent Income Tax Revenue	\$515,801
Delinquent Property Tax Revenue	245,075
Shared Revenues	1,438,347
Interest Revenues	42,010
Special Assessment Revenue	9,126,907
	<hr/>
	\$11,368,140

Long-Term liabilities not reported in the funds:

Special Assessment Bonds Payable	(\$1,556,474)
General Obligation Bonds Payable	(1,150,000)
OPWC Loans Payable	(2,050,983)
OWDA Loans Payable	(10,448,231)
Accrued Pension Liability	(57,350)
Accrued Interest on Long-Term Debt	(4,456)
Compensated Absences Payable	(1,482,133)
	<hr/>
	(\$16,749,627)

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

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

Capital Outlay	\$1,204,216
Depreciation Expense	<u>(1,261,007)</u>
	(\$56,791)

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$18,748
Increase in Delinquent Property Tax	70,233
Increase in Shared Revenue	234,339
Decrease in Interest Revenue	(110,026)
Increase in Special Assessment Revenue	<u>2,018,206</u>
	\$2,231,500

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$118,644
Increase in supplies inventory	<u>34,248</u>
	\$152,892

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2003 of \$353,138 in the Fire Pumper Equipment Fund, \$570,188 in the Street Construction Fund and \$272,644 in the Parkland Acquisition Fund (capital projects funds) were created from recording notes payable amounts in the individual fund balance sheets. Deficits do not exist under the cash basis of accounting. The general fund provides operating transfers when cash is required, not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories:

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

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

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

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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 institution's agent in the pool's name are classified as Category 3.

The GASB 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 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, with 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

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

A. Deposits

At year end the carrying amount of the City's deposits was \$19,426,600 and the bank balance was \$20,198,822. The Federal Deposit Insurance Corporation (FDIC) covered \$281,859 of the bank balance. All remaining deposits were classified as Category 3.

Investment earnings of \$454,892 earned by other funds were credited to the General Fund as required by local statute.

B. Investments

The City's investments at December 31, 2003 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
U.S. Government Securities	\$0	\$2,253,873	\$2,253,873
City of Oregon Special Assessment Bonds	1,143,154	0	1,143,154
Total Categorized Investments	1,143,154	2,253,873	3,397,027
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	104,135
Total Investments	\$1,143,154	\$2,253,873	\$3,501,162

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$8,360,877	\$14,566,885
Certificates of Deposit (with maturities of more than 3 months)	11,169,858	(11,169,858)
Investments:		
STAR Ohio	(104,135)	104,135
Per GASB Statement No. 3	\$19,426,600	\$3,501,162

* Includes cash with fiscal agent.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

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 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2000 and the equalization adjustment was completed in 2003. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is 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% 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 is 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 100% 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 Oregon. The County Auditor periodically remits to the City its portion of the taxes collected.

The full property tax rate for all City operations for the year ended December 31, 2003 was \$3.50 per \$1,000 of assessed value. The assessed value upon which the 2003 tax receipts were based was \$531,610,099. This amount constitutes \$373,201,700 in real property assessed value, \$43,878,130 in public utility assessed value and \$114,530,269 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 0.350% (3.50 mills) of assessed value.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 6 - TAXES (Continued)

B. Income Tax

The City levies a tax of 2.25% 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. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2003 consisted of taxes, interest, interfund receivables, accounts receivable, special assessments and intergovernmental receivables.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 8 - TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2003:

Fund	Transfer In	Transfer Out
General Fund	\$895,173	\$2,057,019
Special Revenue Funds:		
Police Fund	1,494	0
Fire Fund	0	123,000
Emergency Medical Services Operating Fund	170,000	45,173
Recreation Fund	242,897	0
Solid Waste, Bonds, and C.I.P. Fund	0	315,776
Local Law Enforcement Block Grant Fund	1,641	0
Storm Sewer Project Fund	0	55,143
Revolving Loan Fund	10,000	0
Police Grants Fund	24,787	0
Total Special Revenue Funds	450,819	539,092
Debt Service Funds:		
General Obligation Bond Retirement Fund	461,704	0
Special Assessment Bond Retirement Fund	912,196	0
Total Debt Service Funds	1,373,900	0
Capital Projects Funds:		
Fire Pumper Equipment Fund	123,000	0
Water Construction Fund	803,100	1,074,830
Sewer Construction Fund	803,100	819,279
Water Project Fund	0	2,529,833
Total Capital Projects Funds	1,729,200	4,423,942
Enterprise Funds:		
Water Fund	2,234,649	450,000
Sewer Fund	1,333,675	547,363
Total Enterprise Funds	3,568,324	997,363
Total Transfers	<u>\$8,017,416</u>	<u>\$8,017,416</u>

GAAP basis transfers were made from the Water Project Fund to the Water Fund and the Sewer Fund for capital expenditures made during the year because the money for these capital expenditures was receipted into the capital projects funds. These transfers amounted to \$2,529,833.

Transfers of \$2,570,961 on the government-wide financial statements were made to provide additional resources for current operations. Transfers of \$5,446,455 were eliminated since they were within the governmental and business-type activities.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2003:

Historical Cost:

Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Capital assets not being depreciated:				
Land	\$4,810,957	\$419,970	\$0	\$5,230,927
Construction in Progress	613,299	154,463	0	767,762
Capital assets being depreciated:				
Buildings and Improvements	7,131,466	156,089	0	7,287,555
Machinery and Equipment	4,037,937	158,046	(7,806)	4,188,177
Vehicles	5,167,873	59,497	(91,044)	5,136,326
Infrastructure	38,661,032	256,151	0	38,917,183
Total Cost	\$60,422,564	\$1,204,216	(\$98,850)	\$61,527,930

Accumulated Depreciation:

Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Buildings and Improvements	(\$4,182,325)	(\$282,564)	\$0	(\$4,464,889)
Machinery and Equipment	(2,172,419)	(285,284)	7,806	(2,449,897)
Vehicles	(3,423,451)	(324,700)	91,044	(3,657,107)
Infrastructure	(15,229,702)	(368,459)	0	(15,598,161)
Total Depreciation	(\$25,007,897)	(\$1,261,007) *	\$98,850	(\$26,170,054)
Net Value:	\$35,414,667			\$35,357,876

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$387,183
Public Health and Welfare Services	15,486
Leisure Time Activities	133,423
Community Environment	10,311
Transportation	537,692
General Government	176,912
Total Depreciation Expense	\$1,261,007

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 9 - CAPITAL ASSETS (continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2003:

Historical Cost:

Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Capital assets not being depreciated:				
Land	\$1,737,645	\$0	\$0	\$1,737,645
Construction in Progress	8,642,815	4,907,051	(3,657,876)	9,891,990
Capital assets being depreciated:				
Buildings and Distributions	46,987,190	3,666,435	0	50,653,625
Machinery and Equipment	23,577,670	47,761	(91,888)	23,533,543
Vehicles	775,593	0	0	775,593
Total Cost	\$81,720,913	\$8,621,247	(\$3,749,764)	\$86,592,396

Accumulated Depreciation:

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Buildings and Distributions	(\$23,640,042)	(\$2,094,226)	\$0	(\$25,734,268)
Machinery and Equipment	(11,965,323)	(45,621)	91,888	(11,919,056)
Vehicles	(643,958)	(32,357)	0	(676,315)
Total Depreciation	(\$36,249,323)	(\$2,172,204)	\$91,888	(\$38,329,639)
Net Value:	\$45,471,590	\$6,449,043	(\$3,657,876)	\$48,262,757

NOTE 10 – 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.”

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. 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. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 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, 2003, 2002 and 2001 were \$862,181, \$917,237 and \$896,060, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is 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 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$318,148.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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, 2002. 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 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 2002 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 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$346,583. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care “Choices” Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

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

All City full-time police officers and full-time firefighters 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2003, 2002 and 2001 were \$502,470, \$482,638 and \$478,517 for police and \$154,065, \$148,692 and \$135,660 for firefighters, respectively, 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.

The portion of the 2003 covered payroll that was used to fund postemployment health care benefits was \$199,700 representing 7.75% of covered payroll for police and \$49,750 representing 7.75% of covered payroll for fire. 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. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police and 10,396 for firefighters. 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, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

NOTE 11 - 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.

CITY OF OREGON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 11 - COMPENSATED ABSENCES (Continued)

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

At December 31, 2003, the City's accumulated, unpaid compensated absences amounted to \$2,050,539, of which \$1,482,133 is recorded as a liability of the Governmental Activities and \$568,406 is recorded as a liability of the Business-Type Activities.

NOTE 12 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2003 was as follows:

	Balance December 31, 2002	Issued	(Retired)	Balance December 31, 2003	Amount Due Within One Year
Governmental Activities Long-Term Debt:					
General Obligation Bond:					
3.20% Court Administration Building	\$1,315,000	\$0	(\$165,000)	\$1,150,000	\$170,000
Special Assessment Bonds Payable with Governmental Commitment:					
6.95% Wynscape/Lallendorf	227,100	0	(19,000)	208,100	20,300
6.75% Lallendorf/Dustin	58,890	0	(7,590)	51,300	8,100
5.50% Pickle Road Sewer Construction	16,729	0	(915)	15,814	965
5.62% Coy Road Sanitary Sewer	67,628	0	(3,305)	64,323	3,491
5.25% York Street Waterline	284,000	0	(13,000)	271,000	14,000
5.00% Lallendorf Road Sanitary Sewer	16,453	0	(1,154)	15,299	1,213
5.00% Corduroy Road Waterline	88,704	0	(5,553)	83,151	5,834
5.00% Shore/Yarrow Waterline Ext.	43,522	0	(2,447)	41,075	2,571
5.50% Navarre Sanitary Sewer	136,438	0	(7,425)	129,013	7,839
5.50% Spartan Infrastructure	284,668	0	(15,492)	269,176	16,355
5.03% Lallendorf Sewer Phase 1	152,130	0	(7,746)	144,384	8,136
5.03% Lallendorf Sewer Phase 2	38,788	0	(1,975)	36,813	2,074
5.03% Lallendorf Sewer Phase 3	45,489	0	(2,316)	43,173	2,433
5.03% Stadium Road Waterline	153,233	0	(7,802)	145,431	8,195
5.03% Sugarbush Waterline	40,482	0	(2,061)	38,421	2,165
Total Special Assessment Bonds Payable with Governmental Commitment	1,654,254	0	(97,781)	1,556,473	103,671
Promissory Notes Payable:					
7.38% Ackerman Property	66,000	0	(66,000)	0	0
3.00% Lucas County Engineer	20,000	0	(20,000)	0	0
0.00% Lucas County Engineer	22,500	0	(22,500)	0	0
Total Promissory Notes Payable	108,500	0	(108,500)	0	0

(Continued)

CITY OF OREGON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 12 - LONG-TERM DEBT (Continued)

	Balance December 31, 2002	Issued	(Retired)	Balance December 31, 2003	Amount Due Within One Year
Ohio Public Works Commission Loans:					
0.00% Sanitary Sewer Reconstruction	39,249	0	(7,850)	31,399	7,850
0.00% Lallendorf Road Storm Sewer Improvements	234,106	0	(46,821)	187,285	46,821
0.00% Raw Water Intake Rehabilitation	178,229	0	(25,461)	152,768	25,461
0.00% Zebra Mussel Control - Raw Water Intake	293,916	0	(15,470)	278,446	15,470
0.00% Water Plant Renovations - Phase I	365,704	109,923	(19,867)	455,760	19,867
0.00% Water Treatment Plant Improvements - Phase II	309,096	121,275	(11,443)	418,928	20,108
0.00% Bayshore Bridge	0	27,786	(1,389)	26,397	1,391
0.00% Water Treatment Plant Improvements - Phase III	0	500,000	0	500,000	25,000
Total Ohio Public Works Commission Loans	1,420,300	758,984	(128,301)	2,050,983	161,968
Ohio Water Development Authority Loans:					
2.00% Oakdale Sanitary Sewer	36,188	0	(4,216)	31,972	4,301
7.36% Norden/Cedar Point Waterline	52,696	0	(9,098)	43,598	9,767
8.35% Brown Road Waterline	7,764	0	(1,172)	6,592	1,270
4.28% Waterplant Renovation - Phase I & II	9,315,434	225,942	(412,352)	9,129,024	430,189
3.65% Waterplant Renovation - Phase III	0	1,237,045	0	1,237,045	33,858
Total Ohio Water Development Authority Loans Payable	9,412,082	1,462,987	(426,838)	10,448,231	479,385
Compensated Absences	1,600,777	1,482,133	(1,600,777)	1,482,133	407,097
Police and Firemen's Pension Accrued Liability	58,208	0	(858)	57,350	894
Total Governmental Activities Long-Term Debt	<u>\$15,569,121</u>	<u>\$3,704,104</u>	<u>(\$2,528,055)</u>	<u>\$16,745,170</u>	<u>\$1,323,015</u>
Business-Type Long-Term Debt:					
General Obligation Bond:					
3.25% Sewer Improvement	\$2,810,000	\$0	(\$125,000)	\$2,685,000	\$130,000
Ohio Public Works Commission Loan:					
0.00% Sanitary Sewer Reconstruction	16,057	0	(10,704)	5,353	5,353
Ohio Water Development Authority Loans:					
7.51% Bayshore Sewer (1063)	1,837,223	0	(175,811)	1,661,412	189,015
8.35% Chlorination (0954)	401,220	0	(60,564)	340,656	65,622
2.20% North Oregon Sewer (SRFA)	387,621	0	(28,558)	359,063	29,189
4.80% North Oregon Sewer (SRFB)	259,395	0	0	259,395	0
3.80% Seaman Road Trunk Sewer - Phanse I	1,478,707	1,489	(58,837)	1,421,359	61,094
3.95% Seaman Road Trunk Sewer - Phanse II	985,409	1,199,372	(40,345)	2,144,436	83,097
3.50% Stadium Road Sewer	0	459,117	0	459,117	0
Total Ohio Water Development Authority Loans	5,349,575	1,659,978	(364,115)	6,645,438	428,017
Compensated Absences	542,760	568,406	(542,760)	568,406	155,704
Total Business-Type Activities Long-Term Debt	<u>\$8,718,392</u>	<u>\$2,228,384</u>	<u>(\$1,042,579)</u>	<u>\$9,904,197</u>	<u>\$719,074</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 12 - LONG-TERM DEBT (Continued)

Long-term debt of the City at December 31, 2003 was as follows:

	Date of Issue	Original Issue	Final Maturity Date	
Governmental Activities Long-Term Debt:				
General Obligation Bond:				
3.20%	Court Administration Building	1998	\$1,800,000	2009
Special Assessment Bonds Payable with Governmental Commitment:				
6.95%	Wynnscape/Lallendorf	1993	360,900	2011
6.75%	Lallendorf/Dustin	1993	108,770	2013
5.50%	Pickle Road Sewer Construction	1995	21,928	2015
5.62%	Coy Road Sanitary Sewer	1996	84,085	2016
5.25%	York Street Waterline	1997	332,000	2017
5.00%	Lallendorf Road Sanitary Sewer	1998	20,542	2013
5.00%	Corduroy Road Waterline	1998	103,807	2014
5.00%	Shore/Yarrow Waterline Ext.	2001	48,068	2015
5.50%	Navarre Sanitary Sewer	2000	150,133	2015
5.50%	Spartan Infrastructure	2000	313,240	2015
5.03%	Lallendorf Sewer Phase 1	2001	155,817	2016
5.03%	Lallendorf Sewer Phase 2	2001	39,727	2016
5.03%	Lallendorf Sewer Phase 3	2001	46,591	2016
5.03%	Stadium Road Waterline	2001	156,948	2016
5.03%	Sugarbush Waterline	2001	41,464	2016
Total Special Assessment Bonds Payable with Governmental Commitment			1,984,020	
Promissory Notes Payable:				
7.38%	Ackeman Property	1998	330,000	2003
3.00%	Lucas County Engineer	1998	100,000	2003
0.00%	Lucas County Engineer	1998	110,000	2003
Total Promissory Notes Payable			540,000	

(Continued)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 12 - LONG-TERM DEBT (Continued)

		Date of Issue	Original Issue	Final Maturity Date
Ohio Public Works Commission Loans:				
0.00%	Sanitary Sewer Reconstruction	1997	78,499	2008
0.00%	Lallendorf Road Storm Sewer Improvements	1998	468,212	2008
0.00%	Raw Water Intake Rehabilitation	2000	254,612	2010
0.00%	Zebra Mussel Control - Raw Water Intake	1999	309,384	2022
0.00%	Water Plant Renovations - Phase I	1999	556,627	2023
0.00%	Water Treatment Plant Improvements - Phase II	2001	430,371	2023
0.00%	Bayshore Bridge	2003	27,785	2013
0.00%	Water Treatment Plant Improvements - Phase III	2003	<u>500,000</u>	2024
	Total Ohio Public Works Commission Loans		2,625,490	
Ohio Water Development Authority Loans:				
2.00%	Oakdale Sanitary Sewer	1993	74,064	2010
7.36%	Norden/Cedar Point Waterline	1993	155,545	2007
8.35%	Brown Road Waterline	1993	15,511	2008
4.28%	Waterplant Renovation - Phase I & II	2002	9,941,577	2022
3.65%	Waterplant Renovation - Phase III	2003	<u>1,237,045</u>	2024
	Total Ohio Water Development Authority Loans Payable		11,423,742	
	Police and Firemen's Pension Accrued Liability	1968	<u>66,448</u>	2035
	Total Governmental Activities Long-Term Debt		<u><u>\$18,439,700</u></u>	
Business-Type Long-Term Debt:				
General Obligation Bond:				
3.25%	Sewer Improvement	1998	\$3,270,000	2018
Ohio Public Works Commission Loan:				
0.00%	Sanitary Sewer Reconstruction	1994	107,041	2004
Ohio Water Development Authority Loans:				
7.51%	Bayshore Sewer (1063)	1993	3,043,455	2010
8.35%	Chlorination (0954)	1993	801,280	2008
2.20%	North Oregon Sewer (SRFA)	1995	594,919	2015
4.80%	North Oregon Sewer (SRFB)	1995	503,343	2015
3.80%	Seaman Road Trunk Sewer - Phanse I	2001	1,478,707	2022
3.95%	Seaman Road Trunk Sewer - Phanse II	2002	2,144,436	2023
3.50%	Stadium Road Sewer	2003	<u>459,117</u>	2023
	Total Ohio Water Development Authority Loans		<u>9,025,257</u>	
	Total Business-Type Activities Long-Term Debt		<u><u>\$12,402,298</u></u>	

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 12 - LONG-TERM DEBT (Continued)

A. Special Assessments

The principal amount of the City's special assessment debt outstanding at December 31, 2003 \$1,556,473, 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 fund balance of \$142,238 in the Special Assessment Bond Retirement Fund at December 31, 2003 is reserved for the retirement of outstanding special assessment bonds. Delinquent special assessments at year end were \$90,096.

B. Ohio Water Development Authority Loans

The following are the significant ongoing projects being funded through OWDA:

In 2001, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive two loans of \$12,175,838 and \$1,664,972, respectively. The amounts are subject to change and have not been finalized. The interest rates on the loans are 4.28% and 3.8%, respectively, per annum. These loans are payable from sewer charges and are received by the City in increments as the projects are completed. As of December 31, 2003, the City had received \$9,941,577 towards the first loan from OWDA and \$1,536,860 towards the second loan from OWDA. Subsequent amounts will be received in future years. An estimate of future financing requirements has been made based on the loan balances of \$9,129,024 and \$1,421,359 at December 31, 2003.

In 2002, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$2,386,204. The amount is subject to change and has not been finalized. The interest rate on the loan is 3.95% per annum. The loan is payable from sewer charges and is received by the City in increments as the project is completed. As of December 31, 2003, the City had received \$2,184,781 towards this loan from OWDA. Subsequent amounts will be received in future years. An estimate of future financing requirements has been made based on the loan balance of \$2,144,436 at December 31, 2003.

In 2003, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive two loans of \$2,191,197 and \$3,344,197, respectively. The amounts are subject to change and have not been finalized. The interest rates on the loans are 3.65% and 3.50%, respectively, per annum. These loans are payable from sewer charges and are received by the City in increments as the projects are completed. As of December 31, 2003, the City had received \$1,237,045 towards the first loan from OWDA and \$459,117 towards the second loan from OWDA. Subsequent amounts will be received in future years. An estimate of future financing requirements has been made based on the loan balances of \$1,237,045 and \$459,117 at December 31, 2003.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 12 - LONG-TERM DEBT (Continued)

C. Police and Firemen's Pension Fund

The City's liability for past service costs relating to the Police and Firemen's Pension Fund at December 31, 2003 was \$57,350 in principal and \$47,156 in interest payments through the year 2035. Only the principal amount is included in the Governmental Activities Long-Term Debt.

D. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2003, follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2004	\$300,000	\$169,605	\$103,671	\$85,601
2005	310,000	159,631	108,863	79,666
2006	330,000	147,229	115,467	73,425
2007	345,000	133,701	122,293	66,799
2008	360,000	119,209	129,419	59,776
2009-2013	1,090,000	394,818	633,987	188,232
2014-2018	1,100,000	143,765	342,773	34,580
Totals	<u>\$3,835,000</u>	<u>\$1,267,958</u>	<u>\$1,556,473</u>	<u>\$588,079</u>

Years	OWDA Loans		OPWC Loans		Police/Firemen's Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$907,402	\$843,052	\$167,321	\$0	\$894	\$2,428
2005	1,074,470	914,299	163,359	0	933	2,390
2006	1,128,365	860,406	163,359	0	973	2,349
2007	1,212,579	815,622	163,359	0	1,015	2,308
2008	1,213,100	754,182	108,688	0	1,058	2,264
2009-2013	3,935,950	2,919,832	441,596	0	6,014	10,598
2014-2018	4,179,875	1,732,835	403,614	0	7,422	9,191
2019-2023	3,209,722	475,864	402,225	0	7,169	6,121
2024	232,206	6,113	42,815	0	31,872	9,507
Totals	<u>\$17,093,669</u>	<u>\$9,322,205</u>	<u>\$2,056,336</u>	<u>\$0</u>	<u>\$57,350</u>	<u>\$47,156</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 12 - LONG-TERM DEBT (Continued)

E. Defeasance of General Obligation Debt

In December 1998, the City defeased \$1,810,000 of General Obligation Bonds for Municipal Building Improvements dated June 1, 1989 (the "1989 Bonds") through the issuance of \$1,800,000 of General Obligation Bonds for Municipal Building Improvements (the "1998 Bonds"). The net proceeds of the 1998 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$1,160,000 at December 31, 2003 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

NOTE 13 - NOTES PAYABLE

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

The following general obligation notes were payable at December 31, 2003:

	Maturity Date	Balance December 31, 2002	Issued (Retired)	Balance December 31, 2003
Capital Projects Notes Payable:				
2.58% Fire Equipment	2003	\$460,000	(\$460,000)	\$0
2.58% Seaman Road Overpass	2003	350,000	(350,000)	0
2.58% Bay Shore Bridge Replacement	2003	230,000	(230,000)	0
2.58% Pickle/Wheeling Intersection Imp.	2003	400,000	(400,000)	0
1.48% Fire Equipment	2004	0	350,000	350,000
1.48% Seaman Road Overpass	2004	0	250,000	250,000
1.48% Bay Shore Bridge Replacement	2004	0	230,000	230,000
1.48% Pickle/Wheeling Intersection Imp.	2004	0	400,000	400,000
1.48% Parks and Recreation	2004	0	270,000	270,000
Total Notes Payable		<u>\$1,440,000</u>	<u>\$60,000</u>	<u>\$1,500,000</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 14 - CONSTRUCTION COMMITMENTS

As of December 31, 2003, the City had the following commitments with respect to capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Water Treatment Plant, Phase III	\$4,069,054	March 2004
Water Treatment Plant, Phase IV	5,781,973	November 2004
Water Treatment Plant, Phase V	1,323,500	February 2005
Stadium Road Sanitary Sewer	3,234,053	June 2004
Woodville Road Rehab/Resurface	91,180	May 2004
Eastwyck Pumping Station	578,050	December 2004
Pearson Park Connector	282,715	December 2005
Wheeling Street Improvements	5,500,899	December 2007
Total	<u>\$20,861,424</u>	

NOTE 15 - INSURANCE AND 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; injuries to employees; and natural disasters. In 1999 the City joined the Ohio Municipal League Joint Self-Insurance Pool (the "Pool"). The Pool was established in 1987 and is administered under contract by the Ohio Municipal League to provide a program of property and casualty insurance for its member organizations throughout the State of Ohio.

The Pool's general objectives are to formulate, develop and administer a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program on behalf of the member political subdivisions. Political subdivisions joining the Pool may withdraw at the end of any coverage period upon 60 days prior written notice to the Pool. Under agreement, members who terminate participation in the Pool, as well as current members, are subject to a supplemental assessment or a refund, at the discretion of the Board of Trustees, depending on the ultimate loss experience of all the entities it insures for each coverage year. To date there have been no assessments or refunds due to the limited period of time that the Pool has been in existence and the nature of the coverage that is afforded to the participants.

The City of Oregon obtained insurance coverage from the Pool for 2003 for losses relating to general liability, law enforcement liability, public officials liability and emergency medical services liability coverage.

Each participant makes an annual "contribution" to the Pool for the coverage they are provided based on rates established by the Pool using anticipated and actual results of operation for the various coverages provided. Participants are also charged a "surplus contribution" used to build the Pools retained earnings account to fund the activities of the Pool. The City's contribution to the Pool was \$209,213 for 2003.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

In the ordinary course of business, the Pool cedes a portion of its exposure to other insurers. These arrangements limit the Pool's maximum net loss on individual risks.

Treaty basis casualty excess of loss contracts in force at December 31, 2003 generally protects the Pool against individual losses over \$125,000. For the preceding two year period, the Pool was reinsured for casualty losses as follows:

<u>Policy Period</u>	<u>Stop Loss Amount</u>
April 1, 2002 to April 1, 2003	\$125,000
April 1, 2003 to April 1, 2004	125,000

Additionally, treaty basis property coverage protects the Pool against losses subject to a deductible of the lesser of \$50,000 per location or \$100,000 per occurrence. Since November 1, 1990, the Pool is limited to an annual aggregate loss of \$300,000 (\$150,000) prior to November 1, 1990) under this treaty.

The Pool is, and the participants are, contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

The City participates in the Ohio Rural Water Association Group Rating Plan (the ORWA), an insurance purchasing pool. The group rating plan for workers' compensation was established under Section 4123.29 of the Ohio Revised Code. The intent of the ORWA is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the ORWA. The workers' compensation experience of the participating entities is calculated as one experience and a common premium rate is applied to all participants in the ORWA. Each participant pays its workers' compensation premium to the State based on the rate for the ORWA rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the ORWA. 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 ORWA. Participation in the ORWA is limited to entities that can meet the ORWA's selection criteria. The firm of CompManagement Inc. provides administrative, cost control and actuarial services to the ORWA.

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

A. Dental Self Insurance Fund

On January 1, 2003, the City entered its eighth year of dental insurance coverage with Medical Benefits Administrators, Inc. ("MBA") as its third party administrator. MBA reviews all claims which are then paid by the Dental Self Insurance Fund. The City established an internal service fund, the Self Insurance Dental Fund, to receive payments from each fund based upon employee participation, to cover the cost of participant and dependent coverage under the plan. GASB 30 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims incurred but not reported at year end were determined to be immaterial, therefore no liability has been recorded. Changes in the fund's claims liability amount for the past two years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2002	\$0	\$126,785	(\$126,785)	\$0
2003	0	11,554	(11,554)	0

B. Workers' Compensation Internal Service Fund

The City previously participated in the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Program for premium periods 1996 and 1997. Retrospective (Retro) Rating is best described as a quasi self-insured program, which shifts a selected level of risk to the employer in return for a reduction in premium. Under the Retro plan employers are responsible for actual claims cost on all claims occurring within the program period. Retro claims have a ten-year life commencing with the date of injury. Claims cost for Retro claims incurred beyond ten years from the date of injury will be assumed by the Bureau. The City has a claims limit of \$250,000 per claim with a billable ceiling of \$600,867 for 1996 and \$524,238 for 1997. Changes in the Workers' Compensation Internal Service Fund's claims liability amount in fiscal 2003 were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2002	\$237,001	\$18,465	(\$18,465)	\$237,001
2003	237,001	18,447	(18,465)	236,983

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 16 - CONTINGENCIES

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

The City has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

NOTE 17 – SUBSEQUENT EVENT

In February 2004, the City Council authorized the mayor, finance director and the director of public service to enter into a contract with E.T. Electric, LTD., in the amount of \$790,461 for the expansion of the water treatment plant.

In February 2004, the City Council authorized the issuance of General Obligation Road Improvement Notes in the amount of \$1,040,000. The notes were issued to pay costs for improvements at the intersection of Seaman Road and Lallendorf Road by constructing a grade separation structure on Seaman Road and relocating a portion of Lallendorf Road.

*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 Construction, Maintenance and Repair Fund

To account for revenues distributed by the state from the motor vehicle and gasoline taxes. Expenditures may only be for street construction and maintenance.

State Highway Improvement Fund

To account for the revenues distributed by the state from the motor vehicle taxes, permissive fees and gasoline taxes. Expenditures may only be for street and state highway improvements and maintenance.

Permissive Auto Tax Fund

To account for revenues received from motor vehicle taxes. Expenditures may only be used for street construction, maintenance and repair.

Police Fund

To account for revenues received from real and personal property taxes. Expenditures may only be used for police department operations and police pension.

Drug Law Enforcement Fund

To account for revenues from municipal court fines as defined in the Ohio Revised Code. Expenditures may only be used by the police department for drug related programs.

DUI and Seatbelt Grant Fund

To account for revenues received from grants. Expenditures may only be used for DUI and seatbelt enforcement.

D.A.R.E. Program Fund

To account for revenues received from D.A.R.E. activities and transfers from the General Fund. Expenditures may only be used for D.A.R.E. activities.

Fire Fund

To account for revenues received from real and personal property taxes. Expenditures may only be used for fire department operations and fire pension.

Emergency Medical Services (EMS) Operating Fund

To account for revenues received from Lucas County and transfers from the General Fund. Expenditures may only be used for Emergency Medical Services operations, including capital improvements.

(Continued)

Special Revenue Funds

Electronic Monitor Device Fund

To account for revenues received and specially designated according to the Ohio Revised Code from municipal court fines. Expenditures may only be used by the municipal court for electronic device use.

Indigent Drivers Alcohol Treatment Fund

To account for the revenues from fines as established by the state to pay for alcohol treatment related training programs for indigent persons.

Recreation Fund

To account for revenues from taxes, concession operations, ASA tournament fees and transfers from the General Fund. Expenditures may only be used for recreation purposes.

Legal Computer Research and Equipment Fund

To account for revenues from a \$3.00 surcharge on municipal court fines. Expenditures may only be used for data processing equipment and training for the municipal court.

Community Development Block Grant (CDBG) Fund

To account for federal and state grants which are designated for community and environmental improvements.

Solid Waste, Bonds and C.I.P. Fund

To account for revenues from income tax designated for expenditures for solid waste programs, the transfers for payment of debt on the municipal complex and capital improvements.

Oregon Hazardous Waste Landfill Environment Fund

There is a privately owned and operated hazardous waste disposal landfill in the City of Oregon. The City receives funds from a 10% surcharge levied by the State of Ohio on waste disposal fees. The money received by the City may only be used for monitoring the private waste facility, permit review and training for City firefighting personnel in hazardous waste emergency response.

Revolving Loan Fund

To account for monies received from the Ohio Department of Development (ODOD) through the Community Development Block Grant (CDBG) program. Funds are loaned to businesses for development in the community.

Court Special Projects Fund

To account for revenues received from the Oregon Municipal Court as authorized by the Ohio Revised Code. Expenditures are restricted to court facility rehabilitation, hiring staff, community service programs and mediation.

(Continued)

Special Revenue Funds

Housing Assistance Fund

To account for revenues received from state and federal grants for housing assistance and local fund transfers and revenues from loan payments. Expenditures are restricted to professional services, personnel costs, grants and loans for the housing assistance program. Expenditures from grant monies must meet the grant requirements.

Local Law Enforcement Block Grant Fund

To account for revenues received from local law enforcement grants from the US Department of Justice for Law Enforcement. Expenditures are restricted to law enforcement including restricted personnel costs and equipment as defined in the grants.

Storm Sewer Project Fund

To account for revenues from the allocated portion of the local income tax as approved by the voters. Expenditures for this fund are restricted to storm drainage improvement projects.

Cedar Point Development Fund

To account for revenues from state grants, sale of notes, sale of land and local funds transfers. Expenditures for this fund are restricted to cost associated with the development of the industrial park.

Probation Services Fund

To account for revenues from probation service fees. Expenditures for this fund are restricted to specialized programs for victims and offenders and other similar probation related services.

Drug Law Enforcement and Education Fund

To account for revenues received from drug law enforcement. Expenditures are restricted to drug law enforcement including restricted personnel costs and equipment.

Police Grants Fund

To account for revenues, including transfers for police department grants. Expenditures may only be used for police grant purposes as stated in the individual grants.

Debt Service Fund

The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for the payment.

General Obligation Bond Retirement Fund

To account for the accumulation of resources for the payments of general obligation long-term debt of the City including self-supporting obligations not otherwise paid from proprietary funds

(Continued)

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, other than those financed by proprietary or trust funds.

Fire Pumper Equipment Fund

To account for revenues and expenditures designated for major capital improvements in the fire department.

Street / Recreation Building Fund

To account for revenues and expenditures designated for constructing new operations and storage areas for the street and recreation departments.

Municipal Improvements Fund

To account for revenues and expenditures designated for right of way acquisitions and easements for construction of a bikeway and streetscape projects.

Water Construction Fund

To account for revenues and expenditures designated for the construction and acquisition of capital water projects.

Sewer Construction Fund

To account for revenues and expenditures designated for the construction and acquisition of capital sewer projects.

Storm Sewer Construction Fund

To account for revenues and expenditures designated for the construction and acquisition of capital storm sewer projects.

Street Construction Fund

To account for revenues and expenditures designated for the improvement of City streets.

Special Assessment - Dustin Road Improvement Fund

To account for revenues and expenditures designated for the improvement project of Dustin Road.

Economic Development Assessment Fund

To account for revenues and expenditures designated for economic development in the industrial park.

Parkland Acquisition Fund

To account for revenues, including transfers for the acquisition of Parkland.

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the City's programs.

Perpetual Care Fund

To account for the endowment principal and interest. Yields may only be used for maintenance and repair at the North Oregon and Willow Cemeteries.

Dunbar Trust Fund

To account for the endowment principal and interest. Yields may only be used for maintenance and repair of a one family mausoleum at Willow Cemetery.

CITY OF OREGON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 3,215,458	\$ 935,876	\$ 2,014	\$ 0	\$ 4,153,348
Investments	958,740	5,629,144	0	81,858	6,669,742
Receivables (net of allowance for doubtful accounts):					
Taxes	943,273	0	0	0	943,273
Accounts	28,929	0	0	0	28,929
Intergovernmental	1,116,272	122,255	0	0	1,238,527
Interest	0	0	0	388	388
Prepaid Items	6,283	0	0	0	6,283
Total Assets	\$ 6,268,955	\$ 6,687,275	\$ 2,014	\$ 82,246	\$ 13,040,490
Liabilities:					
Accounts Payable	\$ 174,451	\$ 28,732	\$ 0	\$ 0	\$ 203,183
Accrued Wages and Benefits Payable	100,612	0	0	0	100,612
Intergovernmental Payable	2,350	0	0	0	2,350
Deferred Revenue	1,624,970	119,757	0	0	1,744,727
Accrued Interest Payable	0	14,862	0	0	14,862
General Obligation Notes Payable	0	1,500,000	0	0	1,500,000
Total Liabilities	1,902,383	1,663,351	0	0	3,565,734
Fund Balances:					
Reserved for Encumbrances	535,014	84,430	0	0	619,444
Reserved for Prepaid Items	6,283	0	0	0	6,283
Reserved for Debt Service	0	0	2,014	0	2,014
Reserved for Endowments	0	0	0	82,246	82,246
Special Revenue Funds	3,825,275	0	0	0	3,825,275
Capital Projects Funds	0	4,939,494	0	0	4,939,494
Total Fund Balances	4,366,572	5,023,924	2,014	82,246	9,474,756
Total Liabilities and Funds Balances	\$ 6,268,955	\$ 6,687,275	\$ 2,014	\$ 82,246	\$ 13,040,490

CITY OF OREGON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$ 639,208	\$ 0	\$ 0	\$ 0	\$ 639,208
Municipal Income Taxes	2,022,855	0	0	0	2,022,855
Intergovernmental Revenues	2,190,666	356,390	0	0	2,547,056
Charges for Services	390,558	0	0	0	390,558
Investment Earnings	629	0	0	1,847	2,476
Fines and Forfeitures	192,352	0	0	0	192,352
All Other Revenue	64,957	1,203	0	0	66,160
Total Revenue	5,501,225	357,593	0	1,847	5,860,665
Expenditures:					
Current:					
Security of Persons and Property	1,292,651	0	0	0	1,292,651
Public Health and Welfare Services	3,536	0	0	0	3,536
Leisure Time Activities	624,589	0	0	0	624,589
Community Environment	626,191	0	0	0	626,191
Basic Utility Services	174,623	0	0	0	174,623
Transportation	658,188	0	0	0	658,188
General Government	1,205,253	0	0	0	1,205,253
Capital Outlay	0	1,038,815	0	0	1,038,815
Debt Service:					
Principal Retirement	0	0	403,189	0	403,189
Interest and Fiscal Charges	0	27,349	58,200	0	85,549
Total Expenditures	4,585,031	1,066,164	461,389	0	6,112,584
Excess (Deficiency) of Revenues Over Expenditures	916,194	(708,571)	(461,389)	1,847	(251,919)
Other Financing Sources (Uses):					
Proceeds from the Sale of Capital Assets	0	20,276	0	0	20,276
Sale of OPWC Loans	0	27,786	0	0	27,786
Transfers In	450,819	1,729,200	461,704	0	2,641,723
Transfers Out	(539,092)	(1,894,109)	0	0	(2,433,201)
Total Other Financing Sources (Uses)	(88,273)	(116,847)	461,704	0	256,584
Net Change In Fund Balance	827,921	(825,418)	315	1,847	4,665
Fund Balances at Beginning of Year	3,538,651	5,849,342	1,699	80,399	9,470,091
Fund Balances End of Year	\$ 4,366,572	\$ 5,023,924	\$ 2,014	\$ 82,246	\$ 9,474,756

CITY OF OREGON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto Tax	Police	Drug Law Enforcement
Assets:					
Cash and Cash Equivalents	\$ 98,096	\$ 27,017	\$ 14,259	\$ 80,575	\$ 172,526
Investments	236,628	0	34,395	0	0
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	343,757	0
Accounts	0	0	0	0	2,853
Intergovernmental	294,474	23,877	68,829	10,987	0
Prepaid Items	0	0	0	0	0
Total Assets	\$ 629,198	\$ 50,894	\$ 117,483	\$ 435,319	\$ 175,379
Liabilities:					
Accounts Payable	\$ 13,358	\$ 0	\$ 0	\$ 0	\$ 13,690
Accrued Wages and Benefits Payable	0	0	0	814	0
Intergovernmental Payable	0	0	0	0	0
Deferred Revenue	196,316	15,918	45,886	354,744	0
Total Liabilities	209,674	15,918	45,886	355,558	13,690
Fund Balances:					
Reserved for Encumbrances	106,951	0	4,313	433	10,273
Reserved for Prepaid Items	0	0	0	0	0
Undesignated/Unreserved	312,573	34,976	67,284	79,328	151,416
Total Fund Balances	419,524	34,976	71,597	79,761	161,689
Total Liabilities and Funds Balances	\$ 629,198	\$ 50,894	\$ 117,483	\$ 435,319	\$ 175,379

CITY OF OREGON, OHIO

DUI and Seatbelt Grant	D.A.R.E. Program	Fire	E.M.S. Operating	Electronic Monitor Device	Indigent Drivers Alcohol Treatment	Recreation	Legal Computer Research and Equipment
\$ 20,142	\$ 526	\$ 175,610	\$ 111,662	\$ 20,259	\$ 60,855	\$ 18,306	\$ 170,595
0	0	0	0	0	0	44,159	0
0	0	174,292	0	0	0	188,856	0
0	0	0	0	102	320	0	3,139
0	0	3,335	0	0	0	3,335	0
0	0	0	264	0	0	228	2,447
<u>\$ 20,142</u>	<u>\$ 526</u>	<u>\$ 353,237</u>	<u>\$ 111,926</u>	<u>\$ 20,361</u>	<u>\$ 61,175</u>	<u>\$ 254,884</u>	<u>\$ 176,181</u>
\$ 0	\$ 0	\$ 634	\$ 3,274	\$ 0	\$ 296	\$ 14,336	\$ 0
0	0	0	77,498	0	0	22,300	0
0	0	0	0	0	0	2,350	0
0	0	177,627	0	0	0	192,191	0
0	0	178,261	80,772	0	296	231,177	0
0	0	1,392	1,092	0	0	6,446	28,506
0	0	0	264	0	0	228	2,447
20,142	526	173,584	29,798	20,361	60,879	17,033	145,228
20,142	526	174,976	31,154	20,361	60,879	23,707	176,181
<u>\$ 20,142</u>	<u>\$ 526</u>	<u>\$ 353,237</u>	<u>\$ 111,926</u>	<u>\$ 20,361</u>	<u>\$ 61,175</u>	<u>\$ 254,884</u>	<u>\$ 176,181</u>

(Continued)

CITY OF OREGON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003**

	Community Development Block Grant	Solid Waste, Bonds and C.I.P.	Oregon Hazardous Waste Landfill Environment	Revolving Loan	Court Special Projects
Assets:					
Cash and Cash Equivalents	\$ 6,913	\$ 117,592	\$ 403,746	\$ 3,628	\$ 146,782
Investments	0	643,558	0	0	0
Receivables (net of allowance for doubtful accounts):					
Taxes	0	236,368	0	0	0
Accounts	1,609	0	16,957	0	2,748
Intergovernmental	138,511	0	0	147,352	0
Prepaid Items	0	0	2,713	0	168
Total Assets	\$ 147,033	\$ 997,518	\$ 423,416	\$ 150,980	\$ 149,698
Liabilities:					
Accounts Payable	\$ 1,779	\$ 77,163	\$ 8,528	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Deferred Revenue	73,561	60,658	0	147,352	0
Total Liabilities	75,340	137,821	8,528	147,352	0
Fund Balances:					
Reserved for Encumbrances	521	226,897	7,375	3,628	0
Reserved for Prepaid Items	0	0	2,713	0	168
Undesignated/Unreserved	71,172	632,800	404,800	0	149,530
Total Fund Balances	71,693	859,697	414,888	3,628	149,698
Total Liabilities and Funds Balances	\$ 147,033	\$ 997,518	\$ 423,416	\$ 150,980	\$ 149,698

CITY OF OREGON, OHIO

Housing Assistance	Local Law Enforcement Block Grant	Storm Sewer Project	Cedar Point Development	Probation Services	Drug Law Enforcement and Education	Police Grants	Total Nonmajor Special Revenue Funds
\$ 207,313	\$ 5,766	\$ 1,270,606	\$ 22,057	\$ 18,560	\$ 20,848	\$ 21,219	\$ 3,215,458
0	0	0	0	0	0	0	958,740
0	0	0	0	0	0	0	943,273
0	0	0	0	848	353	0	28,929
400,469	0	0	0	0	0	25,103	1,116,272
0	463	0	0	0	0	0	6,283
<u>\$ 607,782</u>	<u>\$ 6,229</u>	<u>\$ 1,270,606</u>	<u>\$ 22,057</u>	<u>\$ 19,408</u>	<u>\$ 21,201</u>	<u>\$ 46,322</u>	<u>\$ 6,268,955</u>
\$ 28,954	\$ 0	\$ 118	\$ 0	\$ 345	\$ 0	\$ 11,976	\$ 174,451
0	0	0	0	0	0	0	100,612
0	0	0	0	0	0	0	2,350
342,957	0	0	0	0	0	17,760	1,624,970
<u>371,911</u>	<u>0</u>	<u>118</u>	<u>0</u>	<u>345</u>	<u>0</u>	<u>29,736</u>	<u>1,902,383</u>
32,210	0	101,400	0	0	0	3,577	535,014
0	463	0	0	0	0	0	6,283
203,661	5,766	1,169,088	22,057	19,063	21,201	13,009	3,825,275
235,871	6,229	1,270,488	22,057	19,063	21,201	16,586	4,366,572
<u>\$ 607,782</u>	<u>\$ 6,229</u>	<u>\$ 1,270,606</u>	<u>\$ 22,057</u>	<u>\$ 19,408</u>	<u>\$ 21,201</u>	<u>\$ 46,322</u>	<u>\$ 6,268,955</u>

CITY OF OREGON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	Street Construction, Maintenance and Repair	Street Highway Improvement	Permissive Auto Tax	Police	Drug Law Enforcement
Revenues:					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 320,850	\$ 0
Municipal Income Taxes	0	0	0	0	0
Intergovernmental Revenues	608,728	49,357	153,011	20,252	0
Charges for Services	18,010	0	0	0	0
Investment Earnings	167	0	0	0	0
Fines and Forfeitures	0	0	0	0	69,346
All Other Revenue	0	0	0	0	8,394
Total Revenue	626,905	49,357	153,011	341,102	77,740
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	170,612	51,498
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	514,616	35,280	108,292	0	0
General Government	0	0	0	0	0
Total Expenditures	514,616	35,280	108,292	170,612	51,498
Excess (Deficiency) of Revenues					
Over Expenditures	112,289	14,077	44,719	170,490	26,242
Other Financing Sources (Uses):					
Transfers In	0	0	0	1,494	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	1,494	0
Net Change In Fund Balance	112,289	14,077	44,719	171,984	26,242
Fund Balances (Deficit)					
at Beginning of Year	307,235	20,899	26,878	(92,223)	135,447
Fund Balances End of Year	\$ 419,524	\$ 34,976	\$ 71,597	\$ 79,761	\$ 161,689

CITY OF OREGON, OHIO

<u>DUI and Seatbelt Grant</u>	<u>D.A.R.E. Program</u>	<u>Fire</u>	<u>E.M.S. Operating</u>	<u>Electronic Monitor Device</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Recreation</u>	<u>Legal Computer Research and Equipment</u>
\$ 0	\$ 0	\$ 159,179	\$ 0	\$ 0	\$ 0	\$ 159,179	\$ 0
0	0	0	0	0	0	0	0
38,362	0	5,720	610,920	0	0	9,701	0
0	0	0	0	0	0	160,641	0
0	0	0	0	0	0	0	0
0	0	0	0	2,497	11,026	0	48,035
0	0	32,376	274	0	0	40	0
<u>38,362</u>	<u>0</u>	<u>197,275</u>	<u>611,194</u>	<u>2,497</u>	<u>11,026</u>	<u>329,561</u>	<u>48,035</u>
32,949	0	30,125	773,515	0	0	0	0
0	0	0	0	0	3,536	0	0
0	0	0	0	0	0	624,589	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	45,193
<u>32,949</u>	<u>0</u>	<u>30,125</u>	<u>773,515</u>	<u>0</u>	<u>3,536</u>	<u>624,589</u>	<u>45,193</u>
5,413	0	167,150	(162,321)	2,497	7,490	(295,028)	2,842
0	0	0	170,000	0	0	242,897	0
0	0	(123,000)	(45,173)	0	0	0	0
<u>0</u>	<u>0</u>	<u>(123,000)</u>	<u>124,827</u>	<u>0</u>	<u>0</u>	<u>242,897</u>	<u>0</u>
5,413	0	44,150	(37,494)	2,497	7,490	(52,131)	2,842
<u>14,729</u>	<u>526</u>	<u>130,826</u>	<u>68,648</u>	<u>17,864</u>	<u>53,389</u>	<u>75,838</u>	<u>173,339</u>
<u>\$ 20,142</u>	<u>\$ 526</u>	<u>\$ 174,976</u>	<u>\$ 31,154</u>	<u>\$ 20,361</u>	<u>\$ 60,879</u>	<u>\$ 23,707</u>	<u>\$ 176,181</u>

(Continued)

CITY OF OREGON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	Community Development Block Grant	Solid Waste, Bonds and C.I.P.	Oregon Hazardous Waste Landfill Environment	Revolving Loan	Court Special Projects
Revenues:					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Municipal Income Taxes	0	1,357,400	0	0	0
Intergovernmental Revenues	80,439	61,945	0	352,648	0
Charges for Services	0	0	189,867	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	43,987
All Other Revenue	5,163	18,710	0	0	0
Total Revenue	85,602	1,438,055	189,867	352,648	43,987
Expenditures:					
Current:					
Security of Persons and Property	0	0	145,958	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	76,464	0	0	359,020	0
Basic Utility Services	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	1,135,208	0	0	11,429
Total Expenditures	76,464	1,135,208	145,958	359,020	11,429
Excess (Deficiency) of Revenues					
Over Expenditures	9,138	302,847	43,909	(6,372)	32,558
Other Financing Sources (Uses):					
Transfers In	0	0	0	10,000	0
Transfers Out	0	(315,776)	0	0	0
Total Other Financing Sources (Uses)	0	(315,776)	0	10,000	0
Net Change In Fund Balance	9,138	(12,929)	43,909	3,628	32,558
Fund Balances (Deficit)					
at Beginning of Year	62,555	872,626	370,979	0	117,140
Fund Balances End of Year	\$ 71,693	\$ 859,697	\$ 414,888	\$ 3,628	\$ 149,698

CITY OF OREGON, OHIO

<u>Housing Assistance</u>	<u>Local Law Enforcement Block Grant</u>	<u>Storm Sewer Project</u>	<u>Cedar Point Development</u>	<u>Probation Services</u>	<u>Drug Law Enforcement and Education</u>	<u>Police Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 639,208
0	0	665,455	0	0	0	0	2,022,855
157,053	0	0	0	0	0	42,530	2,190,666
22,040	0	0	0	0	0	0	390,558
0	462	0	0	0	0	0	629
0	0	0	0	12,878	4,583	0	192,352
0	0	0	0	0	0	0	64,957
<u>179,093</u>	<u>462</u>	<u>665,455</u>	<u>0</u>	<u>12,878</u>	<u>4,583</u>	<u>42,530</u>	<u>5,501,225</u>
0	17,620	0	0	0	849	69,525	1,292,651
0	0	0	0	0	0	0	3,536
0	0	0	0	0	0	0	624,589
190,707	0	0	0	0	0	0	626,191
0	0	174,623	0	0	0	0	174,623
0	0	0	0	0	0	0	658,188
0	0	0	0	13,423	0	0	1,205,253
<u>190,707</u>	<u>17,620</u>	<u>174,623</u>	<u>0</u>	<u>13,423</u>	<u>849</u>	<u>69,525</u>	<u>4,585,031</u>
(11,614)	(17,158)	490,832	0	(545)	3,734	(26,995)	916,194
0	1,641	0	0	0	0	24,787	450,819
0	0	(55,143)	0	0	0	0	(539,092)
<u>0</u>	<u>1,641</u>	<u>(55,143)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,787</u>	<u>(88,273)</u>
(11,614)	(15,517)	435,689	0	(545)	3,734	(2,208)	827,921
<u>247,485</u>	<u>21,746</u>	<u>834,799</u>	<u>22,057</u>	<u>19,608</u>	<u>17,467</u>	<u>18,794</u>	<u>3,538,651</u>
<u>\$ 235,871</u>	<u>\$ 6,229</u>	<u>\$ 1,270,488</u>	<u>\$ 22,057</u>	<u>\$ 19,063</u>	<u>\$ 21,201</u>	<u>\$ 16,586</u>	<u>\$ 4,366,572</u>

CITY OF OREGON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2003**

	Fire Pumper Equipment	Street, Recreation Building	Municipal Improvement	Water Construction	Sewer Construction
Assets:					
Cash and Cash Equivalents	\$ 330	\$ 38,089	\$ 61,214	\$ 545,424	\$ 165,211
Investments	0	91,878	0	2,715,647	2,535,942
Receivables (net of allowance for doubtful accounts):					
Intergovernmental	0	2,498	0	0	0
Total Assets	\$ 330	\$ 132,465	\$ 61,214	\$ 3,261,071	\$ 2,701,153
Liabilities:					
Accounts Payable	0	0	0	20,224	0
Deferred Revenue	0	0	0	0	0
Accrued Interest Payable	3,468	0	0	0	0
General Obligation Notes Payable	350,000	0	0	0	0
Total Liabilities	353,468	0	0	20,224	0
Fund Balances:					
Reserved for Encumbrances	0	7,656	0	16,888	3,948
Undesignated/Unreserved	(353,138)	124,809	61,214	3,223,959	2,697,205
Total Fund Balances	(353,138)	132,465	61,214	3,240,847	2,701,153
Total Liabilities and Funds Balances	\$ 330	\$ 132,465	\$ 61,214	\$ 3,261,071	\$ 2,701,153

CITY OF OREGON, OHIO

<u>Storm Sewer Construction</u>	<u>Street Construction</u>	<u>Special Assessment - Dustin Road</u>	<u>Economic Development Assessment</u>	<u>Parkland Acquisition</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 22,586	\$ 95,844	\$ 1,402	\$ 5,745	\$ 31	\$ 935,876
54,482	231,195	0	0	0	5,629,144
0	119,757	0	0	0	122,255
<u>\$ 77,068</u>	<u>\$ 446,796</u>	<u>\$ 1,402</u>	<u>\$ 5,745</u>	<u>\$ 31</u>	<u>\$ 6,687,275</u>
0	8,508	0	0	0	28,732
0	119,757	0	0	0	119,757
0	8,719	0	0	2,675	14,862
0	880,000	0	0	270,000	1,500,000
0	1,016,984	0	0	272,675	1,663,351
0	55,938	0	0	0	84,430
77,068	(626,126)	1,402	5,745	(272,644)	4,939,494
<u>77,068</u>	<u>(570,188)</u>	<u>1,402</u>	<u>5,745</u>	<u>(272,644)</u>	<u>5,023,924</u>
<u>\$ 77,068</u>	<u>\$ 446,796</u>	<u>\$ 1,402</u>	<u>\$ 5,745</u>	<u>\$ 31</u>	<u>\$ 6,687,275</u>

CITY OF OREGON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

	Fire Pumper Equipment	Street, Recreation Building	Municipal Improvement	Water Construction	Sewer Construction
Revenues:					
Intergovernmental Revenues	\$ 0	\$ 192,927	\$ 0	\$ 0	\$ 0
All Other Revenue	0	203	0	0	1,000
Total Revenue	0	193,130	0	0	1,000
Expenditures:					
Current:					
Capital Outlay	987	253,732	0	83,817	18,439
Debt Service:					
Interest & Fiscal Charges	7,457	0	0	0	0
Total Expenditures	8,444	253,732	0	83,817	18,439
Excess (Deficiency) of Revenues Over Expenditures					
	(8,444)	(60,602)	0	(83,817)	(17,439)
Other Financing Sources (Uses):					
Proceeds from the Sale of Fixed Assets	0	0	0	0	20,276
Proceeds from OPWC Loans	0	0	0	0	0
Transfers In	123,000	0	0	803,100	803,100
Transfers Out	0	0	0	(1,074,830)	(819,279)
Total Other Financing Sources (Uses)	123,000	0	0	(271,730)	4,097
Net Change In Fund Balance	114,556	(60,602)	0	(355,547)	(13,342)
Fund Balances (Deficit) at Beginning of Year	(467,694)	193,067	61,214	3,596,394	2,714,495
Fund Balances (Deficit) End of Year	\$ (353,138)	\$ 132,465	\$ 61,214	\$ 3,240,847	\$ 2,701,153

CITY OF OREGON, OHIO

<u>Storm Sewer Construction</u>	<u>Street Construction</u>	<u>Special Assessment - Dustin Road Improvement</u>	<u>Economic Development Assessment</u>	<u>Parkland Acquisition</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ 0	\$ 163,463	\$ 0	\$ 0	\$ 0	\$ 356,390
0	0	0	0	0	1,203
<u>0</u>	<u>163,463</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>357,593</u>
92,156	169,715	0	0	419,969	1,038,815
0	17,217	0	0	2,675	27,349
<u>92,156</u>	<u>186,932</u>	<u>0</u>	<u>0</u>	<u>422,644</u>	<u>1,066,164</u>
(92,156)	(23,469)	0	0	(422,644)	(708,571)
0	0	0	0	0	20,276
0	27,786	0	0	0	27,786
0	0	0	0	0	1,729,200
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,894,109)</u>
0	27,786	0	0	0	(116,847)
(92,156)	4,317	0	0	(422,644)	(825,418)
<u>169,224</u>	<u>(574,505)</u>	<u>1,402</u>	<u>5,745</u>	<u>150,000</u>	<u>5,849,342</u>
<u>\$ 77,068</u>	<u>\$ (570,188)</u>	<u>\$ 1,402</u>	<u>\$ 5,745</u>	<u>\$ (272,644)</u>	<u>\$ 5,023,924</u>

CITY OF OREGON, OHIO

***Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2003***

	<u>Perpetural Care Fund</u>	<u>Dunbar Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 77,720	\$ 4,138	\$ 81,858
Receivables (net of allowance for doubtful accounts):			
Interest	388	0	388
Total Assets	<u>\$ 78,108</u>	<u>\$ 4,138</u>	<u>\$ 82,246</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reserved for Endowments	78,108	4,138	82,246
Total Fund Balances	<u>78,108</u>	<u>4,138</u>	<u>82,246</u>
Total Liabilities and Funds Balances	<u>\$ 78,108</u>	<u>\$ 4,138</u>	<u>\$ 82,246</u>

CITY OF OREGON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended December 31, 2003**

	<u>Perpetual Care Fund</u>	<u>Dunbar Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 77,720	\$ 4,138	\$ 81,858
Receivables (net of allowance for doubtful accounts):			
Interest	<u>388</u>	<u>0</u>	<u>388</u>
Total Assets	<u>\$ 78,108</u>	<u>\$ 4,138</u>	<u>\$ 82,246</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reserved for Endowments	<u>78,108</u>	<u>4,138</u>	<u>82,246</u>
Total Fund Balances	<u>78,108</u>	<u>4,138</u>	<u>82,246</u>
Total Liabilities and Funds Balances	<u>\$ 78,108</u>	<u>\$ 4,138</u>	<u>\$ 82,246</u>

CITY OF OREGON, 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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 816,585	\$ 816,585	\$ 926,455	\$ 109,870
Municipal Income Taxes	9,860,206	9,501,458	9,586,796	85,338
Intergovernmental Revenues	1,334,807	1,334,807	1,299,831	(34,976)
Charges for Services	145,700	145,700	277,766	132,066
Licenses, Permits and Fees	199,000	199,000	240,561	41,561
Investment Earnings	300,000	300,000	586,945	286,945
Special Assessments	500	500	9,528	9,028
Fines and Forfeitures	292,100	292,100	318,112	26,012
All Other Revenues	50,600	50,600	53,983	3,383
Total Revenues	<u>12,999,498</u>	<u>12,640,750</u>	<u>13,299,977</u>	<u>659,227</u>
Expenditures:				
Security of Persons and Property:				
Prisoner Care:				
Contractual Services	868,781	986,229	897,072	89,157
Total Prisoner Care	868,781	986,229	897,072	89,157
Police:				
Personal Services	4,199,949	4,211,669	4,205,398	6,271
Materials and Supplies	126,365	136,458	131,311	5,147
Contractual Services	259,992	277,548	244,100	33,448
Capital Outlay	140,780	90,709	88,408	2,301
Total Police	4,727,086	4,716,384	4,669,217	47,167
Fire:				
Personal Services	906,449	906,639	855,167	51,472
Materials and Supplies	29,800	34,708	32,517	2,191
Contractual Services	134,759	155,102	149,793	5,309
Capital Outlay	60,000	39,173	39,173	0
Total Fire	1,131,008	1,135,622	1,076,650	58,972
Non-Departmental:				
Contractual Services	5,435	5,535	5,516	19
Total Non-Departmental	5,435	5,535	5,516	19
Total Security of Persons and Property	<u>6,732,310</u>	<u>6,843,770</u>	<u>6,648,455</u>	<u>195,315</u>

(Continued)

CITY OF OREGON, 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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Public Health and Welfare Services:				
Cemetery Maintenance:				
Personal Services	184,407	197,033	195,557	1,476
Materials and Supplies	5,850	5,939	4,909	1,030
Contractual Services	26,450	27,134	24,319	2,815
Capital Outlay	10,250	2,250	2,034	216
Total Cemetery Maintenance	<u>226,957</u>	<u>232,356</u>	<u>226,819</u>	<u>5,537</u>
Non-Departmental:				
Contractual Services	141,436	141,436	141,436	0
Total Non-Departmental	<u>141,436</u>	<u>141,436</u>	<u>141,436</u>	<u>0</u>
Total Public Health and Welfare Services	<u>368,393</u>	<u>373,792</u>	<u>368,255</u>	<u>5,537</u>
Leisure Time Activities:				
Non-Departmental:				
Contractual Services	0	7,040	7,040	0
Total Leisure Time Activities	<u>0</u>	<u>7,040</u>	<u>7,040</u>	<u>0</u>
Community Environment:				
Building and Zoning Inspection:				
Personal Services	441,348	441,348	435,818	5,530
Materials and Supplies	16,687	16,972	13,157	3,815
Contractual Services	26,515	28,718	19,966	8,752
Capital Outlay	7,799	6,799	378	6,421
Total Building and Zoning Inspection	<u>492,349</u>	<u>493,837</u>	<u>469,319</u>	<u>24,518</u>
Non-Departmental:				
Contractual Services	60,000	65,913	59,280	6,633
Total Non-Departmental	<u>60,000</u>	<u>65,913</u>	<u>59,280</u>	<u>6,633</u>
Total Community Environment	<u>552,349</u>	<u>559,750</u>	<u>528,599</u>	<u>31,151</u>
Transportation:				
Service-Administration:				
Personal Services	407,897	407,897	400,846	7,051
Materials and Supplies	8,150	9,917	6,231	3,686
Contractual Services	29,830	52,017	45,042	6,975
Capital Outlay	12,435	4,949	4,854	95
Total Service-Administration	<u>458,312</u>	<u>474,780</u>	<u>456,973</u>	<u>17,807</u>

(Continued)

CITY OF OREGON, 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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Street Maintenance:				
Personal Services	1,914,163	1,292,162	1,226,351	65,811
Materials and Supplies	97,870	92,167	78,034	14,133
Contractual Services	292,060	308,333	264,933	43,400
Capital Outlay	24,900	57,414	57,242	172
Total Street Maintenance	2,328,993	1,750,076	1,626,560	123,516
Tree Commission:				
Personal Services	5,090	5,090	0	5,090
Materials and Supplies	4,000	0	0	0
Contractual Services	34,775	45,569	43,591	1,978
Capital Outlay	30,900	52,638	52,638	0
Total Tree Commission	74,765	103,297	96,229	7,068
Total Transportation	2,862,070	2,328,153	2,179,762	148,391
General Government:				
Legislative/City Council:				
Personal Services	67,886	67,886	62,982	4,904
Materials and Supplies	4,400	4,544	2,970	1,574
Contractual Services	2,300	3,013	2,584	429
Capital Outlay	0	497	494	3
Total Legislative/City Council	74,586	75,940	69,030	6,910
Mayor's Office:				
Personal Services	21,500	21,500	19,903	1,597
Materials and Supplies	7,130	6,317	2,574	3,743
Contractual Services	37,000	37,690	10,938	26,752
Capital Outlay	400	600	437	163
Total Mayor's Office	66,030	66,107	33,852	32,255
Administrator's Office:				
Personal Services	181,539	186,700	186,696	4
Materials and Supplies	6,100	7,442	7,073	369
Contractual Services	22,950	21,697	19,226	2,471
Capital Outlay	0	880	880	0
Total Administrator's Office	210,589	216,719	213,875	2,844

(Continued)

CITY OF OREGON, 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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Civil Service:				
Personal Services	68,236	68,236	65,125	3,111
Materials and Supplies	4,250	5,477	4,080	1,397
Contractual Services	10,700	17,334	17,169	165
Capital Outlay	0	639	639	0
Total Civil Service	83,186	91,686	87,013	4,673
Finance/Clerk Auditor:				
Personal Services	410,080	411,789	411,788	1
Materials and Supplies	51,126	48,652	48,532	120
Contractual Services	125,500	146,353	145,883	470
Capital Outlay	3,975	6,594	6,589	5
Total Finance/Clerk Auditor	590,681	613,388	612,792	596
Law Director:				
Personal Services	152,862	153,132	153,030	102
Materials and Supplies	0	1,800	764	1,036
Contractual Services	173,000	178,892	145,935	32,957
Capital Outlay	0	1,000	154	846
Total Law Director	325,862	334,824	299,883	34,941
Data Processing:				
Personal Services	146,502	146,502	136,653	9,849
Materials and Supplies	33,300	34,588	31,479	3,109
Contractual Services	39,835	41,309	31,915	9,394
Capital Outlay	6,700	14,624	13,552	1,072
Total Data Processing	226,337	237,023	213,599	23,424
Municipal Court:				
Personal Services	727,157	727,157	664,373	62,784
Materials and Supplies	35,740	42,250	38,060	4,190
Contractual Services	130,375	126,986	102,571	24,415
Capital Outlay	0	6,012	5,408	604
Total Municipal Court	893,272	902,405	810,412	91,993

(Continued)

CITY OF OREGON, 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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Income Tax:				
Personal Services	249,209	249,209	239,948	9,261
Materials and Supplies	24,650	35,771	33,769	2,002
Contractual Services	28,100	31,866	24,211	7,655
Capital Outlay	40,450	53,625	24,577	29,048
Total Income Tax	342,409	370,471	322,505	47,966
Non-Departmental:				
Contractual Services	177,745	164,092	133,620	30,472
Capital Outlay	0	38,733	37,494	1,239
Total Non-Departmental	177,745	202,825	171,114	31,711
Total General Government	2,990,697	3,111,388	2,834,075	277,313
Total Expenditures	13,505,819	13,223,893	12,566,186	657,707
Excess (Deficiency) of Revenues Over (Under) Expenditures	(506,321)	(583,143)	733,791	1,316,934
Other Financing Sources (Uses):				
Sale of Fixed Assets	10,000	10,000	0	(10,000)
Transfers In	994,187	994,187	895,173	(99,014)
Transfers Out	(2,255,205)	(2,057,125)	(2,057,019)	106
Total Other Financing Sources (Uses)	(1,251,018)	(1,052,938)	(1,161,846)	(108,908)
Net Change In Fund Balance	(1,757,339)	(1,636,081)	(428,055)	1,208,026
Fund Balance at Beginning of Year	5,077,396	5,077,396	5,077,396	0
Prior Year Encumbrances	558,538	558,538	558,538	0
Fund Balance at End of Year	<u>\$ 3,878,595</u>	<u>\$ 3,999,853</u>	<u>\$ 5,207,879</u>	<u>\$ 1,208,026</u>

CITY OF OREGON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Funds
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 185,292	\$ 185,292	\$ 198,039	\$ 12,747
Total Revenues	<u>185,292</u>	<u>185,292</u>	<u>198,039</u>	<u>12,747</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	4,400	4,400	741	3,659
Contractual Services	<u>204,000</u>	<u>204,252</u>	<u>195,045</u>	<u>9,207</u>
Total Expenditures	<u>208,400</u>	<u>208,652</u>	<u>195,786</u>	<u>12,866</u>
Net Change in Fund Balance	(23,108)	(23,360)	2,253	25,613
Fund Balance at Beginning of Year	187,303	187,303	187,303	0
Prior Year Encumbrances	<u>1,321</u>	<u>1,321</u>	<u>1,321</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 165,516</u>	<u>\$ 165,264</u>	<u>\$ 190,877</u>	<u>\$ 25,613</u>

CITY OF OREGON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Funds
For the Year Ended December 31, 2003**

SPECIAL ASSESSMENT - SEWER MAINTENANCE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 148,404	\$ 148,404	\$ 151,911	\$ 3,507
Total Revenues	<u>148,404</u>	<u>148,404</u>	<u>151,911</u>	<u>3,507</u>
Expenditures:				
Basic Utility Services:				
Personal Services	128,000	128,000	123,848	4,152
Materials and Supplies	9,000	8,342	2,544	5,798
Contractual Services	<u>39,500</u>	<u>44,169</u>	<u>32,659</u>	<u>11,510</u>
Total Expenditures	<u>176,500</u>	<u>180,511</u>	<u>159,051</u>	<u>21,460</u>
Net Change in Fund Balance	(28,096)	(32,107)	(7,140)	24,967
Fund Balance at Beginning of Year	43,888	43,888	43,888	0
Prior Year Encumbrances	<u>5,333</u>	<u>5,333</u>	<u>5,333</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,125</u>	<u>\$ 17,114</u>	<u>\$ 42,081</u>	<u>\$ 24,967</u>

CITY OF OREGON, 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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 249,736	\$ 249,736	\$ 358,574	\$ 108,838
Total Revenues	<u>249,736</u>	<u>249,736</u>	<u>358,574</u>	<u>108,838</u>
Expenditures:				
Debt Service:				
Principal Retirement	140,297	140,298	140,294	4
Interest and Fiscal Charges	<u>106,565</u>	<u>106,564</u>	<u>106,477</u>	<u>87</u>
Total Expenditures	<u>246,862</u>	<u>246,862</u>	<u>246,771</u>	<u>91</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,874	2,874	111,803	108,929
Other Financing Sources (Uses):				
Transfers In	<u>40</u>	<u>40</u>	<u>40</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>40</u>	<u>40</u>	<u>40</u>	<u>0</u>
Net Change In Fund Balance	2,914	2,914	111,843	108,929
Fund Balance at Beginning of Year	<u>30,395</u>	<u>30,395</u>	<u>30,395</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 33,309</u>	<u>\$ 33,309</u>	<u>\$ 142,238</u>	<u>\$ 108,929</u>

CITY OF OREGON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2003***

WATER PROJECT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 2,916,506	\$ 2,916,506	\$ 1,681,931	\$ (1,234,575)
Special Assessments	0	0	1,694	1,694
Total Revenues	<u>2,916,506</u>	<u>2,916,506</u>	<u>1,683,625</u>	<u>(1,232,881)</u>
Expenditures:				
Capital Outlay	7,872,212	7,285,562	7,258,055	27,507
Total Expenditures	<u>7,872,212</u>	<u>7,285,562</u>	<u>7,258,055</u>	<u>27,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,955,706)	(4,369,056)	(5,574,430)	(1,205,374)
Other Financing Sources (Uses):				
Sale of OPWC Loans	1,114,000	1,114,000	643,945	(470,055)
Sale of OWDA Loans	3,814,241	3,814,241	2,614,391	(1,199,850)
Transfers In	100,850	100,850	0	(100,850)
Total Other Financing Sources (Uses)	<u>5,029,091</u>	<u>5,029,091</u>	<u>3,258,336</u>	<u>(1,770,755)</u>
Net Change in Fund Balance	73,385	660,035	(2,316,094)	(2,976,129)
Fund Balance at Beginning of Year	54,943	54,943	54,943	0
Prior Year Encumbrances	1,093,271	1,093,271	1,093,271	0
Fund Balance at End of Year	<u>\$ 1,221,599</u>	<u>\$ 1,808,249</u>	<u>\$ (1,167,880)</u>	<u>\$ (2,976,129)</u>

CITY OF OREGON, 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, 2003**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 510,000	\$ 510,000	\$ 592,919	\$ 82,919
Charges for Services	13,000	13,000	18,480	5,480
Investment Earnings	0	0	167	167
Total Revenues	<u>523,000</u>	<u>523,000</u>	<u>611,566</u>	<u>88,566</u>
Expenditures:				
Transportation:				
Personal Services	0	267,000	255,921	11,079
Materials and Supplies	139,000	145,442	141,150	4,292
Contractual Services	169,500	176,399	151,913	24,486
Capital Outlay	267,000	89,545	89,545	0
Total Expenditures	<u>575,500</u>	<u>678,386</u>	<u>638,529</u>	<u>39,857</u>
Net Change in Fund Balance	(52,500)	(155,386)	(26,963)	128,423
Fund Balance at Beginning of Year	131,201	131,201	131,201	0
Prior Year Encumbrances	110,401	110,401	110,401	0
Fund Balance at End of Year	<u>\$ 189,102</u>	<u>\$ 86,216</u>	<u>\$ 214,639</u>	<u>\$ 128,423</u>

CITY OF OREGON, 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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 40,000	\$ 40,000	\$ 48,075	\$ 8,075
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>48,075</u>	<u>8,075</u>
Expenditures:				
Transportation:				
Personal Services	<u>40,000</u>	<u>40,000</u>	<u>35,280</u>	<u>4,720</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>35,280</u>	<u>4,720</u>
Net Change in Fund Balance	0	0	12,795	12,795
Fund Balance at Beginning of Year	<u>14,222</u>	<u>14,222</u>	<u>14,222</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,222</u>	<u>\$ 14,222</u>	<u>\$ 27,017</u>	<u>\$ 12,795</u>

CITY OF OREGON, 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, 2003**

PERMISSIVE AUTO TAX FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 140,000	\$ 140,000	\$ 153,335	\$ 13,335
Total Revenues	<u>140,000</u>	<u>140,000</u>	<u>153,335</u>	<u>13,335</u>
Expenditures:				
Transportation:				
Contractual Services	0	385	0	385
Capital Outlay	<u>140,000</u>	<u>141,615</u>	<u>112,605</u>	<u>29,010</u>
Total Expenditures	<u>140,000</u>	<u>142,000</u>	<u>112,605</u>	<u>29,395</u>
Net Change in Fund Balance	0	(2,000)	40,730	42,730
Fund Balance at Beginning of Year	1,226	1,226	1,226	0
Prior Year Encumbrances	<u>2,385</u>	<u>2,385</u>	<u>2,385</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,611</u>	<u>\$ 1,611</u>	<u>\$ 44,341</u>	<u>\$ 42,730</u>

CITY OF OREGON, 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, 2003***

	POLICE FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 278,000	\$ 278,000	\$ 320,850	\$ 42,850
Intergovernmental Revenues	9,000	9,000	20,252	11,252
Total Revenues	<u>287,000</u>	<u>287,000</u>	<u>341,102</u>	<u>54,102</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	312,000	312,000	312,000	0
Contractual Services	1,500	1,694	567	1,127
Total Expenditures	<u>313,500</u>	<u>313,694</u>	<u>312,567</u>	<u>1,127</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,500)	(26,694)	28,535	55,229
Other Financing Sources (Uses):				
Transfers In	1,400	1,400	1,494	94
Total Other Financing Sources (Uses)	<u>1,400</u>	<u>1,400</u>	<u>1,494</u>	<u>94</u>
Net Change In Fund Balance	(25,100)	(25,294)	30,029	55,323
Fund Balance at Beginning of Year	49,919	49,919	49,919	0
Prior Year Encumbrances	194	194	194	0
Fund Balance at End of Year	<u>\$ 25,013</u>	<u>\$ 24,819</u>	<u>\$ 80,142</u>	<u>\$ 55,323</u>

CITY OF OREGON, 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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 6,000	\$ 6,000	\$ 70,966	\$ 64,966
All Other Revenues	8,400	8,400	8,394	(6)
Total Revenues	<u>14,400</u>	<u>14,400</u>	<u>79,360</u>	<u>64,960</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	14,950	12,133	9,707	2,426
Capital Outlay	21,000	55,030	55,030	0
Total Expenditures	<u>35,950</u>	<u>67,163</u>	<u>64,737</u>	<u>2,426</u>
Net Change in Fund Balance	(21,550)	(52,763)	14,623	67,386
Fund Balance at Beginning of Year	124,213	124,213	124,213	0
Prior Year Encumbrances	9,734	9,734	9,734	0
Fund Balance at End of Year	<u>\$ 112,397</u>	<u>\$ 81,184</u>	<u>\$ 148,570</u>	<u>\$ 67,386</u>

CITY OF OREGON, 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, 2003**

	DUI AND SEATBELT GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 51,000	\$ 51,000	\$ 38,362	\$ (12,638)
Total Revenues	<u>51,000</u>	<u>51,000</u>	<u>38,362</u>	<u>(12,638)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	50,000	25,971	25,843	128
Contractual Services	0	754	752	2
Capital Outlay	0	6,704	6,354	350
Total Expenditures	<u>50,000</u>	<u>33,429</u>	<u>32,949</u>	<u>480</u>
Net Change in Fund Balance	1,000	17,571	5,413	(12,158)
Fund Balance at Beginning of Year	<u>14,729</u>	<u>14,729</u>	<u>14,729</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,729</u>	<u>\$ 32,300</u>	<u>\$ 20,142</u>	<u>\$ (12,158)</u>

CITY OF OREGON, 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, 2003***

	<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:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>526</u>	<u>526</u>	<u>526</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 526</u></u>	<u><u>\$ 526</u></u>	<u><u>\$ 526</u></u>	<u><u>\$ 0</u></u>

CITY OF OREGON, 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, 2003**

	FIRE FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 148,000	\$ 148,000	\$ 159,179	\$ 11,179
Intergovernmental Revenues	3,000	3,000	6,575	3,575
All Other Revenues	24,000	24,000	32,376	8,376
Total Revenues	<u>175,000</u>	<u>175,000</u>	<u>198,130</u>	<u>23,130</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	24,000	13,670	10,188	3,482
Contractual Services	500	15,854	12,789	3,065
Capital Outlay	30,000	29,552	14,100	15,452
Total Expenditures	<u>54,500</u>	<u>59,076</u>	<u>37,077</u>	<u>21,999</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	120,500	115,924	161,053	45,129
Other Financing Sources (Uses):				
Transfers Out	(125,000)	(125,000)	(123,000)	2,000
Total Other Financing Sources (Uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>(123,000)</u>	<u>2,000</u>
Net Change in Fund Balance	(4,500)	(9,076)	38,053	47,129
Fund Balance at Beginning of Year	129,400	129,400	129,400	0
Prior Year Encumbrances	6,159	6,159	6,159	0
Fund Balance at End of Year	<u>\$ 131,059</u>	<u>\$ 126,483</u>	<u>\$ 173,612</u>	<u>\$ 47,129</u>

CITY OF OREGON, 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, 2003**

EMS OPERATING FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 632,061	\$ 632,061	\$ 632,061	\$ 0
All Other Revenues	0	0	274	274
Total Revenues	<u>632,061</u>	<u>632,061</u>	<u>632,335</u>	<u>274</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	728,600	728,600	718,600	10,000
Materials and Supplies	16,180	16,468	13,375	3,093
Contractual Services	32,700	32,738	29,596	3,142
Total Expenditures	<u>777,480</u>	<u>777,806</u>	<u>761,571</u>	<u>16,235</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(145,419)	(145,745)	(129,236)	16,509
Other Financing Sources (Uses):				
Transfers In	190,592	190,592	170,000	(20,592)
Transfers Out	(45,173)	(45,173)	(45,173)	0
Total Other Financing Sources (Uses)	<u>145,419</u>	<u>145,419</u>	<u>124,827</u>	<u>(20,592)</u>
Net Change in Fund Balance	0	(326)	(4,409)	(4,083)
Fund Balance at Beginning of Year	111,692	111,692	111,692	0
Prior Year Encumbrances	2,990	2,990	2,990	0
Fund Balance at End of Year	<u>\$ 114,682</u>	<u>\$ 114,356</u>	<u>\$ 110,273</u>	<u>\$ (4,083)</u>

CITY OF OREGON, 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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 1,500	\$ 1,500	\$ 2,905	\$ 1,405
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>2,905</u>	<u>1,405</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	1,500	1,500	2,905	1,405
Fund Balance at Beginning of Year	<u>17,354</u>	<u>17,354</u>	<u>17,354</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,854</u>	<u>\$ 18,854</u>	<u>\$ 20,259</u>	<u>\$ 1,405</u>

CITY OF OREGON, 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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 8,000	\$ 8,000	\$ 11,238	\$ 3,238
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>11,238</u>	<u>3,238</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	<u>20,000</u>	<u>20,000</u>	<u>3,744</u>	<u>16,256</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>3,744</u>	<u>16,256</u>
Net Change in Fund Balance	(12,000)	(12,000)	7,494	19,494
Fund Balance at Beginning of Year	<u>53,065</u>	<u>53,065</u>	<u>53,065</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 41,065</u>	<u>\$ 41,065</u>	<u>\$ 60,559</u>	<u>\$ 19,494</u>

CITY OF OREGON, 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, 2003***

RECREATION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 146,000	\$ 146,000	\$ 159,179	\$ 13,179
Intergovernmental Revenues	55,000	55,000	6,575	(48,425)
Charges for Services	164,000	164,000	160,641	(3,359)
All Other Revenues	5,500	5,500	725	(4,775)
Total Revenues	<u>370,500</u>	<u>370,500</u>	<u>327,120</u>	<u>(43,380)</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	380,035	383,414	352,806	30,608
Materials and Supplies	125,550	135,715	100,509	35,206
Contractual Services	116,300	116,576	96,392	20,184
Capital Outlay	76,950	102,176	97,503	4,673
Total Expenditures	<u>698,835</u>	<u>737,881</u>	<u>647,210</u>	<u>90,671</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(328,335)	(367,381)	(320,090)	47,291
Other Financing Sources (Uses):				
Transfers In	248,897	248,897	242,897	(6,000)
Total Other Financing Sources (Uses)	<u>248,897</u>	<u>248,897</u>	<u>242,897</u>	<u>(6,000)</u>
Net Change in Fund Balance	(79,438)	(118,484)	(77,193)	41,291
Fund Balance at Beginning of Year	92,033	92,033	92,033	0
Prior Year Encumbrances	30,782	30,782	30,782	0
Fund Balance at End of Year	<u>\$ 43,377</u>	<u>\$ 4,331</u>	<u>\$ 45,622</u>	<u>\$ 41,291</u>

CITY OF OREGON, 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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 50,000	\$ 50,000	\$ 48,365	\$ (1,635)
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>48,365</u>	<u>(1,635)</u>
Expenditures:				
General Government:				
Contractual Services	165,000	45,864	40,621	5,243
Capital Outlay	<u>0</u>	<u>37,717</u>	<u>37,717</u>	<u>0</u>
Total Expenditures	<u>165,000</u>	<u>83,581</u>	<u>78,338</u>	<u>5,243</u>
Net Change in Fund Balance	(115,000)	(33,581)	(29,973)	3,608
Fund Balance at Beginning of Year	166,457	166,457	166,457	0
Prior Year Encumbrances	<u>5,605</u>	<u>5,605</u>	<u>5,605</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 57,062</u>	<u>\$ 138,481</u>	<u>\$ 142,089</u>	<u>\$ 3,608</u>

CITY OF OREGON, 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, 2003***

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 70,000	\$ 85,789	\$ 73,976	\$ (11,813)
All Other Revenues	1,000	3,500	3,554	54
Total Revenues	<u>71,000</u>	<u>89,289</u>	<u>77,530</u>	<u>(11,759)</u>
Expenditures:				
Community Environment:				
Materials and Supplies	1,000	1,000	442	558
Contractual Services	17,300	28,221	20,630	7,591
Capital Outlay	15,000	60,200	60,200	0
Total Expenditures	<u>33,300</u>	<u>89,421</u>	<u>81,272</u>	<u>8,149</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,700	(132)	(3,742)	(3,610)
Other Financing Sources (Uses):				
Transfers Out	(45,200)	0	0	0
Total Other Financing Sources (Uses)	<u>(45,200)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(7,500)	(132)	(3,742)	(3,610)
Fund Balance at Beginning of Year	8,610	8,610	8,610	0
Prior Year Encumbrances	1,521	1,521	1,521	0
Fund Balance at End of Year	<u>\$ 2,631</u>	<u>\$ 9,999</u>	<u>\$ 6,389</u>	<u>\$ (3,610)</u>

CITY OF OREGON, 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, 2003**

	SOLID WASTE, BONDS AND C.I.P. FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Municipal Income Taxes	\$ 1,240,000	\$ 1,240,000	\$ 1,337,369	\$ 97,369
Intergovernmental Revenues	60,000	60,000	61,945	\$ 1,945
All Other Revenues	0	0	18,710	18,710
Total Revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,418,024</u>	<u>118,024</u>
Expenditures:				
General Government:				
Contractual Services	525,000	601,162	596,602	4,560
Capital Outlay	730,000	827,807	820,445	7,362
Total Expenditures	<u>1,255,000</u>	<u>1,428,969</u>	<u>1,417,047</u>	<u>11,922</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,000	(128,969)	977	129,946
Other Financing Sources (Uses):				
Transfers Out	(480,576)	(315,776)	(315,776)	0
Total Other Financing Sources (Uses)	<u>(480,576)</u>	<u>(315,776)</u>	<u>(315,776)</u>	<u>0</u>
Net Change in Fund Balance	(435,576)	(444,745)	(314,799)	129,946
Fund Balance at Beginning of Year	344,395	344,395	344,395	0
Prior Year Encumbrances	427,494	427,494	427,494	0
Fund Balance at End of Year	<u>\$ 336,313</u>	<u>\$ 327,144</u>	<u>\$ 457,090</u>	<u>\$ 129,946</u>

CITY OF OREGON, 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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 160,000	\$ 160,000	\$ 210,613	\$ 50,613
Total Revenues	<u>160,000</u>	<u>160,000</u>	<u>210,613</u>	<u>50,613</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	3,500	3,500	2,869	631
Contractual Services	115,000	161,750	148,718	13,032
Capital Outlay	<u>7,000</u>	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Total Expenditures	<u>125,500</u>	<u>172,250</u>	<u>151,587</u>	<u>20,663</u>
Net Change in Fund Balance	34,500	(12,250)	59,026	71,276
Fund Balance at Beginning of Year	333,845	333,845	333,845	0
Prior Year Encumbrances	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 371,845</u>	<u>\$ 325,095</u>	<u>\$ 396,371</u>	<u>\$ 71,276</u>

CITY OF OREGON, 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, 2003***

REVOLVING LOAN FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 500,000	\$ 250,226	\$ (249,774)
Total Revenues	<u>0</u>	<u>500,000</u>	<u>250,226</u>	<u>(249,774)</u>
Expenditures:				
Contractual Services	0	500,000	260,226	239,774
Total Expenditures	<u>0</u>	<u>500,000</u>	<u>260,226</u>	<u>239,774</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(10,000)	(10,000)
Other Financing Sources (Uses):				
Transfers In	0	0	10,000	10,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF OREGON, 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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 50,000	\$ 50,000	\$ 44,426	\$ (5,574)
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>44,426</u>	<u>(5,574)</u>
Expenditures:				
General Government:				
Contractual Services	95,000	32,921	29,518	3,403
Capital Outlay	<u>0</u>	<u>775</u>	<u>775</u>	<u>0</u>
Total Expenditures	<u>95,000</u>	<u>33,696</u>	<u>30,293</u>	<u>3,403</u>
Net Change in Fund Balance	(45,000)	16,304	14,133	(2,171)
Fund Balance at Beginning of Year	111,929	111,929	111,929	0
Prior Year Encumbrances	<u>20,720</u>	<u>20,720</u>	<u>20,720</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 87,649</u>	<u>\$ 148,953</u>	<u>\$ 146,782</u>	<u>\$ (2,171)</u>

CITY OF OREGON, 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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 252,300	\$ 252,300	\$ 99,541	\$ (152,759)
Charges for Services	0	0	22,040	22,040
Total Revenues	<u>252,300</u>	<u>252,300</u>	<u>121,581</u>	<u>(130,719)</u>
Expenditures:				
Community Environment:				
Personal Services	14,900	14,900	8,401	6,499
Materials and Supplies	1,000	1,000	492	508
Contractual Services	42,400	79,803	64,859	14,944
Capital Outlay	<u>200,000</u>	<u>140,630</u>	<u>133,882</u>	<u>6,748</u>
Total Expenditures	<u>258,300</u>	<u>236,333</u>	<u>207,634</u>	<u>28,699</u>
Net Change in Fund Balance	(6,000)	15,967	(86,053)	(102,020)
Fund Balance at Beginning of Year	245,112	245,112	245,112	0
Prior Year Encumbrances	<u>3,747</u>	<u>3,747</u>	<u>3,747</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 242,859</u>	<u>\$ 264,826</u>	<u>\$ 162,806</u>	<u>\$ (102,020)</u>

CITY OF OREGON, 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, 2003**

LOCAL LAW ENFORCEMENT BLOCK GRANT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 14,771	\$ 14,771	\$ 0	\$ (14,771)
Investment Earnings	0	0	462	462
Total Revenues	<u>14,771</u>	<u>14,771</u>	<u>462</u>	<u>(14,309)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	16,000	26,934	17,410	9,524
Materials and Supplies	412	412	210	202
Total Expenditures	<u>16,412</u>	<u>27,346</u>	<u>17,620</u>	<u>9,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,641)	(12,575)	(17,158)	(4,583)
Other Financing Sources (Uses):				
Transfers In	1,641	1,641	1,641	0
Total Other Financing Sources (Uses)	<u>1,641</u>	<u>1,641</u>	<u>1,641</u>	<u>0</u>
Net Change in Fund Balance	0	(10,934)	(15,517)	(4,583)
Fund Balance at Beginning of Year	<u>21,283</u>	<u>21,283</u>	<u>21,283</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,283</u>	<u>\$ 10,349</u>	<u>\$ 5,766</u>	<u>\$ (4,583)</u>

CITY OF OREGON, 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, 2003***

STORM SEWER PROJECT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Municipal Income Taxes	\$ 612,000	\$ 612,000	\$ 665,455	\$ 53,455
Total Revenues	<u>612,000</u>	<u>612,000</u>	<u>665,455</u>	<u>53,455</u>
Expenditures:				
Basic Utility Services:				
Personal Services	0	175,000	147,194	27,806
Contractual Services	170,000	90,000	74,882	15,118
Capital Outlay	150,000	50,000	48,100	1,900
Total Expenditures	<u>320,000</u>	<u>315,000</u>	<u>270,176</u>	<u>44,824</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	292,000	297,000	395,279	98,279
Other Financing Sources (Uses):				
Transfers Out	(123,143)	(55,143)	(55,143)	0
Total Other Financing Sources (Uses)	<u>(123,143)</u>	<u>(55,143)</u>	<u>(55,143)</u>	<u>0</u>
Net Change in Fund Balance	168,857	241,857	340,136	98,279
Fund Balance at Beginning of Year	794,070	794,070	794,070	0
Prior Year Encumbrances	35,000	35,000	35,000	0
Fund Balance at End of Year	<u>\$ 997,927</u>	<u>\$ 1,070,927</u>	<u>\$ 1,169,206</u>	<u>\$ 98,279</u>

CITY OF OREGON, 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, 2003***

	CEDAR POINT DEVELOPMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>22,057</u>	<u>22,057</u>	<u>22,057</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 22,057</u></u>	<u><u>\$ 22,057</u></u>	<u><u>\$ 22,057</u></u>	<u><u>\$ 0</u></u>

CITY OF OREGON, 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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 13,000	\$ 13,000	\$ 13,848	\$ 848
Total Revenues	<u>13,000</u>	<u>13,000</u>	<u>13,848</u>	<u>848</u>
Expenditures:				
General Government:				
Contractual Services	<u>20,000</u>	<u>20,886</u>	<u>14,498</u>	<u>6,388</u>
Total Expenditures	<u>20,000</u>	<u>20,886</u>	<u>14,498</u>	<u>6,388</u>
Net Change in Fund Balance	(7,000)	(7,886)	(650)	7,236
Fund Balance at Beginning of Year	16,177	16,177	16,177	0
Prior Year Encumbrances	<u>2,688</u>	<u>2,688</u>	<u>2,688</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,865</u>	<u>\$ 10,979</u>	<u>\$ 18,215</u>	<u>\$ 7,236</u>

CITY OF OREGON, 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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 3,000	\$ 3,000	\$ 4,230	\$ 1,230
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>4,230</u>	<u>1,230</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>10,000</u>	<u>10,000</u>	<u>849</u>	<u>9,151</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>849</u>	<u>9,151</u>
Net Change in Fund Balance	(7,000)	(7,000)	3,381	10,381
Fund Balance at Beginning of Year	<u>17,467</u>	<u>17,467</u>	<u>17,467</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,467</u>	<u>\$ 10,467</u>	<u>\$ 20,848</u>	<u>\$ 10,381</u>

CITY OF OREGON, 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, 2003***

POLICE GRANTS FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 37,425	\$ 60,740	\$ 49,268	\$ (11,472)
Total Revenues	<u>37,425</u>	<u>60,740</u>	<u>49,268</u>	<u>(11,472)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	2,400	3,775	3,700	75
Contractual Services	47,500	75,498	74,085	1,413
Capital Outlay	0	1,319	1,319	0
Total Expenditures	<u>49,900</u>	<u>80,592</u>	<u>79,104</u>	<u>1,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,475)	(19,852)	(29,836)	(9,984)
Other Financing Sources (Uses):				
Transfers In	12,475	12,475	24,787	12,312
Total Other Financing Sources (Uses)	<u>12,475</u>	<u>12,475</u>	<u>24,787</u>	<u>12,312</u>
Net Change in Fund Balance	0	(7,377)	(5,049)	2,328
Fund Balance at Beginning of Year	4,673	4,673	4,673	0
Prior Year Encumbrances	6,050	6,050	6,050	0
Fund Balance at End of Year	<u>\$ 10,723</u>	<u>\$ 3,346</u>	<u>\$ 5,674</u>	<u>\$ 2,328</u>

CITY OF OREGON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2003**

GENERAL OBLIGATION BOND RETIREMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	399,100	398,500	398,500	0
Interest and Fiscal Charges	184,597	185,197	184,882	315
Total Expenditures	<u>583,697</u>	<u>583,697</u>	<u>583,382</u>	<u>315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(583,697)	(583,697)	(583,382)	315
Other Financing Sources (Uses):				
Transfers In	583,697	583,697	583,697	0
Total Other Financing Sources (Uses)	<u>583,697</u>	<u>583,697</u>	<u>583,697</u>	<u>0</u>
Net Change in Fund Balance	0	0	315	315
Fund Balance at Beginning of Year	1,699	1,699	1,699	0
Fund Balance at End of Year	<u>\$ 1,699</u>	<u>\$ 1,699</u>	<u>\$ 2,014</u>	<u>\$ 315</u>

CITY OF OREGON, 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, 2003***

FIRE PUMPER EQUIPMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	0	1,288	987	301
Debt Service:				
Principal Retirement	460,000	460,000	460,000	0
Interest and Fiscal Charges	11,868	11,868	11,868	0
Total Expenditures	<u>471,868</u>	<u>473,156</u>	<u>472,855</u>	<u>301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(471,868)	(473,156)	(472,855)	301
Other Financing Sources (Uses):				
Sale of General Obligation Notes	350,000	350,000	350,000	0
Transfers In	125,000	125,000	123,000	(2,000)
Total Other Financing Sources (Uses)	<u>475,000</u>	<u>475,000</u>	<u>473,000</u>	<u>(2,000)</u>
Net Change in Fund Balance	3,132	1,844	145	(1,699)
Fund Balance at Beginning of Year	<u>185</u>	<u>185</u>	<u>185</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,317</u>	<u>\$ 2,029</u>	<u>\$ 330</u>	<u>\$ (1,699)</u>

CITY OF OREGON, 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, 2003**

	STREET / RECREATION BUILDING FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 295,200	\$ 295,200	\$ 247,892	\$ (47,308)
All Other Revenues	0	0	203	203
Total Revenues	<u>295,200</u>	<u>295,200</u>	<u>248,095</u>	<u>(47,105)</u>
Expenditures:				
Capital Outlay	360,000	264,516	264,516	0
Total Expenditures	<u>360,000</u>	<u>264,516</u>	<u>264,516</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,800)	30,684	(16,421)	(47,105)
Other Financing Sources (Uses):				
Transfers In	64,800	64,800	0	(64,800)
Total Other Financing Sources (Uses)	<u>64,800</u>	<u>64,800</u>	<u>0</u>	<u>(64,800)</u>
Net Change in Fund Balance	0	95,484	(16,421)	(111,905)
Fund Balance at Beginning of Year	114,486	114,486	114,486	0
Prior Year Encumbrances	24,247	24,247	24,247	0
Fund Balance at End of Year	<u>\$ 138,733</u>	<u>\$ 234,217</u>	<u>\$ 122,312</u>	<u>\$ (111,905)</u>

CITY OF OREGON, 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, 2003***

	<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:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>61,214</u>	<u>61,214</u>	<u>61,214</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 61,214</u></u>	<u><u>\$ 61,214</u></u>	<u><u>\$ 61,214</u></u>	<u><u>\$ 0</u></u>

CITY OF OREGON, 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, 2003**

WATER CONSTRUCTION FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	312,000	145,023	128,212	16,811
Total Expenditures	312,000	145,023	128,212	16,811
Excess (Deficiency) of Revenues Over (Under) Expenditures	(312,000)	(145,023)	(128,212)	16,811
Other Financing Sources (Uses):				
Transfers In	803,100	803,100	803,100	0
Transfers Out	(1,156,044)	(1,077,115)	(1,074,830)	2,285
Total Other Financing Sources (Uses)	(352,944)	(274,015)	(271,730)	2,285
Net Change in Fund Balance	(664,944)	(419,038)	(399,942)	19,096
Fund Balance at Beginning of Year	3,535,094	3,535,094	3,535,094	0
Prior Year Encumbrances	88,807	88,807	88,807	0
Fund Balance at End of Year	<u>\$ 2,958,957</u>	<u>\$ 3,204,863</u>	<u>\$ 3,223,959</u>	<u>\$ 19,096</u>

CITY OF OREGON, 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, 2003***

SEWER CONSTRUCTION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	\$ 0	\$ 0	\$ 1,000	\$ 1,000
Total Revenues	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>
Expenditures:				
Capital Outlay	210,000	241,936	50,376	191,560
Total Expenditures	<u>210,000</u>	<u>241,936</u>	<u>50,376</u>	<u>191,560</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(210,000)	(241,936)	(49,376)	192,560
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	20,276	20,276
Transfers In	803,100	803,100	803,100	0
Transfers Out	(946,993)	(907,159)	(819,279)	87,880
Total Other Financing Sources (Uses)	<u>(143,893)</u>	<u>(104,059)</u>	<u>4,097</u>	<u>108,156</u>
Net Change in Fund Balance	(353,893)	(345,995)	(45,279)	300,716
Fund Balance at Beginning of Year	2,710,547	2,710,547	2,710,547	0
Prior Year Encumbrances	31,937	31,937	31,937	0
Fund Balance at End of Year	<u>\$ 2,388,591</u>	<u>\$ 2,396,489</u>	<u>\$ 2,697,205</u>	<u>\$ 300,716</u>

CITY OF OREGON, 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, 2003**

STORM SEWER CONSTRUCTION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	0	92,157	92,156	1
Total Expenditures	0	92,157	92,156	1
Net Change in Fund Balance	0	(92,157)	(92,156)	1
Fund Balance at Beginning of Year	78,657	78,657	78,657	0
Prior Year Encumbrances	90,567	90,567	90,567	0
Fund Balance at End of Year	<u>\$ 169,224</u>	<u>\$ 77,067</u>	<u>\$ 77,068</u>	<u>\$ 1</u>

CITY OF OREGON, 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, 2003**

STREET CONSTRUCTION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 457,279	\$ 457,279	\$ 163,463	\$ (293,816)
Total Revenues	<u>457,279</u>	<u>457,279</u>	<u>163,463</u>	<u>\$ (293,816)</u>
Expenditures:				
Capital Outlay	675,500	244,747	244,361	386
Debt Service:				
Principal Retirement	980,000	980,000	980,000	0
Interest and Fiscal Charges	29,564	28,577	25,284	3,293
Total Expenditures	<u>1,685,064</u>	<u>1,253,324</u>	<u>1,249,645</u>	<u>3,679</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,227,785)	(796,045)	(1,086,182)	(290,137)
Other Financing Sources (Uses):				
Sale of General Obligation Notes	880,000	880,000	880,000	0
Sale of OPWC Loans	27,785	27,785	27,786	1
Total Other Financing Sources (Uses)	<u>907,785</u>	<u>907,785</u>	<u>907,786</u>	<u>1</u>
Net Change in Fund Balance	(320,000)	111,740	(178,396)	(290,136)
Fund Balance at Beginning of Year	218,032	218,032	218,032	0
Prior Year Encumbrances	222,956	222,956	222,956	0
Fund Balance at End of Year	<u>\$ 120,988</u>	<u>\$ 552,728</u>	<u>\$ 262,592</u>	<u>\$ (290,136)</u>

CITY OF OREGON, 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, 2003***

SPECIAL ASSESSMENT - DUSTIN ROAD FUND

	<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:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>1,402</u>	<u>1,402</u>	<u>1,402</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,402</u></u>	<u><u>\$ 1,402</u></u>	<u><u>\$ 1,402</u></u>	<u><u>\$ 0</u></u>

CITY OF OREGON, 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, 2003***

ECONOMIC DEVELOPMENT ASSESSMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	5,745	5,745	5,745	0
Fund Balance at End of Year	<u>\$ 5,745</u>	<u>\$ 5,745</u>	<u>\$ 5,745</u>	<u>\$ 0</u>

CITY OF OREGON, 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, 2003**

PARKLAND ACQUISITION FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	325,000	419,969	419,969	0
Total Expenditures	325,000	419,969	419,969	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(325,000)	(419,969)	(419,969)	0
Other Financing Sources (Uses):				
Sale of General Obligation Notes	175,000	270,000	270,000	0
Total Other Financing Sources (Uses)	175,000	270,000	270,000	0
Net Change in Fund Balance	(150,000)	(149,969)	(149,969)	0
Fund Balance at Beginning of Year	150,000	150,000	150,000	0
Fund Balance at End of Year	\$ 0	\$ 31	\$ 31	\$ 0

CITY OF OREGON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 3,978	\$ 1,978
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>3,978</u>	<u>1,978</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	2,000	2,000	3,978	1,978
Fund Balance at Beginning of Year	<u>73,742</u>	<u>73,742</u>	<u>73,742</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 75,742</u>	<u>\$ 75,742</u>	<u>\$ 77,720</u>	<u>\$ 1,978</u>

CITY OF OREGON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2003***

	DUNBAR TRUST FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Investment Earnings	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 212</u>	<u>\$ 12</u>
Total Revenues	<u>200</u>	<u>200</u>	<u>212</u>	<u>12</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	200	200	212	12
Fund Balance at Beginning of Year	<u>3,926</u>	<u>3,926</u>	<u>3,926</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,126</u>	<u>\$ 4,126</u>	<u>\$ 4,138</u>	<u>\$ 12</u>

Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis.

Self Insurance Dental Fund

To account for funds designated for payment, by contract, of administration, claims and reserves for the self insurance program.

Workers' Compensation Fund

To account for funds reserved for potential liability for workers' compensation and payment of actual workers' compensation claims.

Medical Spending Fund

To account for deposits from employees for the Flex Benefit/Cafeteria Plan and reimbursements to employees for said purposes.

CITY OF OREGON, OHIO

***Combining Statement of Net Assets
Internal Service Funds
December 31, 2003***

	<u>Self-Insurance Dental</u>	<u>Workers' Compensation</u>	<u>Medical Spending</u>	<u>Total</u>
Assets:				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 39,017	\$ 432,747	\$ 7,490	\$ 479,254
Prepaid Items	0	800	0	800
Total Assets	<u>39,017</u>	<u>433,547</u>	<u>7,490</u>	<u>480,054</u>
Liabilities:				
<i>Current Liabilities:</i>				
Workers Compensation Liability	0	236,983	0	236,983
Total Liabilities	<u>0</u>	<u>236,983</u>	<u>0</u>	<u>236,983</u>
Net Assets:				
Unrestricted	<u>39,017</u>	<u>196,564</u>	<u>7,490</u>	<u>243,071</u>
Total Net Assets	<u>\$ 39,017</u>	<u>\$ 196,564</u>	<u>\$ 7,490</u>	<u>\$ 243,071</u>

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2003**

	Self-Insurance Dental	Workers' Compensation	Medical Spending	Total
Operating Revenues:				
Charges for Services	\$ 29,463	\$ 0	\$ 26,546	\$ 56,009
Other Operating Revenue	0	5,537	0	5,537
Total Operating Revenues	29,463	5,537	26,546	61,546
Operating Expenses:				
Personal Services	11,554	0	25,311	36,865
Total Operating Expenses	11,554	0	25,311	36,865
Change in Net Assets	17,909	5,537	1,235	24,681
Net Assets Beginning of Year	21,108	191,027	6,255	218,390
Net Assets End of Year	\$ 39,017	\$ 196,564	\$ 7,490	\$ 243,071

CITY OF OREGON, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2003***

	Self- Insurance Dental	Workers' Compensation	Medical Spending	Totals
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$29,463	\$5,519	\$26,546	\$61,528
Cash Payments to Employees	(11,554)	(800)	(25,311)	(37,665)
Net Cash Provided by Operating Activities	17,909	4,719	1,235	23,863
<u>Cash Flows from Investing Activities:</u>				
Sale of Investments	0	425,889	0	425,889
Net Cash Provided by Investing Activities	0	425,889	0	425,889
Net Increase in Cash and Cash Equivalents	17,909	430,608	1,235	449,752
Cash and Cash Equivalents at Beginning of Year	21,108	2,139	6,255	29,502
Cash and Cash Equivalents at End of Year	<u>\$39,017</u>	<u>\$432,747</u>	<u>\$7,490</u>	<u>\$479,254</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>				
Operating Income	\$17,909	\$5,537	\$1,235	\$24,681
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Changes in Assets and Liabilities:				
Decrease in Prepaid Items	0	(800)	0	(800)
Decrease in Workers' Compensation Liability	0	(18)	0	(18)
Total Adjustments	0	(818)	0	(818)
Net Cash Provided by Operating Activities	<u>\$17,909</u>	<u>\$4,719</u>	<u>\$1,235</u>	<u>\$23,863</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 Funds

Ohio Board of Building Standards Assessment Fund

To account for funds from the three percent (3%) fees as required by Ohio Revised Code.

Income Tax Joint District Fund

To account for income tax funds to be distributed between the City of Oregon and the City of Northwood.

Lucas County Water Collection Fund

To account for a portion of the revenue from Lucas County (outside Oregon) users of Oregon water. Expenditures may only be used for contractually agreed upon payment to Lucas County and for contractually agreed upon payment for capitalization costs of the Water Plant Construction Fund.

Municipal Court Fund

To account for funds that flow through the municipal court office.

CITY OF OREGON, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2003**

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
<u>Ohio Board of Building Standards Assessment</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$36	\$2,426	(\$2,237)	\$225
Total Assets	<u>\$36</u>	<u>\$2,426</u>	<u>(\$2,237)</u>	<u>\$225</u>
Liabilities:				
Intergovernmental Payables	\$36	\$2,426	(\$2,237)	\$225
Total Liabilities	<u>\$36</u>	<u>\$2,426</u>	<u>(\$2,237)</u>	<u>\$225</u>
<u>Income Tax Joint District Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$16,933	\$30,885	(\$30,864)	\$16,954
Total Assets	<u>\$16,933</u>	<u>\$30,885</u>	<u>(\$30,864)</u>	<u>\$16,954</u>
Liabilities:				
Intergovernmental Payables	\$16,933	\$30,885	(\$30,864)	\$16,954
Total Liabilities	<u>\$16,933</u>	<u>\$30,885</u>	<u>(\$30,864)</u>	<u>\$16,954</u>
<u>Lucas County Water Collection Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$14,015	\$41,420	(\$41,136)	\$14,299
Total Assets	<u>\$14,015</u>	<u>\$41,420</u>	<u>(\$41,136)</u>	<u>\$14,299</u>
Liabilities:				
Intergovernmental Payables	\$14,015	\$41,420	(\$41,136)	\$14,299
Total Liabilities	<u>\$14,015</u>	<u>\$41,420</u>	<u>(\$41,136)</u>	<u>\$14,299</u>
<u>Municipal Court Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$27,696	\$908,274	(\$912,096)	\$23,874
Total Assets	<u>\$27,696</u>	<u>\$908,274</u>	<u>(\$912,096)</u>	<u>\$23,874</u>
Liabilities:				
Due to Others	\$27,696	\$908,274	(\$912,096)	\$23,874
Total Liabilities	<u>\$27,696</u>	<u>\$908,274</u>	<u>(\$912,096)</u>	<u>\$23,874</u>
<u>Totals - All Agency Funds</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$58,680	\$983,005	(\$986,333)	\$55,352
Total Assets	<u>\$58,680</u>	<u>\$983,005</u>	<u>(\$986,333)</u>	<u>\$55,352</u>
Liabilities:				
Intergovernmental Payables	\$30,984	\$74,731	(\$74,237)	\$31,478
Due to Others	27,696	908,274	(912,096)	23,874
Total Liabilities	<u>\$58,680</u>	<u>\$983,005</u>	<u>(\$986,333)</u>	<u>\$55,352</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*



City of Opportunity

CITY OF OREGON, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2003***

<u>Capital Assets</u>	
Land	\$5,230,927
Buildings and Improvements	7,287,555
Machinery and Equipment	4,188,177
Vehicles	5,136,326
Infrastructure	38,917,183
Construction in Progress	<u>767,762</u>
Total Capital Assets	<u>\$61,527,930</u>
<u>Investment in General Fixed Assets</u>	
General Fund	\$10,204,982
Special Revenue Funds	2,958,363
Capital Projects Funds	46,853,643
Proprietary Funds	410,307
Grants	589,457
Donations	<u>511,178</u>
Total Investment in Capital Assets	<u>\$61,527,930</u>

CITY OF OREGON, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2003**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>
<u>General Government:</u>			
Municipal Complex	\$304,937	\$3,068,006	\$195
Council	0	0	1,158
Mayor / Civil Service Administrator	0	0	1,198
Finance Director	635,362	0	8,975
Income Tax	0	5,930	145,490
Data Processing	0	3,899	45,863
Municipal Court	0	639,468	266,572
Miscellaneous	274,187	65,912	190,347
Total	<u>1,214,486</u>	<u>3,783,215</u>	<u>1,234,841</u>
<u>Security of Persons and Property:</u>			
Police	1,600	270,434	938,129
Fire	48,139	1,413,514	970,011
Total	<u>49,739</u>	<u>1,683,948</u>	<u>1,908,140</u>
<u>Transportation:</u>			
Service Director	0	1,028	49,680
Street	1,595,020	698,746	466,297
Total	<u>1,595,020</u>	<u>699,774</u>	<u>515,977</u>
<u>Leisure Time Activities:</u>			
Parks and Recreation	<u>2,264,791</u>	<u>946,649</u>	<u>348,086</u>
<u>Community Environment:</u>			
Inspection	0	92,714	16,114
Tree Commission	100,441	0	3,024
Total	<u>100,441</u>	<u>92,714</u>	<u>19,138</u>
<u>Public Health and Welfare:</u>			
Cemetery	6,450	81,255	161,995
Total Capital Assets	<u>\$5,230,927</u>	<u>\$7,287,555</u>	<u>\$4,188,177</u>

CITY OF OREGON, OHIO

Vehicles	Infrastructure	Construction in Progress	Total
\$0	\$0	\$0	\$3,373,138
0	0	0	1,158
0	0	0	1,198
0	0	0	8,975
0	0	0	780,852
0	0	0	51,793
0	0	0	270,471
0	0	0	829,815
0	0	334,166	1,249,308
0	0	334,166	6,566,708
665,804	0	0	1,875,967
2,580,879	0	19,450	5,031,993
3,246,683	0	19,450	6,907,960
343,659	0	0	394,367
1,317,272	38,917,183	46,745	43,041,263
1,660,931	38,917,183	46,745	43,435,630
80,061	0	357,095	3,996,682
96,976	0	0	205,804
2,897	0	0	106,362
99,873	0	0	312,166
48,778	0	10,306	308,784
<u>\$5,136,326</u>	<u>\$38,917,183</u>	<u>\$767,762</u>	<u>\$61,527,930</u>

CITY OF OREGON, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2003**

Function and Activity	Restated December 31, 2002	Additions	Deletions	December 31, 2003
General Government:				
Municipal Complex	\$3,373,138	\$0	\$0	\$3,373,138
Council	1,158	0	0	1,158
Mayor / Civil Service	1,198	0	0	1,198
Administrator	8,975	0	0	8,975
Finance Director	780,852	0	0	780,852
Income Tax	51,793	0	0	51,793
Data Processing	278,277	0	(7,806)	270,471
Municipal Court	807,251	22,564	0	829,815
Miscellaneous	1,142,809	106,499	0	1,249,308
Total	6,445,451	129,063	(7,806)	6,566,708
Security of Persons and Property:				
Police	1,825,662	54,605	(4,300)	1,875,967
Fire	4,977,938	54,055	0	5,031,993
Total	6,803,600	108,660	(4,300)	6,907,960
Transportation:				
Service Director	394,367	0	0	394,367
Street	42,821,080	306,927	(86,744)	43,041,263
Total	43,215,447	306,927	(86,744)	43,435,630
Leisure Time Activities:				
Parks and Recreation	3,337,116	659,566	0	3,996,682
Community Environment:				
Inspection	205,804	0	0	205,804
Tree Commission	106,362	0	0	106,362
Total	312,166	0	0	312,166
Public Health and Welfare:				
Cemetery	308,784	0	0	308,784
Total Capital Assets	\$60,422,564	\$1,204,216	(\$98,850)	\$61,527,930

STATISTICAL SECTION



City of Opportunity

STATISTICAL TABLES

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

CITY OF OREGON, OHIO

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS**

Year	Security of Persons and Property	Public Health and Welfare Services	Leisure Time Activities	Community Environment	Basic Utility Services	Trans- portation	General Government	Debt Service	Other	Total
1994	\$5,391,818	\$322,007	\$352,986	\$394,803	\$238,195	\$2,593,945	\$2,707,042	\$524,021	\$15,256	\$12,540,073
1995	5,647,996	277,473	473,047	1,032,051	140,847	3,056,061	2,663,379	522,549	0	13,813,403
1996	6,170,972	362,120	446,946	419,396	144,538	3,057,246	3,122,224	369,848	0	14,093,290
1997	7,098,292	391,833	541,330	734,679	143,831	3,278,845	3,050,147	352,676	0	15,591,633
1998	6,522,915	395,950	522,753	1,502,212	371,875	2,996,623	2,789,600	469,671	0	15,571,599
1999	6,860,675	388,490	555,226	1,457,666	194,758	2,926,273	3,002,537	523,200	0	15,908,825
2000	6,957,408	321,370	754,951	905,692	151,747	3,134,325	3,481,355	554,476	0	16,261,324
2001	7,513,265	380,507	657,027	737,466	427,119	3,368,708	3,537,508	605,949	0	17,227,549
2002	8,277,181	353,550	689,201	847,210	139,851	3,380,881	3,730,573	1,560,687	0	18,979,134
2003	8,213,280	371,624	631,629	1,179,300	329,707	2,749,407	4,013,125	1,583,427	0	19,071,499

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

CITY OF OREGON, OHIO

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

Year	Taxes	Inter-Governmental Revenues	Charges for Services	Fines and Forfeitures/ Licenses, Permits and Fees	Investment Earnings	Special Assessments	All Other	Total
1994	\$10,157,047	\$2,321,180	\$409,554	\$474,929	\$463,757	\$589,077	\$69,721	\$14,485,265
1995	10,375,709	3,086,515	348,908	504,217	752,477	585,386	58,805	15,712,017
1996	10,418,179	2,579,640	481,663	514,958	897,970	458,949	108,615	15,459,974
1997	11,005,965	2,753,923	796,900	528,829	1,008,928	475,607	81,171	16,651,323
1998	12,373,636	3,104,223	949,862	663,463	871,315	562,715	165,158	18,690,372
1999	13,035,879	3,559,490	562,785	706,976	983,567	484,113	91,746	19,424,556
2000	12,448,957	3,341,693	627,286	635,435	1,083,496	457,923	75,110	18,669,900
2001	17,118,366	3,275,389	689,601	693,642	1,096,332	487,447	129,541	23,490,318
2002	13,006,783	3,440,070	615,488	844,311	873,423	502,159	84,086	19,366,320
2003	13,325,719	3,461,617	670,731	744,142	580,183	681,163	118,801	19,582,356

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

CITY OF OREGON, OHIO

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

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
1994	\$863,190	\$792,346	\$69,898	\$862,244	99.89%	\$46,227	5.36%
1995	864,000	815,148	47,799	862,947	99.88%	56,904	6.59%
1996	863,997	867,445	12,782	880,227	101.88%	39,725	4.60%
1997	1,224,000	1,214,550	31,405	1,245,955	101.79%	42,333	3.46%
1998	1,364,916	1,340,215	34,136	1,374,351	100.69%	30,225	2.21%
1999	1,378,000	1,361,901	154,179	1,516,080	110.02%	30,091	2.18%
2000	1,402,500	1,381,205	48,976	1,430,181	101.97%	29,889	2.13%
2001	1,973,000	1,441,216	144,183	1,585,399	80.35%	52,567	2.66%
2002	1,446,409	1,379,930	30,319	1,410,249	97.50%	72,320	5.00%
2003	1,421,373	1,407,160	112,828	1,519,988	106.94%	115,522	8.13%

Source: Lucas County Auditor

**TANGIBLE TAX COLLECTED
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1994	\$394,879
1995	314,317
1996	331,448
1997	342,350
1998	375,235
1999	502,731
2000	417,687
2001	466,655
2002	392,175
2003	492,682

Source: Lucas County Auditor

CITY OF OREGON, OHIO

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

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1994	\$222,230,170	\$634,943,343	\$87,816,760	\$99,791,773	\$110,038,202	\$440,152,808	\$420,085,132	\$1,174,887,924	35.76%
1995	227,618,400	650,338,286	89,269,180	101,442,250	89,493,915	344,207,365	406,381,495	1,095,987,901	37.08%
1996	232,962,860	665,608,171	95,241,070	108,228,489	96,804,733	387,218,932	425,008,663	1,161,055,592	36.61%
1997	267,195,920	763,416,914	90,991,610	103,399,557	102,404,075	409,616,300	460,591,605	1,276,432,771	36.08%
1998	274,967,220	785,620,629	91,808,030	104,327,307	107,685,579	430,742,316	474,460,829	1,320,690,252	35.93%
1999	283,472,680	826,246,686	87,082,370	92,464,443	90,095,364	360,381,456	460,650,414	1,279,092,585	36.01%
2000	344,472,900	984,208,286	87,399,690	99,317,830	119,988,283	479,953,132	551,860,873	1,563,479,248	35.30%
2001	362,119,680	1,034,627,657	43,975,230	49,971,852	126,532,646	506,130,584	532,627,556	1,590,730,093	33.48%
2002	373,201,700	1,066,290,571	43,878,130	49,861,511	114,530,269	458,121,076	531,610,099	1,574,273,158	33.77%
2003	420,220,590	1,200,630,257	41,743,480	47,435,773	116,697,844	466,791,376	578,661,914	1,714,857,406	33.74%

Source: Lucas County Auditor

CITY OF OREGON, OHIO

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

Collection Year	City of Oregon					Oregon School District	Lucas County	Total
	General Fund	Police Fund	Fire Fund	Recreation Fund	Total City			
1994	1.70	0.80	0.50	0.50	3.50	45.80	15.85	65.15
1995	1.70	0.80	0.50	0.50	3.50	45.80	17.20	66.50
1996	1.70	0.80	0.50	0.50	3.50	49.20	17.35	70.05
1997	1.70	0.80	0.50	0.50	3.50	49.20	17.35	70.05
1998	1.70	0.80	0.50	0.50	3.50	49.20	17.35	70.05
1999	1.70	0.80	0.50	0.50	3.50	49.20	17.75	70.45
2000	1.70	0.80	0.50	0.50	3.50	49.20	17.95	70.65
2001	1.70	0.80	0.50	0.50	3.50	49.20	17.80	70.50
2002	1.70	0.80	0.50	0.50	3.50	49.20	17.80	70.50
2003	1.70	0.80	0.50	0.50	3.50	55.10	18.30	76.90

Source: Lucas County Auditor
Lucas County Treasurer

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

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1994	\$581,900	\$567,735	97.57%
1995	567,487	547,309	96.44%
1996	493,228	496,142	100.59%
1997	534,784	515,998	96.49%
1998	349,049	606,233	173.68%
1999	307,780	528,201	171.62%
2000	313,544	505,981	161.37%
2001	350,380	529,180	151.03%
2002	401,487	548,148	136.53%
2003	472,394	575,139	121.75%

Uncollected as of 12/31/03 - \$130,654

Source: Lucas County Auditor.

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2003**

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$578,661,914	\$578,661,914
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	60,759,501	31,826,405
Applicable City Debt Outstanding (2)	1,150,000	1,150,000
Less: Applicable Debt Service Fund Amounts	0	0
Net Indebtedness Subject to Limitation	<u>1,150,000</u>	<u>1,150,000</u>
Legal Debt Margin	<u><u>\$59,609,501</u></u>	<u><u>\$30,676,405</u></u>

(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 Bonds Only.
Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin.

CITY OF OREGON, OHIO

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

Year	Population (1)	Assessed Value (2)	Gross General Obligation Bonded Debt (3)	Debt Service Funds Available	Net General Obligation Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Valuation	Net General Obligation Bonded Debt Per Capita
1994	18,334	\$420,085,132	\$2,345,000	\$22	\$2,344,978	0.56%	\$128
1995	18,326	406,381,495	2,170,000	25	2,169,975	0.53%	118.41
1996	18,326	425,008,663	2,010,000	32	2,009,968	0.47%	109.68
1997	18,326	460,591,605	1,915,000	40	1,914,960	0.42%	104.49
1998	18,326	474,460,829	1,805,000	91,627	1,713,373	0.36%	93.49
1999	18,326	460,650,414	1,775,000	1,000	1,774,000	0.39%	96.80
2000	19,355	551,860,873	1,630,000	1,244	1,628,756	0.30%	84.15
2001	19,355	532,627,556	1,475,000	1,423	1,473,577	0.28%	76.13
2002	19,355	531,610,099	1,315,000	1,699	1,313,301	0.25%	67.85
2003	19,355	578,661,914	1,150,000	2,014	1,147,986	0.20%	59.31

- (1) U.S. Department of Commerce;
1994; the 1990 Census of Population and Housing.
1995 to 1999; Population Estimates Branch, Population Division of the U.S. Department of Commerce
2000 to 2003; the 2000 Census of Population and Housing.
- (2) Source: Lucas County Auditor.
- (3) Includes all general obligation bonded debt supported by property taxes.

CITY OF OREGON, OHIO

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

<u>Year</u>	<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Tax Debt Service to General Governmental Expenditures</u>
1994	\$80,000	\$156,608	\$236,608	\$12,540,073	1.89%
1995	85,000	151,087	236,087	13,813,403	1.71%
1996	90,000	145,223	235,223	14,093,290	1.67%
1997	95,000	139,013	234,013	15,591,633	1.50%
1998	110,000	132,458	242,458	15,571,599	1.56%
1999	25,000	72,724	97,724	15,908,825	0.61%
2000	145,000	71,911	216,911	16,261,324	1.33%
2001	155,000	66,910	221,910	17,227,549	1.29%
2002	160,000	61,251	221,251	18,979,134	1.17%
2003	165,000	55,331	220,331	19,071,499	1.16%

CITY OF OREGON, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
DECEMBER 31, 2003**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Oregon</u>	<u>Amount Applicable to City of Oregon</u>
Direct			
City of Oregon	\$1,007,762	100.00%	\$1,007,762
Overlapping Subdivisions			
Oregon City School District	420,000	90.40%	379,680
Lucas County	35,235,000	6.73%	<u>2,371,316</u>
		Subtotal	<u>2,750,996</u>
		Total	<u><u>\$3,758,758</u></u>

Source: Lucas County Auditor

CITY OF OREGON, OHIO

**DEMOGRAPHIC STATISTICS
DECEMBER 31, 2003**

<u>Year</u>	<u>City of Oregon Population (1)</u>	<u>Lucas County Population (2)</u>	<u>Unemployment Rate County Area (3)</u>	<u>Per Capita Income County Area (2)</u>	<u>School Enrollment (4)</u>
1994	18,334	458,702	5.8%	\$13,778	3,786
1995	18,276	455,018	4.9%	13,778	3,742
1996	18,326	452,691	5.1%	13,778	3,846
1997	18,326	452,691	5.2%	13,778	3,760
1998	18,326	452,691	5.5%	13,778	4,168
1999	18,326	446,871	5.2%	20,786	4,212
2000	19,355	455,054	4.7%	24,630	4,132
2001	19,355	455,054	5.1%	27,707	4,151
2002	19,355	455,054	7.6%	27,707	4,221
2003	19,355	455,054	7.3%	27,707	4,230

- Source: (1) U.S. Department of Commerce;
1994; the 1990 Census of Population and Housing.
1995 to 1999; Population Estimates Branch, Population Division of the U.S. Department of Commerce
2000 to 2003; the 2000 Census of Population and Housing.
(2) Lucas County Auditor, Toledo Metropolitan Area Council of Governments.
(3) Ohio Bureau of Employment Services.
(4) Oregon School District, Board of Education and Cardinal Stritch High School.

(Continued)

**DEMOGRAPHIC STATISTICS
DECEMBER 31, 2003**

2003 Median Family Income (2)		Year	Sales within City (2)	County Average Price (2)	City Average Price (2)
City of Oregon	\$46,887	1997	241	\$79,200	\$89,000
Lucas County	38,004	1998	236	80,893	104,141
State of Ohio	40,956	1999	225	100,520	114,340
United States	35,225	2000	238	97,500	118,100
		2001	238	108,400	121,350
		2002	236	120,600	139,821
		2003	354	119,656	119,517

**Average Federal AGI for
Ohio School Districts - 2003 (4)**

Oregon City School District	\$37,130
All Lucas County Districts	38,798
All State of Ohio School Districts	42,238

**PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS**

Year	Residential (1)			Commercial (1)	
	Number of Permits	Single Family Housing Units	Project Value	Number of Permits	Project Value
1994	278	80	\$11,424,569.0	82	\$6,820,549.0
1995	278	88	15,026,610	40	6,989,693
1996	312	89	15,688,121	69	4,654,116
1997	252	69	10,790,431	51	7,332,505
1998	323	101	17,062,321	39	197,473,704
1999	328	85	16,414,218	52	63,262,560
2000	321	64	14,384,243	46	10,532,110
2001	277	66	11,679,498	46	24,131,251
2002	368	74	14,421,163	47	14,475,780
2003	318	81	12,758,963	44	12,689,868

(1) Source: City of Oregon Building Department.

CITY OF OREGON, OHIO

**PRINCIPAL TAXPAYERS (PUBLIC UTILITY AND PERSONAL PROPERTY TAX)
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Sun Co., Inc.	Refinery and Related Activities	\$43,071,840	27.18%
2	BP Oil Company	Refinery and Related Activities	27,618,600	17.43%
3	Marsulex Inc.	Refinery Related	7,969,979	5.03%
4	Reiter Automotive of North America	Automobile Parts Manufacturer	3,329,040	2.10%
5	E.S. Wagner	Excavating	3,141,140	1.98%
6	Oregon Ford Inc.	Automobile Dealership	2,372,050	1.50%
7	Dunn Chevrolet Olds Inc.	Automobile Parts Manufacturer	2,231,910	1.41%
8	Midwest Electrical Supply	Public Utility - Electric	2,054,530	1.30%
9	Meijer Properties, Inc.	Retail Sales	1,866,380	1.18%
10	AK Steel Corporation	Steel Manufacturer	1,787,710	1.13%
		Sub-Total	95,443,179	60.24%
		All Others	62,998,145	39.76%
		Total	<u>\$158,441,324</u>	<u>100.00%</u>

Based on valuation of property taxes levied in 2003.
Source: Lucas County Auditor - Land and Buildings.

CITY OF OREGON, OHIO

**PRINCIPAL TAXPAYERS (REAL PROPERTY TAX)
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Bay Park Community Hospital	Health Care Facility	\$13,574,060	3.23%
2	Toledo Edison	Public Utility - Electric	9,565,310	2.27%
3	Environsafe Services	Environmental Services	4,395,840	1.05%
4	Sun Co., Inc.	Refinery and Related Activities	3,556,400	0.85%
5	B P Oil Company	Refinery and Related Activities	3,333,480	0.79%
6	Wal-Mart Real Estate Business Trust	Real Estate	3,098,050	0.74%
7	St. Charles Hospital	Health Care Facility	3,079,130	0.73%
8	Meijer Properties, Inc.	Retail Sales	2,660,000	0.63%
9	Robert Lloyd Trustee	Apartment Complex	2,567,400	0.61%
10	One Holdings Company	Retail	1,795,210	0.43%
		Sub-Total	47,624,880	11.33%
		All Others	372,595,710	88.67%
		Total	<u>\$420,220,590</u>	<u>100.00%</u>

Based on valuation of property taxes levied in 2003.
Source: Lucas County Auditor - Land and Buildings.

CITY OF OREGON, OHIO

**PRINCIPAL TAXPAYERS (INCOME TAX)
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Amount of Tax Paid in 2003</u>	<u>Percentage of Total</u>
1	St. Charles Hospital	Hospital / Health Care	\$1,109,604	10.90%
2	BP Oil Company	Refinery and Related Activities	895,049	8.79%
3	Sun Co, Inc.	Refinery and Related Activities	796,041	7.82%
4	Oregon Board of Education	Education	457,409	4.49%
5	Bay Park Community Hospital	Hospital / Health Care	340,253	3.34%
6	Washington Ohio Services LLC	Construction Contractor	301,090	2.96%
7	First Energy Generation Corp.	Electric Utility	286,589	2.81%
8	City of Oregon	Local Government	246,623	2.42%
9	CSX Transportation	Railroad	226,787	2.23%
10	RMF Nooter	Construction Contractor	160,578	1.58%
		Sub-Total	4,820,023	47.34%
		All Others	5,364,205	52.66%
		Total	<u>\$10,184,228</u>	<u>100.00%</u>

Source: City of Oregon - Finance Department

CITY OF OREGON, OHIO

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2003**

	<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>		
			<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>
1	St. Charles Hospital	Hospital	1,026	326	1,352
2	Oregon Board of Education	Education	426	75	501
3	Sunoco Mid-America Marketing	Refinery	466	0	466
4	B P Oil Company	Refinery	465	0	465
5	Bay Park Hospital	Hospital	304	86	390
6	Meijer Properties, Inc.	Retail	163	197	360
7	City of Oregon	Governmental	188	86	274
8	GEM Industrial	Building Contractors	262	0	262
9	Wal*Mart	Retail	180	65	245
10	First Energy Corporation	Public Utility - Electric	181	3	184

Source: City of Oregon Chamber of Commerce / Each Employer's Personnel Department.

*Prior years reported regional employment

CITY OF OREGON, OHIO

**MISCELLANEOUS STATISTICS
DECEMBER 31, 2003**

Date of Incorporation	1958	Police Services:		Water System:	
Form of Government	Charter	Number of Stations	1	Number of Purification Plants	1
Area (square miles)	28.5	Number of Police Personnel and Officers	60	Miles of Water Mains	168.56
Facilities and Services:		Number of Patrol Units	12	Number of Fire Hydrants	1,936
Miles of Streets	148	Number of Law Violations:		Number of Service Connections	7,303
Number of Street Lights	1,424	Juvenile Citations	235	Average Daily Consumption (gallons)	6.6 M
Recreation and Culture:		Criminal Juvenile Arrests	160	Maximum Daily Capacity of Plant (gallons)	12 M
Number of Parks	4	Total Number of Criminal Arrests	1,649	Sewerage System:	
Park Area (acres)	2,216	Traffic Citations Issued	4,223	Number of Treatment Plants	2
Number of Ball Fields:		Parking Tickets Written	185	Miles of Sanitary Sewers	65.1
Lighted	6	Fire/Emergency Medical Services:		Miles of Storm Sewers	95.5
Unlighted	13	Number of Stations	3	Average Daily Treatment (gallons)	5.5 M
Number of Tennis Courts:		Number of Fire Officers and Fire Personnel	104	Maximum Daily Capacity of Treatment (gallons)	36 M
Lighted	18	Number of Calls Answered		Number of Service Connections	5,976
Boat Ramp	1	Fire	185	Education:	
Bike Path (miles)	2.2	EMS	1,556	Public Elementary Schools	4
Bike Lanes (miles)	2.0	Life Squad	1,735	Public Elementary School Students	1,687
Land Useage - Percent by Area:		Number of Inspections	1,163	Public Elementary School Instructors	101
Residential	29.00%	Number of Hospitals	2	Public Secondary Schools	3
Commercial/Industrial	27.00%	Number of Patient Beds	356	Public Secondary School Students	2,176
Public Utility	4.00%	Number of Bassinets	30	Public Secondary School Instructors	178
Governmental (including parks) and Other Tax Exempt	8.00%	Number of Cemeteries	2	Private Secondary Schools Students	367
Agricultural and Undeveloped	32.00%	Cemetery Area (acres)	39	Private Secondary Schools Instructors	25
Building Permits Issued in 2003	362	Number of Libraries	1		



**Auditor of State
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CITY OF OREGON

LUCAS 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
NOVEMBER 23, 2004**