



Comprehensive Financial Policy Document




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Transmittal Letter

June 1, 2007

To the City Council of the City of Oxford, Ohio:

Submitted to you is the first Comprehensive Financial Policy Document, which incorporates all of the financial management policies legislated by the City Council, and authorized by the City Manager to be implemented by the Finance Department in the City of Oxford.

These policies will be reviewed at least annually, and whenever necessary to update for changes in law or generally accepted accounting principles. These policies may also be updated to enhance our understanding and implementation of sound financial practices, in response to changes and events that may affect our financial well-being.

We believe that the financial policies contained in this document represent the best practices of governmental financial management. Adhering to these policies will help to ensure that we maximize our revenues, minimize our expenditures, preserve the safety of our public funds, and maintain a strong position in the financial community.

Your concurrence with this Comprehensive Financial Policy Document confirms our commitment to financial excellence, full disclosure, and responsible financial management.

Sincerely,

A handwritten signature in black ink that reads "Harlita H. Robinson". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Harlita H. Robinson, CPA
Finance Director

hrobinson@cityofoxford.org



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Letter of Authorization

June 18, 2007

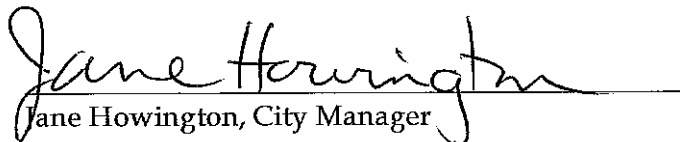
To the City Manager of the City of Oxford, Ohio:

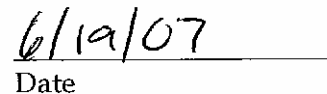
Submitted to you is the first Comprehensive Financial Policy Document, which incorporates all of the financial management policies, legislated by the City Council which are as follows:

Budget Policy	Ordinance No. 2943	Adopted January 16, 2007
Purchasing Policy	Resolution No. 4226	Adopted January 2, 2007
Procurement Policy	Resolution No. 4237	Adopted January 16, 2007
Capital Asset Policy	Ordinance No. 2942	Adopted: December 19, 2006
Investment Policy	Ordinance No. 2944	Adopted: January 16, 2007
Debt Management Policy	Ordinance No. 2945	Adopted February 6, 2007

There are also several administrative policies that will be implemented in the finance department and are for administration purposes only. They are the financial policy, cash management policy, collections policy, internal control policy, planning policy, and reporting policy. These policies were created to guide the day-to-day decision-making process in the Finance Department. The Government Finance Officer Best Practices recommends the establishment of a set of financial policies be formally adopted by a jurisdiction. The National Advisory Council on State and Local Budgeting (NACSLB) recommends that financial policies be developed and endorsed by a number of key government personnel to outline the budget process and to encompass the broad scope of governmental planning and decision making with regard to the use of resources. Therefore, I am requesting your approval, as City Manager, for the implementation of administrative policies in accordance with Section 4.02 of the Charter for the City of Oxford.

As City Manager I hereby approve the implementation of the administrative policies listed in this letter and as set forth in this document.


Jane Howington, City Manager


Date

Jane Howington, City Manager

Date

101 East High Street

Oxford, Ohio 45056-1887

Phone: (513) 524-5200

Fax: (513) 523-7298

www.cityofoxford.org



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Sincerely,

A handwritten signature in black ink, reading "Harlita H. Robinson". The signature is fluid and cursive, with the first name "Harlita" being the most prominent.

Harlita H. Robinson, CPA, CPFA
Finance Director

hrobinson@cityofoxford.org



Executive Summary

Financial policies are the primary element to sound money management. They are a strongly recommended part of local government financial management. The National Advisory Council on State and Local Budgeting (NACSLB) recommends establishing budget practices through policy formation. The Government Finance Officer Association (GFOA) recommends establishment of a set of financial policies as part of the budgeting process. Financial policies are guiding principles for operational and strategic decision making related to financial management. Financial policies codify the methods of selection for improving the financial health of the City.

The Financial Policy section of this document outlines the purpose, goals, and scope of the overall document and outlines the policies that are contained within the document. This executive summary briefly outlines the focus of each policy.

A. Budget Policy

The preparation and adoption of the annual budget is one of the most important duties of the Finance Department. The policy delineates the process; provides the legal compliance as outlined in Ohio Revised Code; Defines the legal level of control; Describes budget amendments and supplements; Provides guidelines to balance the budget; Explains the budget format and structure; Provides statements of budget policies, and; Lastly, it states how compliance and monitoring will occur to promote adherence to the policy.

B. Purchasing Policy

Purchasing is a support function that directly affects all City departments and division operating budgets, equipment inventories, and overhead costs. Purchasing is an important component in accomplishing various City goals and objectives in a cost-effective manner. This policy defines a scope of purchasing, the purpose, and goals of purchasing. It includes statements of policy that provide guidance on:

- a. Emergency purchase order procedures;
- b. Non-emergency purchase order procedures;
- c. Competitive sealed bid procedures;
- d. Lowest and best bidder requirements;
- e. Change order procedures;
- f. Non-competitive purchase procedures;
- g. Purchases made by state contract;
- h. Procedures for competitive purchases under \$20,000;
- i. Professional service contract procedures;
- j. Changes to open purchase orders.

The purchasing policy includes two interior policies:

1. Prevailing wage policy per Ohio Revised Code Chapter 4115, and
2. Findings for recovery per Ohio Revised Code Chapter 9.24.

C. Procurement Policy

The procurement card is a newer purchasing tool, which offers an alternative to the existing City of Oxford purchasing process. The procurement card policy defines how the program works, the purchasing guidelines, the restriction on use of the procurement cards, how to place an order and verify the purchase.



The procurement card program will eliminate the time and effort spent on generating purchase requisitions and processing purchase orders. The policy outlines how to provide proof of purchase made, documentation, and reconciliation to the Finance Department for processing. The policy also outlines the procedures on billing discrepancies and disputes maintaining purchasing logs, making payments, reporting lost or stolen cards, dealing with sales tax, how to cancel a procurement card that is no longer needed, the procedure on renewing procurement cards, what will happen when a procurement card is misused and the audit procedures for the program.

D. Capital Asset Policy

The asset management system is an accounting and management system that coordinates policies and procedures with various methods for recording and reporting monetary amounts associated with fixed asset acquisitions, transfers, and dispositions. Each department and/or division of the City of Oxford is required to maintain and verify the record of the fixed assets of the City.

The capital asset policy discloses the purpose, goals, reporting thresholds, reporting policy, and definitions. The policy defines capital asset classifications, networks, and subsystems. The policy delineates capital asset valuations including acquisition costs, additions, and modifications to existing assets, assets purchases under a capital lease, costs subsequent to acquisition and composite grouping for asset valuation.

The policy defines how to transfer capital assets between departments and funds of the City. It outlines how to dispose of the capital assets, how to track construction-in-progress, how to record depreciation, how to determine salvage value, how to tag a capital asset, and when physical inventory of assets should be verified.

E. Cash Management Policy

Effective cash management is recognized as essential to good fiscal management and is a vital component in the City of Oxford's overall financial strategy. The Investment Policy and Revenue Policy provided detailed guidance on how to manage the cash collected and held for deposit for the City of Oxford. This policy discloses the list of eligible depositories for the City of Oxford. It defines how the deposits will be collateralized. It describes how interest will be monitored recorded and distributed amongst the appropriate funds.

This policy encompasses a petty cash and change drawer policy within it. The petty cash and change drawer policy establishes the correct procedures for departments who have a change drawer for the purpose of receipting payments made to the City for various services provided.

F. Investment Policy

The Investment Policy applies to the investment of all funds of the City both short-term operating funds and long-term funds including investments of proceeds from certain bond issues. This policy establishes the Investment Review Committee. It outlines investment objectives; Establishes standards of care; Describes investment parameters for the City; Defines permissible investments; Establishes guidelines for managing repurchase agreements; Explains how investments will be collateralized; How to deal with derivative products; Sets down rules for pooling of investments; Outlines safekeeping and custody guidelines, and; Provides the investment reporting requirements. It suggests eligible institutions and dealers to assist with investment management. Lastly, it delineates internal controls necessary to properly manage an investment portfolio.



G. Collections Policy

This policy discloses how delinquent obligations will be collected by the City. It specifically addresses utility billing and municipal income tax assessments. It describes the accounts receivable write-off policy. Lastly, it discloses how eligible indebtedness to the City will be attached to property as part of the collection process.

H. Debt Management Policy

The purpose of this policy is to guide City officials as they consider the proper use of debt to fund capital projects. The primary objective is to establish conditions for the use of debt and to create policies that minimize the City's debt service and issuance costs, retain the highest credit rating, and maintain full and complete financial disclosure and reporting.

This policy encompasses legal and regulatory requirements, planning for debt, prioritizing capital projects, and identifying the useful life of a project. The policy states guidelines on issuing debt, financing alternatives, describes how to select service providers, discloses how to choose a method of sale, outlines communications and applications with the rating agencies. The policy establishes a procedure to select the type of bond, what documents to disclose to issue debt, how to manage and invest debt proceeds, discusses how to manage debt limitations and compliance with those limits, arbitrage compliance, investor relations, and it explains refunding options.

I. Internal Control Policy

Internal controls have long been regarded as the cornerstone in ensuring that assets are accounted for and used properly. The policy outlines the objectives of the policy, the procedural narratives to comply with the policy and the department responsibilities regarding internal controls.

J. Planning Policy

The City of Oxford recognizes that prudent financial planning considers the multi-year implications of financial decisions. The policy establishes guidelines on planning elements. It describes the five-year financial planning requirements as well as the annual financial plan requirements.

K. Reporting Policy

The reporting policy is intended to establish uniform requirements for the City of Oxford with regard to financial accounting and reporting, so that the financial position and results of operations of each fund can be publicly available to citizens, legislators, financial institutions, and others interested in such information. This policy is a composite of several shorter policies on revenue, expenditures/expense, operating position, reserves and accounting, auditing and financial reporting.

The overall goal of the Comprehensive Financial Policy Document is to outline the best procedures and practices in governmental financial management. Adhering to these policies will help to ensure that the City maximizes its expenditures/expenses, preserves the safety of its public funds, and maintains a strong position in the financial community.



Financial Policy

Purpose

The City of Oxford has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan and provide for the adequate funding of services desired by the public and as required by laws, rules, or regulations, including the provision and maintenance of public facilities and improvements. Sound financial policies are the cornerstone needed to achieve that level of responsibility.

The financial goals and policies set forth in this document are intended to be the foundation of guidance for the continued financial strength and stability of the City of Oxford. They have been created where needed, reviewed, and amended as necessary to compile the first edition of a comprehensive financial policy document.

Financial Goals

Financial goals are broad, fairly timeless statements of the financial position the City seeks to attain. The financial goals for the City of Oxford are:

- ☑ To provide full value for each tax dollar by delivering quality services efficiently and on a cost-effective basis.
- ☑ To preserve our quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, and to respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect our financial well-being.
- ☑ To maintain a strong credit rating in the financial community.

Financial Policies

Financial policies support the financial goals. They are general statements that guide decision-making in specific situations, to ensure that a decision will contribute to the attainment of the financial goals. Federal and state laws, rules, and regulations, our City Charter, and generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and the Association of Public Treasurers of the United States and Canada (APT) that govern and direct our financial policies and processes. It is the intent and design of this policy document to:

- Provide conceptual standards for financial decision-making,
- Enhance consistency in financial decisions, and
- Establish parameters for administration to use in directing the day-to-day financial affairs of the City.

Scope

The scope of the financial policy includes ten primary policies that focus on the key tasks of a municipal finance department. The policies pertain to budget, purchasing, capital asset management, cash management, investment, collections, debt management, internal controls, planning, and reporting. Each policy will be outlined in this document and submitted to City Council for approval. These policies should be reviewed and revised periodically.



Budget Policy

Budget Process

The preparation and adoption of the annual budget is one of the most important duties of the Finance Department. Sound financial practice and the desire to maintain a strong credit rating dictate that our budgets be balanced, constantly monitored, and responsive to changes in service demands. The process encompasses an extended period of planning, review, forecasting, and priority setting. The Budget Document is a comprehensive fiscal plan which spells out how services will be provided and community improvements will be achieved. Upon its adoption by City Council, it becomes a controlling mechanism by which to measure the resources receipted and expenditures made to meet approved objectives.

The budgetary process is prescribed by provisions of the Ohio Revised Code § 5705.27 through 5705.59 and entails the preparation of budgetary documents within an established timetable that is detailed in the Legal Compliance section of this policy. The major documents prepared are the annual 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 in the combined financial statements. . The primary level of budgetary control is at the program level and within each program at the level of personal services, certain other expenditures, capital outlay, and operating transfers as required by Ohio law. A program is a group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the City is responsible. In the City of Oxford, a division is the term used to outline the program level budget for the City. A Director, with the approval of the Finance Director and City Manager, is authorized to transfer appropriations between objects of expenditure budgeted within the same program (division), so long as total appropriations for each program (division) do not exceed the amount approved by ordinance of the City Council.

Legal Compliance

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

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its action to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources that states 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 will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation 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 actual receipts exceed current estimates.

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. By charter, the City Manager must submit an



annual appropriation ordinance, for the period January 1 through December 31, to City Council by March 31 of each year.

Legal Level of Control

The lowest level at which administration *may not* reassign resources without legislative approval is known as the “legal level of control.” The legal level of control can vary from one government to another. The legal level of control is the level at which the City must present individual budgetary financial statements in their Comprehensive Annual Financial Report (CAFR), and is also the level at which budgetary violations must be disclosed in the notes to the financial statements. In Ohio, the legal level of control is the level at which the appropriation measure is passed by Ohio Revised Code (ORC) § 5705.38 (C) which states:

Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services.

City Council has the ability to establish its legal level of control at the beginning of each fiscal year coinciding with the adoption of its annual budget. Once established, the legal level of control will be the same throughout the fiscal year.

The legal level of control for the City of Oxford is based on two subtotals for each department: 1.) Personnel Services and 2.) Other services and charges. Other Services and Charges includes cost for materials, supplies, professional services, contractual services, utilities, debt and other finance uses.

Budget Amendments and Supplements

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. Oxford City Council through the passage of City Ordinance No. 2339 has given authorization to the City Manager with the approval of the Finance Director to transfer up to ten thousand dollars for any one transfer between departments within a division for any one single purpose.

During the year, several supplemental appropriations may be necessary. Budget meetings are conducted with each department to review and determine the status of their budget and make recommendations for increases and reductions to the original budget. During the review the rationale for the changes are evaluated with the department head, the Finance Director, and the City Manager. The final recommendations are submitted by the City Manager to City Council for approval.

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 re-appropriated.

Balanced Budget

The operating and capital budgets are the City’s annual financial operating plan. All funding will be subject to appropriation by City Council. The City will prepare an itemized budget for each fund and each department or program within the fund. The budget will be balanced with proposed estimated resources not exceeding the appropriations. When necessary, the following strategies will be used and they are listed in priority order:

1. improve productivity by re-evaluating expenditure requests;
2. seek assistance to support programs from outside sources;
3. improve revenue through the establishment of new service fees or increasing existing fees and charges to reduce subsidy for services;
4. seek to increase property taxes; and lastly



5. reduce or eliminate services.

A diversified and stable revenue system is integral to a City maintaining protection against short-run economic fluctuations. The City continually strives to obtain additional major revenue sources as a means to balance the budget. Monthly reports will be prepared to compare actual revenues to budget and to determine the variances and associated corrective action necessary. The City staff and council will review fees and charges annually and will adjust or modify such fees as to keep pace with the cost of providing the service.

Budget Format and Structure

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget format and structure will follow the guidelines outlined below:

1. The budget will be prepared on the cash basis.
2. The budget will be on a departmental basis.
3. The budget will be sufficiently detailed to identify all significant sources and uses of funds.

The format will include the following on a fund-by-fund basis:

- A. estimated beginning fund balances;
- B. estimated receipts;
- C. projected cash disbursements;
- D. encumbrances; and
- E. the estimated year-end fund balances.

Actual data for the two preceding year-end's, current year results through the nearest month-end date, projected current year estimated expenditures or expenses and the current year's appropriation will be presented for comparative purposes.

Statements of Policy

Understanding the budgeting process and compliance requirements of the Ohio Revised Code, the City of Oxford has adopted the following budget policy statements:

- Tax budget must be submitted to the County Budget Commission by July 15th of each year for the following year, January 1 through December 31, in accordance with ORC § 5705.28.
- Annual operating budgets will be adopted for the General Fund, Special Revenue Funds, Debt Service Funds, and Proprietary Funds. Project-length budgets will be adopted for all capital projects.
- Annual operating budgets will be adopted on a balanced basis, where operating revenues (estimated revenues) are used to fund operating expenditures/expenses (appropriations). Operating revenues include taxes, charges for services, interest earnings, license and permit fees, fines and forfeitures, regularly recurring governmental aid, debt proceeds and transfers in from other funds for operating (non-capital) purposes. Operating expenditures/expenses include salaries and wages, employee benefits, non-capital equipment and improvements, depreciation (proprietary funds only), materials, supplies, contractual costs, and transfers out to other funds for operating (non-capital) purposes. Fund balance should not be considered a source of funds for operating expenditures/expenses. Nothing in this policy shall prohibit the use of operating revenues for capital expenditures/expenses.
- The Capital Improvement Plan (CIP) which forecasts capital projects over a five-year period will be updated annually. The plan will prioritize all anticipated projects and determine availability of funding. This document will be presented to City Council prior to the submission of the annual operating budget and will be incorporated into the annual operating budget for all approved projects in the upcoming fiscal year.



- The City will adopt an annual budget for the major funds of the City that includes a contingency equal to up to 1% of the total appropriation measure for each respective fund. This contingency will be used to provide for expenditures that exceed or revenues that do not meet budget estimates, and/or for new or increased program requirements required by law or desired by City Council. This budget is utilized by the City Manager with the approval of the Finance Director.
- Unreserved and undesignated fund balance may be appropriated as part of the adopted budget to capital projects or pay for emergency expenditures/expenses. Unreserved and undesignated fund balance should not be used to fund operating expenditures/expenses in the adopted budget.
- The City's fiscal year will be the calendar year and its budget calendar will be as provided for in Article VII § 7.04 the Charter of the City of Oxford, as follows:
 - ◆ On or before July 1st of each year, the Finance Director will submit to the City Manager a calendar outlining the budget process for the upcoming year.
 - ◆ On or before November 30 of each year, the City Manager will meet with each department head to obtain operating initiatives for the upcoming budget year.
 - ◆ The City Manager with the assistance of the Finance Director will determine if a temporary budget is warranted and submit either a temporary or final budget by December 31st of the current year.
 - ◆ An operating budget will be presented to City Council at a public meeting at such time as will permit its adoption by City Council and transmittal to the County Budget Commission as required by Ohio Revised Code.
 - ◆ After the public meeting, the Council may adopt the proposed budget with or without amendment. In amending the proposed budget, it may add or increase programs or amounts, and may decrease or delete programs or amounts, except expenditures specifically referenced by law, or for debt service or for an estimated cash deficit, provided that it may not increase the estimated revenues or the total proposed expenditures without the affirmative vote of three-fourths of all members elected to City Council.
 - ◆ The Council shall adopt the proposed or temporary budget and determine the tax rate for the ensuing year on or before December 31st of the current fiscal year.
- The City Manager may at any time during the fiscal year transfer part or all of any available appropriation balance among programs or accounts within any fund. The Council may, by ordinance, transfer part or all of any available appropriation balance among programs or accounts within and/or between any funds.
- The City Manager with the approval of the Finance Director to transfer up to ten thousand dollars for any one transfer between departments within a division.
- No appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the available balance thereof.

Compliance and Monitoring

The City will maintain a budgetary control system to ensure that appropriations or fund balances will not be overdrawn.

A purchasing control system will be maintained which will generally require advance authorization of purchases as required by ORC § 5705.41 and be in accordance with the City of Oxford purchasing policy. Encumbrance accounting will be utilized as an extension of formal budgetary control. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as an appropriation encumbrance prior to placing the order or entering into the contract in order to reserve that portion of the applicable appropriation.



Procurement Card Policy

General Information

The procurement card is a new purchasing tool, which offers an alternative to the existing City of Oxford purchasing process. It provides an extremely efficient and effective method of purchasing and paying for goods and services. In most cases, the procurement card will replace the regular and blanket purchase orders, some reimbursement requests, employee travel advances, and the associated paperwork.

This policy describes the procedures for appropriate procurement card use. By signing the procurement card agreement form, the employee promises to comply with program rules and regulations. A procurement card will be issued to an employee upon approval by the City Manager, with concurrence from the Finance Director, and after the employee executes a signed procurement card agreement form. Upon receipt of the card, the employee should immediately sign the back of the card and keep it in a secure place.

A procurement card that is issued with an employee's name on the face of it is to be utilized only by that employee. Procurement cards issued for a specific function will have a list of authorized users maintained by the Finance Department. The custodian of the procurement card is the person that is responsible for tracking and reporting monthly purchases to the Finance Department. An employee that handles a procurement card is responsible for the appropriate use of City funds. The procurement card is the property of the City of Oxford and may be rescinded at any time. The procurement card is only to be used for the types of purchase outlined in this policy.

Each custodian should keep current record of transactions and receipts to protect himself/herself and the City. These records are important internal controls elements of the electronic purchasing process and essential to the success of the procurement card program.

How It Works

The procurement card simplifies the purchasing and disbursement process by facilitating point-of-demand procurement. Purchasing authority is delegated to the ordering department enabling the authorized cardholder to place an order directly with the supplier.

When a purchase authorization is requested by the supplier, the MasterCard system validates the transaction against pre-set limits established by the City. All transactions are approved or declined (instantaneously) based on the following procurement card authorization criteria:

- Number of transactions allowed per day.
- Number of transactions allowed per month.
- Single purchase limit.
- Spending limit per month
- Approved merchant commodity code.

The authorization process occurs through an electronic system that supports the procurement card processing services under the City of Oxford agreement with Fifth Third Bank. In addition, the Finance Department will have the capability to view transactions daily and create reports to effectively monitor the use of the procurement cards.



Purchasing Guidelines

The procurement card program will not circumvent the City's purchasing rules and procedures. The Procurement Card is to be used in place of a Purchase Order, except for the few vendors who do not accept credit card transactions.

Each employee is responsible for the security of the card he/she is issued and for the purchases made with it. Consequences for card misuse are severe and penalties may include loss of job.

For Procurement Cards that are issued for specific City functions, the guidelines for their usage are as follows:

1. It is the responsibility of the Department/Division head to have control over all purchases made using the Procurement Card.
2. All purchases over \$1,000 must be approved by the Department/Division head and presented in person or if necessary faxed to the Finance Director for approval using the "Request for Pre-Approval of Procurement Card Purchases" form. If the Finance Director is not available, the Pre-Approval Request will be forwarded to the City Manager for approval.
3. All requests for Procurement Card deletions, additions, or changes must be submitted by the Department Head to the Finance Director after completing the Procurement Card Form.

Restrictions on Procurement Card Use

The Procurement Card cannot be used for the following.

1. Cash advances
2. Traveler's checks
3. Personal services
4. Capital equipment
5. Purchases of alcoholic beverages
6. Tobacco purchases

The Procurement Card cannot be used for the transaction types listed below unless the Finance Director and the City Manager have specifically approved the inclusion on a specific Procurement Card:

1. Airlines tickets
2. Automobiles/Vehicle Rentals
3. Hotels and Motels
4. Restaurants

Separately issued Procurement Cards should be used for items or services listed below.

1. Capital outlay purchases – five thousand dollars (\$5,000.00) and a useful life of five (5) years.
2. Any expense that is reimbursable as an insurance claim.

In all cases noted above, the "normal" purchasing procedure is required, i.e., **ADVANCE APPROVAL** of the purchase by the Finance Director and City Manager **BEFORE** the order is placed.



If you have any questions regarding a restricted commodity, please contact the Finance Director, Accounting Manager, or an Accounting Specialist in the Finance Department.

Each procurement card has been assigned an individual credit limit based on the department director's approval. If that limit becomes too low to accommodate monthly requirements, the employee may request an increase through the department director, to the Finance Department. The Department should allow two days to process any limit changes to a procurement card.

Certain merchants are blocked from the program, and purchases through them will be declined. If the employee feels that his/her purchase has been mistakenly declined, the employee should contact the Finance Director or Accounting Manager to address the issue.

Placing an Order

When placing an order, the employee should be able to provide the vendor the following procurement card information, if necessary:

- Identify himself/herself as a City of Oxford employee
- Indicate that the purchase will be made using a procurement card
- Provider Card Name
- Provide individual card number
- Give the expiration date of card
- Complete delivery address including building and room number (this may or may not be different from the procurement card address)
- Any other information necessary to make the purchase.
- NEVER allow a vendor to maintain your procurement card information for their files.

Upon receipt of your order, the documentation received from the vendor (typically a sales receipt or packing slip) should be kept for later reconciliation. Each month the card custodian will receive a statement, which will identify all of the procurement card purchases for that month. The employee should read the following instructions "Proof of Purchase Documentation and Reconciliation" carefully. These instructions will help the employee manage the paperwork associated with the procurement card purchasing process.

Order Verification Procedures

The custodian is responsible for ensuring receipt of goods and services and follow-up with the vendor to resolve any delivery problems, discrepancies, or damaged goods.

Items should be returned directly to the vendor by whichever means the vendor requires. The custodian is responsible for seeing that the proper credit is posted for any returned items. (see Discrepancies and Dispute Procedures)

Proof of Purchase Documentation and Reconciliation





The procurement card will eliminate the time and effort spent on generating purchase requisitions and processing purchase orders.

With the authority to purchase specific goods and services comes the responsibility to maintain adequate documentation at the source of the transaction. Whenever a packing slip or sales receipt is received by the employee making the purchase, the sales receipt should be forwarded to the custodian of the card as proof that the transaction occurred. The custodian should retain this documentation until the monthly statement is received and attach it to the spreadsheet or report showing the transactions purchased and



what accounts to use to allocate charges. The documentation and spreadsheet/report should be forwarded to the Finance Department for processing.

Documentation must support the legitimate business purpose of all transactions made with the procurement card. In addition to sales receipts and packing slips, the following are examples of supporting documentation:

-  Copies of order forms or applications.
-  Services reports when service is provided by a vendor
-  Internal order form
-  Cash register receipts

As mentioned above, after reconciliation, the employee should forward the statements and all supporting documentation to the individual within his/her department who has been assigned responsibility for document management.

Discrepancies and Dispute Procedures

The employee that makes the purchase is responsible for following up with a vendor for any erroneous charges, disputed items, or returns. An employee may dispute a charge that appears on their account statement. Disputed charges can result from failure to receive goods or services, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. The employee should contact the vendor first to resolve any outstanding issues. Most issues can be resolved in this way. The Finance Department should receive a hard copy of the "Procurement Card Dispute Form" to assist in resolving the discrepancy or dispute.

If the employee is unsuccessful with the vendor, then the custodian of the card should be engaged to assist in the process. The custodian should contact the Finance Department for the necessary Fifth Third forms to be completed. Any contact made with a vendor, as well as their response, should be attached to the form, especially noting the date that the exchange of information occurred. The bank also requires a date when merchandise is returned and/or services are cancelled. Once the form is completed it should be faxed to Fifth Third Bank at (513) 358-7327.

Please Note: By law, vendors are not permitted to bill a credit card for purchases until the items have been shipped.

Custodian Purchasing Log

Each custodian should keep a purchasing log to record transactions and help reconcile to the monthly statement. A custodian may create one that works for him/her. There is also one available on-line through the procurement card management access from Fifth Third bank.

The information that should be included on the log is as follows: the transaction date, merchant name, purchase price, and the method in which the transaction was made (i.e. telephone, mail order, internet or point-of-sale), and the account(s) where the charges will be allocated.

Payment

The City of Oxford is responsible for payment of authorized and appropriate procurement card transactions. The procurement card will not affect the employee's personal credit in any way.

Lost or Stolen Procurement Cards

It is the responsibility of the custodian to immediately report a lost or stolen procurement card. The City of Oxford is liable for all transactions until the card is reported lost or stolen. An employee using the card



must report a lost or stolen procurement card as soon as possible to the custodian of the procurement card. The custodian must report a lost or stolen procurement card by phone directly to Fifth Third Bank and to the Finance Director by phone or e-mail at the time of the occurrence.

Verbal reports of lost or stolen procurement cards must be first called into Fifth Third Bank at 1-800-972-3030 then followed in writing to the department director and to the Finance Director using the "Lost or Stolen Procurement Card Notification" form. A replacement card will be issued to the custodian within 10 business days. The employee's quick response will reduce the risk of fraud.

Sales Tax

The City of Oxford is tax exempt. The City's tax-exempt number is 31-6001080. When traveling, hotel charges, food charges and fuel charges will most likely be taxed since tax exemption applies only to sales within the State of Ohio. Hotel/Motel taxes, fuel taxes, etc. are also not exempted.

Canceling Procurement Cards

A procurement card must be cut in half and sent along with a written request to cancel the card by the custodian of the card including the department director's approval. This documentation should be forwarded to the Finance Department to process.

Renewal of Existing Procurement Cards

A renewal procurement card will be sent automatically to the Finance Department thirty (30) days prior to the expiration date of the existing card. The old card will need to be returned to the Finance Department to receive the new card issued. The Finance Department will destroy the old cards.

Misusing the Procurement Card

The procurement card represents the City's trust in the employee and his/her empowerment as a responsible employee of the City of Oxford to safeguard and protect its assets. Each employee assumes the responsibility for the protection and proper use of the procurement card.

The following situations are considered "misuse" of the procurement card:

1. Personal use - Purchases using the card for the sole benefit of the employee; clothing and food not authorized by the employee's director.
2. "Loaning" out the card - Assignment, transfer, or "loaning" of an individual card to an unauthorized person or to a suspended or terminated employee.
3. Administrative misuse - Lack of proper and timely reconciliation of individual card accounts; card use that is in direct violation of acquisition goals.

Misuse of the procurement card will be handled promptly and uniformly for all custodians. The following are the actions that may be taken:

1. The procurement card used may be suspended. The procurement card will not be restored until the issue is resolved.
2. Using email - the custodian and their supervisor will be contacted of any instance of non-compliance as they occur.
3. If the Finance Department does not receive a responding email within two business days, an email will be sent to the supervisor and the department director to take action.
4. If the Finance Department does not receive a responding email within two business days, an email will be sent to the department director and the City Manager.



Based upon the severity of misuse, disciplinary measures may include personnel action up to and including termination and legal action in accordance with the terms and conditions of the Cardholder Agreement Form and the City of Oxford personnel policies.

Procurement Card Audit

To ensure the continued success of the procurement card program, periodic audits will be performed. The purpose of the audits will be to ensure that authorized policies and procedures are being adhered to by the employees utilizing the program.

Conclusion

The procurement card should be used responsibly. Each employee should be aware that improper use may result in disciplinary action, up to and including termination and criminal prosecution. A purchasing log may be maintained by the department, but the original receipts will be forwarded to the Finance Department. The card may be randomly audited to track purchasing and record keeping activity.

By using the procurement card for business transactions, the employee will help save the City of Oxford both time and money.



Capital Asset Policy

Introduction

This is the Capital Asset Policy issued for the City of Oxford. The asset management system is an accounting and management system that coordinates policies and procedures with various methods for recording and reporting monetary amounts associated with fixed asset acquisitions, transfers, and dispositions. The asset management system is an integrated module within the City's financial management package and is maintained independent from the financial data of the City.

Each department and/or division of the City of Oxford is required to maintain and verify the record of the fixed assets it controls or owns. Annually, a listing of capital assets by department will be distributed by the Finance Department for verification to ensure accuracy of the financial records used to prepare the annual reports of the City.

Purpose

The asset management system is designed to facilitate:

- a. Financial statement information
- b. Control and accountability
- c. Accounting for depreciation
- d. Audit compliance
- e. Track information technology hardware and software for management purposes only

Goals

Asset management has been undertaken by the City of Oxford to centralize asset record in the Finance Department. The goal of this policy is to:

1. To help safeguard the City's investment in assets;
2. To establish responsibility for custody of fixed and capital assets;
3. To provide financial data for reporting of capital assets;
4. To provide informational data for insurance coverage purposes.

Reporting Thresholds

For purposes of budgetary reporting, capital assets are:

- A. Equipment and vehicles with a cost of \$5,000.00 or more; and
- B. Infrastructure with a cost of \$10,000.00 or more.

For purposes of management control, fixed assets are:

- A. All computer hardware costs; and
- B. Computer software costs with a value of \$1,000.00 or more.

For purposes of insurance and appraisal, fixed assets are:

- A. Equipment and vehicles with a cost of \$5,000.00 or more; and
- B. Infrastructure with a cost of \$10,000.00 or more; and
- C. Computer hardware and software costs with a value of \$1,000.00 or more.

Reporting Policy

Capital asset purchases of \$5,000 or more are reasonable and represent more than 80% of the total value of assets owned by the City of Oxford. Assets having values under \$5,000, regardless of their useful life, will not be reported as a capital asset on the financial reports of the City as they do not meet the reporting threshold. Land and land improvements, buildings, and building betterments are always a capital asset. Infrastructure assets, a particular type of capital asset, should be reported using the definitions outlined below and the thresholds above.



The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition – such as freight and transportation charges, site preparation costs, and professional fees. The term “fixed asset” will be used for assets purchased and tracked in the capital asset system that do not meet the reporting threshold established by the City. Fixed assets may or may not be tracked and will be reported separate from capital assets. The tracking and reporting of fixed assets is for management control, insurance, or appraisal purposes.

The tracking and reporting of fixed assets will be achieved through project costing within the financial management system. A Project Request Form is to be used for all capital outlays for new projects, changes to an existing project, or closing an existing project. While an asset is under construction or prior to acquisition a Project Request Form should be completed and forwarded to the Finance Department for processing. Once the process is completed the Department will be provided a project number to include on all Purchase Requisitions. These capital expenditures will be recorded in the project costing system as well as charged against the current budget appropriations. When a project is completed, an Asset Acquisition Form must be completed and attached to a Project Request Form to close the project and create an asset. Any unfinished projects will be reported as construction in progress to be completed in future years. All forms reference in this policy is available through the Finance Department.

Definitions

Definition of Capital Asset

A capital asset is defined as a financial resource that meets all of the following characteristics:

1. Tangible or intangible in nature, possesses physical substance or a contract agreement outlining a defined scope; and
2. Expected useful life of five (5) years or more.

Definitions of Infrastructure Asset

Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

A network of assets is composed of all assets that provide a particular type of service for a government. A network of infrastructure assets may be only one infrastructure asset that is composed of many components.

A subsystem of a network of assets is composed of all assets that make up a similar portion or segment of a network of assets.

Capital Asset Classifications

1. **Land** – includes all land parcels acquired for municipal or resale purposes.
2. **Buildings** – includes all buildings (or structures which serve as buildings, such as permanently established trailers). Permanently attached fixtures installed during construction are considered a part of the building. The subsequent addition of equipment will be recorded as machinery and equipment. Major improvements, such as additions to buildings, are capitalized.
3. **Improvements** – includes improvements such as park facilities, parking lots, baseball fields, tennis courts, swimming pools, and infrastructures associated with City owned utilities (water, sanitary sewers, and electrical distribution).



4. **Equipment** – includes all motor vehicles (licensed and non-licensed), trailers, construction and maintenance equipment and furniture and fixtures.
 - A. Office Machinery & Equipment – includes all office equipment such as typewriters, computers, printers, terminals, calculators, etc. which meet the criteria previously established for classification as a fixed asset and furniture and fixtures.
 - B. Licensed Vehicles – includes all motor vehicles that are licensed for on-road use such as automobiles, trucks, vans, buses, etc.
 - C. Non-Licensed Vehicles – includes vehicles such as tractors, mowers, backhoes, graders, rollers, etc.
5. **Construction in Progress** – includes all partially completed projects except roads and bridges. Buildings of various types will be the main component in this area. Upon completion, these assets are transferred to one of the other fixed asset classifications.
6. **Infrastructures** - The construction of, or improvements to a defined network or subsystem of the City. The roadway and alleyway networks are reported as governmental activities within the Capital Improvement Fund. The water distribution, sanitary sewer, and storm sewer are business-type activities and tracked within each respective utility funds of Water Improvement Fund, Sewer Improvement Fund and Storm Water Improvement Fund.
7. **Computer Purchases** - All computer purchases must comply with the computer standards sheet which can be obtained from the Finance Department. In order to have system consistency and compatibility with the existing system/network, all computer purchases must be approved by the information technology consultant. Please refer to the Purchasing Policy for proper procedures.

Networks and Subsystems

Roadway Network consist of roads, right of ways, bridges, ramps, and state routes all located within the City limits. Subsystems of the roadway network include the curb, gutter, pavement, base, and land that make a street, roadway, or state route.

Alleyway Network consists of a series of narrow street between or behind building structures that provide access to the major roadways of the City. Subsystems of the alleyway network include the pavement, base, and land that make the street. These roads do not usually have a subsystem of curbs or gutters.

Water Distribution Network system includes infrastructure improvements required for delivery of potable water which is produced at the City's water treatment facility. Subsystems of the water distribution network include the water main, fire hydrant assembly, valves, fittings, service connections, and meters.

Sanitary Sewer Network system includes infrastructure improvements required for the transportation of sanitary sewers, pumping facilities, taps, etc. Subsystems of the sanitary sewer network include sanitary sewers, forced mains, and pump stations.



Storm Sewer Network includes infrastructure improvements required for the transportation of storm sewer and drains. Subsystems of the storm sewer network include open drainage ways, piped drainage, roadside drainage ditches, flood control facilities, storm drains, and open drainage swales.

Capital Asset Valuation

1. Historical Cost – capital assets are valued at historical cost. Historical cost includes the purchase price as well as other costs incurred to prepare the asset for its intended use such as freight and insurance. See Acquisition Cost for more examples.
2. Estimated Original Cost – when historical costs are unavailable, capital asset costs are estimated by using the cost of similar items acquired around the same time.
3. Donations – gifts and donations are valued at fair market value at the time of the donation. Any donation or gift offered to the City must be approved in writing by the Department Head with concurrence by the City Manager. The determination to accept or reject the donation should be based upon the best interest of the City of Oxford.
4. Grant Funded – fixed assets, acquired in whole, or in part with grant funds, will be controlled, and accounted for in accordance with the grant agreement and reporting requirements of the specific individual grantor.

Acquisition Cost

The following costs associated with the acquisition of a capital asset are to be capitalized:

1. Purchase costs before trade-in allowance and fewer discounts; or a qualified appraisal of value at the time of acquisition if the asset is contributed.
2. Assembled costs if constructed by personnel of the government unit.
3. Professional fees of attorneys, architects, engineers, appraisers, surveyors, etc. which are necessary to make the asset functional (ready to be placed in service).
4. Site preparation costs such as clearing, leveling, filling, and demolition of unwanted structures.
5. Fixtures attached to a building or other structure.
6. Transportation and installation charges.
7. Any other expenditure required to put the asset into its intended state of use.

Each Department must complete an Asset Acquisition Form to report the purchase of capital, infrastructure, and fixed assets to the Finance Department.

Additions and Modifications to Existing Assets

Costs are often incurred in connection with fixed assets after the original acquisition cost has been established. In general, any expenditure which is definitely an addition to an asset, or an integral part of it, that significantly increases the value of, enhances the performance of or changes its useful life, should be classified as a capital expenditure and the original acquisition cost adjusted. The addition of an air conditioning system to a building, equipment to outfit a



new fire truck or a dump body to a truck chassis where none existed before are some examples. When modifications, which enhance the performance or life of an asset, are made, the value of the asset should be adjusted by the difference in cost between the original and the modification. However, if the cost of the original cannot be determined, the asset value cannot be adjusted correctly and the modification will be considered a new asset.

Assets Purchases under a Capital Lease

In accordance with FASB Statement No. 13, any non-cancelable lease agreement which meets one or more of the following criteria should be capitalized:

1. The lease transfers ownership of the property to the City at the end of the term of the lease.
2. The lease contains a bargain purchase option. A bargain exists where the cost of acquisition is less than market value.
3. The lease term is equal to 75% or more of the estimated economic life of the lease asset.
4. The present value of the minimum lease payments equals or exceeds 90% of the fair value of the leased asset.

When none of the criteria for a capital lease are met, the lease is an operating lease. If the operating lease is material, a note disclosure must be made in the notes to the financial statements.

If a capital asset is acquired under a capital lease agreement, the capitalize asset must be identified in the same manner as a purchased assets. Lease agreements must be analyzed by the Department and coordinated with the Finance Department through the Capital Improvement Plan for the Department. The capital asset should be capitalized based upon the same determination, as of the date originally placed in service. The present value of the amounts owed by the City for future lease payments will be used as the capitalized value.

Costs Subsequent to Acquisition

After capital assets are in use, additional costs are incurred that range from maintenance to significant additions. These costs should be capitalized if any of the following conditions exist.

- The useful life of the asset is increased.
- The quantity of services produced from the asset is increased.
- The quality of the units produced is enhanced.

The distinction between an expense and a capital expenditure is not always readily apparent and may require careful consideration and analysis before a decision can be made. Proper routine maintenance is considered a normal operating expense necessary for the continued efficient operation of a capital asset during its estimated useful life. Certain forms of routine maintenance activity require large expenditures, but cost alone does not justify capitalization. For example, the replacement of major pump in a plant which will allow the pump to continue to operate efficiently during its normal useful life is a maintenance expense and should not be capitalized.

Another important consideration is the determination of the property unit with which costs are associated. When a fully equipped fire pumper is recorded as a single capital asset item in the capital asset system the replacement of a hose may represent a maintenance expense. However, if the hose is initially considered a separate property unit (a separate capital asset in the system) then its replacement would be capitalized.



The following are major types of expenditures that should be capitalized:

- Additions – Any additions to assets are capitalized because a new asset with a distinct useful life has been created which will increase the ability to provide service.
- Improvements (betterments) and replacements – Represents the substitution of one asset, typically a better or improved asset, for another asset already in use.
- Reinstallations and rearrangements – Costs associated with moving and reinstalling a capital asset in a new location or rearrangement of capital asset components which results in an improved operation should be capitalized.

Composite Grouping for Asset Valuation

Capital assets that are purchased in larger quantities may be grouped as one item if the cost of the individual item is more than \$2,500.00.

1. In order for assets to be grouped when recorded on the capital asset system they must also meet the following criteria:
 - All items must be exactly the same (Make, Model, Color)
 - All items must have the same cost
 - All items must have been purchased at the same time or within six months of one another.
 - All items must be physically located in the same area
 - All items must be the responsibility of one Department/Division.
2. Items bought under a composite group purchase will be recorded at the allocated purchase cost for one item.

Transfers of Capital Assets

Transfer of property within the same fund is merely a change in location, department responsibility, etc. The transfer of an asset will not change the depreciation schedule. The capital asset will be disposed by the originating department and acquired by the new department at its book value. An item will remain on the capital asset list of the original department until the transfer is fully documented for the new department.

Transfers of property between funds are fully disposed at book value by the old department. The new department will receive the capital asset at current fair market value at the date of transfer. The transfer of a capital asset will change the depreciation schedule for both departments.

Transfers will be documented and recorded on the respective ledgers of the Transferor and Transferee Departments at the time of transfer. Transferor Department must complete an Asset Transfer Form to report the transfer to the Finance Department. Transferee Department must complete an Asset Acquisition Form.

Disposals of Capital Assets

Capital Assets are retired through several means including sale, trade-in, and loss by theft, etc. All disposals by any means must be reported on an Asset Disposal Form to the Finance Department. The



disposition of contraband is the performed under Police Department guidelines and witnessed by the Finance Department.

Any item with a value in excess of \$1,000 requires the approval of City Council prior to its disposal. Assets disposed of by sale at auction will be itemized in a full report of the auction results and the related capital assets disposed of in the asset management system.

On trade-ins, an Asset Disposal Form should be prepared so that the historical cost of the traded-in asset can be removed for the financial records and an Asset Acquisition Form should be completed for the new asset that includes the trade-in details of the transaction.

When theft of an item is suspected, the incident must be reported to the Police Department as soon as possible. The department will complete an Asset Disposal Form, attach a copy of the police report or other documentation, and forward it to the Finance Department for action.

Construction in Progress

Construction in Progress is used to account for expenditures accumulated at the statement of net assets or balance sheet date relative to the construction of capital assets. Work in Progress (WIP) has a meaning similar to Construction in Progress. Construction in Progress refers to a specific Capital Project that is a Capital Asset recorded on the ledger. WIP refers to Capital Projects that are not substantially completed and not in use as a capital asset. Substantial completion is defined as being equal to or greater than 70% complete and in use.

WIP expenditures include construction cost, contractor payments, interest costs (incurred applicable to the period of construction) and other costs required to finish the project. WIP is an accounting valuation of assets that are typically supported by capital projects to track and record construction expenses until such time as the asset is substantially completed and placed into service. The phrase "completed and placed into service" is defined as the date at which all contingencies and retainages are resolved.

Depreciation

Depreciation expense should be measured by allocating the net cost of depreciable assets (historical cost less estimated salvage value) over their estimated useful lives in a systematic and rational manner. It may be calculated for:

- (a) a class of assets,
- (b) a network of assets,
- (c) a subsystem of a network, or
- (d) an individual assets.

Composite depreciation methods refer to depreciating a grouping of similar assets or dissimilar assets of the same class using the same depreciation rate. Initially, a depreciation rate for the composite is determined. Annually, the determined rate is multiplied by the cost of the grouping of assets to calculate depreciation expense. A composite depreciation rate may also be calculated based on an assessment of the useful lives of the grouping of assets. This assessment could be based on condition assessments or experience with the useful lives of the grouping of assets.

The composite depreciation rate is generally used throughout the life of the grouping of assets. However, it should be recalculated if the composition of the assets or the estimate of average useful lives changes significantly. The average useful lives of assets may change as assets are capitalized or taken out of service.



Depreciation will be calculated in the first year for a half year, in the final year for a half year, and all other years will be for one full year. Each Department will be responsible for accurately reporting the date the capital asset is placed in service. All depreciation is calculated using the straight-line method.

Salvage Value

It is the policy of the City of Oxford to exhaust the usefulness of a capital asset before its disposition; therefore, salvage value on all assets is considered to be insignificant and is generally not exceeded by the cost of disposition.

Should the occasion arise where an asset is disposed of prior to the exhaustion of its useful life and since the book value is determined by the cost of the asset spread over its useful life less salvage value, appropriate adjustments will be made to account for the proper gain or loss on the sale of the asset at the time of disposition.

Tagging of Capital Assets

All capital assets will be assigned a unique capital asset number by the originating department/division that will not change during the time that the asset is the property of that department. After an asset is disposed, the capital asset number will not be reassigned to a newly acquired asset.

All capital assets with the exception of the following categories should be physically tagged by the originating department:

- ✘ Land
- ✘ Land Improvements
- ✘ Buildings
- ✘ Live Animals
- ✘ Vegetation
- ✘ Equipment of a sensitive nature, in cases where the tag might impair the functional ability of the asset.
- ✘ Works of art
- ✘ Any other capital assets on which it is physically impossible to affix the tag

There may be cases in which a tag cannot be affixed to the capital asset; however, the capital asset number can be either marked, etched, or imprinted on the asset. This should be done whenever possible.

Physical Inventory of Assets

A periodic physical inventory of fixed assets is necessary for accountability and control. It confirms the reliability (or lack of reliability) that can be placed on the capital asset system by verifying the actual existence of the items represented by the fixed asset ledgers.

A detailed ledger of fixed assets will be verified annually by each department and a detailed report of capital assets will be verified annually by each department supplied by the Finance Department from the asset management system maintained by the Finance Department. If a discrepancy occurs between the departmental records and the asset management system it will be resolved and the proper adjustments will be made to the asset management system as the primary recordkeeping ledger of assets for the City of Oxford. The capital asset reports of the asset management system will be given to the auditors as the record of capital assets maintained by the City of Oxford.



Cash Management Policy

The receipt and deposit of the City monies is governed by the provisions of the Charter and Codified Ordinances of the City of Oxford. Article VI of the City Charter, as well as Chapter 137 of the Codified Ordinances of the City of Oxford, states that it is the Finance Director's responsibility to:

- ◆ Supervise the receipt and recording of all fees and revenues due the City; and
- ◆ Have custody of all public funds belonging to or under control of the City or any office, department or agency of the City government and deposit said funds in such depositories as may be designated by resolution of City Council.

Effective cash management is recognized as essential to good fiscal management and is a vital component in the City of Oxford's overall financial strategy. The Investment Policy and Revenue Policy provided detailed guidance on how to manage the cash collected and held for deposit for the City of Oxford.

Designation of Depositories

The banks and trust companies authorized for the deposit of money are as follows:

Fifth Third Bank		First Financial Bank
Chase Bank	1	U.S. Bank
Lebanon Citizens National Bank		

The City Council will review and approve this list every five years. The current depositories are designated for the period of April of 2005 through March 2010.

The deposit and investment of City monies is governed by the provisions of the Charter and Codified Ordinances of the City as well as the Ohio Revised Code. Accordingly, only financial institutions approved by City Council are eligible to hold the City's cash deposits. In addition, investments are purchased in accordance with the Investment Policy of the City of Oxford.

Collateralizing of Deposits

Ohio law requires the classifications of funds held by the City into three categories:

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

Category 2 consists of "inactive" funds – those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit laddered in maturity not to exceed the current period of designation of depositories.

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

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



- ◆ 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, governmental national mortgage association, and student loan marketing association. All federal agency securities will be direct issuances of federal government agencies or instrumentalities;
- ◆ The State Treasury Asset Reserve of Ohio (STAR Ohio)
- ◆ Bonds and other obligations of the State of Ohio;
- ◆ Interim deposits in eligible institutions applying for interim funds;
- ◆ No-load money market 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
- ◆ Up to **ten percent** of interim moneys available for investment may be invested in the following:
 - Commercial paper notes issued by an entity that is defined in division (D) of section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which all of the following apply:
 - The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.
 - The aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation.
 - The notes mature not later than one hundred eighty days after purchase
- ◆ 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; No one repurchase agreement may exceed two million dollars.

Ohio Revised Code requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City of Oxford 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 state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3 *"Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,"* collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agent in the pool's name is classified as Category 3.

Governmental Accounting Standards Board Statement Number 3 (GASB No. 3) 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 as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the City's name).

Investments:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 Uninsured or 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.

Interest Distribution

The distribution of interest earned on monies held for the treasury of the City is generally subject to Ohio Revised Code Sections 135.21 and 5705.10, although specific exceptions may exist. As a general rule:

Interest earned on monies deposited by a treasurer which belong in the treasury of the City, except for the funds deposited custodial funds, must be apportioned among and credited to the funds to which the principal sums of such deposits or investments belong.

All other interest earned must be credited to the general fund of the City, with the following exceptions:

- ◆ Interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.[Article XII, Section 5a, Ohio Constitution]
- ◆ Federal regulations may require local governments to credit interest earned on federal money to the fund to which the principal belongs. [7 CFR Part 210.2,210.5, and 210.14(a)]
- ◆ Interest earned on principal of a non-expendable trust fund established to receive donations or contributions that the donor or contributor requires to be maintained intact must be credited to the non-expendable trust fund to which the principal belongs. [ORC § 5705.131]

Interest is distributed to amongst all the funds of the City semi-annually in a 1st half of the year and 2nd half of the year installments.

Internal Control

It is the policy of the City for all money collected by any officer or employee of the City to transfer those funds to the Department of Finance as soon as is practicable, but in any event within one business day of receipt, or within the time period specified by law, whichever is shorter.

Management should establish standard internal controls that are properly documented and followed by affected department(s) responsible for cash management that focuses on the following listed controls:

1. Segregation of duties – authorization, recordation, custodian functions, and reconciliation.
2. Daily processing – daily cash/collection total reconciled to subsequent deposit.



3. Timely depositing of funds received – For those governmental entities that have centralized cash collection points with direct supervision by treasury management, daily processing procedures should be developed and adhered to including daily deposit to financial institutions.
4. Reconciliation to the general ledger and other supporting accounting ledgers will be performed in a timely manner.
5. Physical security procedures during work hours and non-working hours for all funds received and change drawers maintained.
6. Automated system resources should be utilized where practical to provide better processing and reconciliation support as well as providing a more efficient and effective manner to manage receipts.

Deposit of Funds

A Receipt is to be prepared for all payments received on any business day and submitted to the Finance Department. This is required by §9.38(2) of the Ohio Revised Code that all public moneys must be deposited with the treasurer of the governmental entity or properly designated depository not later than the next business day

Petty Cash and Cash Change Drawer Policy

Purpose

This Policy is to establish the correct procedures for Departments who have a change drawer for the purpose of receipting payments made to the City of Oxford for various services provided.

Change Drawer

The change drawers are for the purpose of making change for customer payments for services. They are not to be used to reimburse or provide Petty Cash. The change drawer of each Department is to be balanced daily. A sample worksheet for balancing is available in the Finance Department. Any shortage in the change drawer should be reimbursed to the drawer by submitting a Petty Cash reimbursement request form for the amount of the shortage. Continual need to reimburse the change drawer may result in disciplinary action.

The amount of coin and currency in the drawer should meet the needs of the user Department. A suggested mix of coin and currency for a \$75 change drawer to allow for change to be made in most instances is:

Coin	\$10	- mix of quarters, dimes, nickels, and pennies
Currency	\$ 1	- 15
	\$ 5	- 4
	\$10	- 3

It is the responsibility of the Department Head to insure that the change drawer is balanced on a daily basis. Disciplinary action will be taken if the change drawer is not balanced. Deposits should be made in accordance with the Deposit of Funds section of this policy. A list of authorized personnel permitted to use the change drawer is to be kept in the change drawer. The change drawer is to be kept locked or kept secure when not in use.

The Finance Department will audit each change drawer on a semi-annual basis. Where exceptions are noted the audit will be conducted on a quarterly basis until the department receives a clear audit and then reverts back to a semi-annual basis.



Policy Statement

All Petty Cash is to be distributed from the Finance Department and requires the approval of the Finance Director or their designee. Payments of Petty Cash are for amounts of \$20.00 or less. Payments in excess of \$20.00 may be approved by the Finance Director only when other forms of payment are not possible. If the payment is expected to be greater than \$20.00 it must be approved in advance. Departments are encouraged to use their Procurement Cards wherever possible. In those cases where a Procurement Card is not accepted and the amount needed is greater than \$20.00, a Request for Payment form should be submitted to the Finance Department to obtain payment. In unexpected or emergency situations a manual check can be prepared.



Investment Policy

Policy Statement

The purpose of this investment policy, in conjunction with the Ohio Revised Code, as amended, will govern the investments and the investment activities of the City of Oxford.

Scope

This investment policy applies to the investment of all funds of the City of Oxford both short-term operating funds and longer-term funds, including investments of proceeds from certain bond issues.

Investment Review Committee

An Investment Review Committee is established for the purpose of periodically reviewing the City's investment function and advising the Finance Director regarding such investments. The committee will meet at least once every six months and will select a chairperson to conduct its meetings. The committee will consist of the City Manager, the Law Director, and the Finance Director. The committee will keep records of its proceedings and will adopt rules for its own proceedings. The committee may adopt procedures for implementing this policy, and may submit revisions to this policy from time-to-time as deemed necessary for City Council to consider.

Investment Objectives

The City's investment portfolio is designed and managed in a manner responsive to the public trust and consistent with state and local statutes. Investments are made on the basis of the following list of objectives which are listed in the order of importance:

1. Safety and security of City funds and investments.
2. Preservation of capital and protection of principal.
3. Maintenance of sufficient liquidity to meet operating needs.
4. Diversification of investments to avoid unreasonable or avoidable risks.
5. Market rate of return on the portfolio within the above constraints.

The City is generally restricted to investing in certificates of deposit, savings accounts, money market accounts, the State Treasury Asset Reserve (STAR Ohio), obligations of the State of Ohio, and obligations of the United States government or certain agencies thereof. The City is authorized to invest in any instrument or security outlined in ORC 135.14, as amended. All investment transactions will be completed on a competitive basis, whenever possible.

Investments will be made with care and judgment which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Additionally, purchases will be executed, not for speculation, but for investment, considering the safety of the capital as well as the probable income to be derived.

Standard of Care

A. Delegation of Authority

In accordance with City Charter Article V Section 5.05, responsibility for administration of the cash management and investment program is delegated to the Finance Director (City Auditor), who shall establish written procedures for the operation of the investment program consistent with the investment policy. Such procedures will include an internal control structure adequate to provide a satisfactory level of accountability, maintaining records incorporating descriptions and amounts of



investments, transaction dates, and other relevant information, and regulating the activities of subordinate employees. The Finance Director in conjunction with the City Manager may utilize the advice of a licensed and designated investment advisor to fully authorize the buying or selling of investments in accordance with the goals and objectives of this policy and to sign investment-related agreements with authorized financial institutions, and broker/dealers on behalf of the City of Oxford.

B. Defining Investment Treasury

In compliance with the Codified Ordinance of the City of Oxford Chapter 123 Section 123.03, the investment treasury is defined as whenever there are funds in the treasury of the City which will not be required to be used for a period of three months or more may be invested in accordance with the provisions of Ohio Revised Code Section 731.56, as amended. Investments purchased will also be sold in accordance with Ohio Revised Code Section 731.57, as amended.

C. Prudence

All participants in the cash management and investment process will act responsibly as custodians of the public trust and will avoid any transaction that might impair public confidence in the City.

Investment officers acting in accordance with written procedures and this policy and exercising due diligence will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action which may include the liquidation or sale of securities is carried out in accordance with terms of this policy.

Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

D. Ethics and Conflicts of Interest

All participants involved in the investment process will refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment officials will disclose to Council any material interests in financial institutions with which the City of Oxford conducts business. They will further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio. Employees and officers will refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City of Oxford.

Investment Parameters

1. Diversification

It is the policy of the City to diversify its deposits and investments by investment instrument, and by maturity scheduling.



The following diversification limitations will be imposed on the City's portfolio of deposits and investments at the time of purchase of each deposit or security:

Instrument:

- No more than 60% of the overall portfolio may be invested in cooperative, money market or pooled investment programs, and,
- No more than 20% of the overall portfolio may be invested in the securities of a single issue, except the U.S. Treasury.
- No more than 35% of the overall portfolio may be concentrated into a single issuer, except for obligations or securities guaranteed by the United States.

2. Maturity Guidelines

To the extent possible, the Finance Director will attempt to match the investments with anticipated cash flow requirements to take best advantage of prevailing economic and market conditions. The maximum maturity of any eligible instrument is five years from the settlement date, unless per a related bond indenture the investment is matched to a specified obligation or debt of the subdivision.

Maturity guidelines will be as follows:

1. No more than 25% of the portfolio may have a maturity beyond 36 months.
2. The average maturity of the portfolio will never exceed two and one-half years, and
3. At least 20% of the portfolio will be invested in liquid instruments or marketable securities that can be sold to raise cash in one business day's notice.

Any investment made should be purchased with the expectation it will be held to maturity. Investments may be sold to meet unexpected liquidity needs, to capture a capital gain, to reinvest in a preferred investment, or if otherwise determined to be in the best interests of the City.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities will be disclosed in writing to City Council.

Because of inherent difficulties in accurately forecasting cash flow requirement, a portion of the portfolio should be continuously invested in readily available funds such as STAR Ohio, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

Permissible Investments.

The Finance Director may invest in any instrument or security authorized by Ohio Revised Code Section 135.14, as amended. Permissible investments include:

- A. United States Treasury bills, notes, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States. Stripped principal or interest obligations of such eligible obligations are strictly prohibited.
- B. 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 or instrumentality securities must be direct issuances of the federal agency or instrumentality.

- C. STAR Ohio is eligible as long as the fund maintains the highest letter rating provided by at least one nationally recognized standard rating service as outlined in Ohio Revised Code Section 135.45.
- D. Bonds and other obligations of the State of Ohio.
- E. Interim deposits (such as Certificates of Deposit) in the eligible institutions applying for interim moneys as provided in Ohio Revised Code Section 135.08.
- F. No-load money market mutual funds consisting exclusively of obligations described in section VII A or B of this policy and expressly excluding derivatives in accordance with Ohio Revised Code Section 135.14.
- G. Up to **ten percent** of interim moneys available for investment may be invested in the following:
 - a. Commercial paper notes issued by an entity that is defined in division (D) of section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which all of the following apply:
 - b. The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.
 - c. The aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation.
 - d. The notes mature not later than one hundred eighty days after purchase
- H. Repurchase Agreements with eligible institutions.

Repurchase Agreements

Written repurchase agreements with any eligible public depository mentioned in Ohio Revised Code Section 135.03, or with any dealer who is a member of the NASD. All repurchase agreements must be entered into subject to a Master Repurchase agreement providing for the terms outlined below and satisfactory to the Law Director of the City of Oxford.

The market value of the securities subject held as collateral for an overnight repurchase agreement (including sweep accounts) or term repurchase agreements must exceed the principal by at least 2%, the securities must be marked to market daily and the stated margin will be maintained by the initial seller during the life of the transaction. No one repurchase agreement may exceed \$2,000,000. The City retains the right to terminate the agreement and sell the securities outside the repurchase agreement. Reverse repurchase agreements are strictly prohibited.

Term repurchase agreements may not exceed 30 days. Any repurchase agreement with an eligible securities dealer must be transacted on a delivery versus payment basis. For all securities purchased pursuant to a repurchase agreement with an institution or dealer, the institution or dealer must agree in writing to unconditionally repurchase any of the securities used for any repurchase agreement transaction.

**Collateralization**

All deposits will be collateralized pursuant to the requirements of the Ohio Revised Code. Eligible securities used for collateralizing deposits will be held by the depository and/or a third party bank or trust company, subject to security and custodial agreements.

The security agreement will provide that eligible securities are being pledged to secure City deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted, or released providing collateral values are maintained, and, the events which will enable the City to exercise its rights against the pledged securities including failure to meet deposit repayment or collateral terms, or the deposit institution's insolvency. In the event that the securities are not registered or inscribed in the name of the City, such securities will be delivered in a form suitable for transfer or with an assignment in blank to the City or its custodial bank.

The custodial agreement will provide that securities held by the bank or trust company, as agent of and custodian for the City, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement will also describe how the custodian will confirm the receipt, substitution, or release of the securities. The agreement will provide for daily revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. The agreement will provide that the custodian will exercise the City's rights to the security or as instructed by the City. Such agreement will include all provisions necessary to provide the City with a perfected interest in the securities

Derivatives

Investments in derivatives are strictly prohibited. A derivative is defined in Ohio Revised Code Section 135 as a financial instrument or contract or obligation whose value is based upon or linked to another asset or index or both, separate from the financial instrument, contract, or obligation itself. However, any eligible investment with a variable interest rate payment based upon a single interest payment or single index comprised of other investments consisting of US government or federal agency or instrumentality obligations is not considered a derivative if it matures in two years or less.

Pooling

The pooling of funds by subdivisions is prohibited except as provided in Ohio Revised Code Section 715.02 or Section. IV Article XVIII of the Ohio Constitution, and STAR Ohio.

Safekeeping and Custody**1. Eligible Institutions and Dealers**

Any financial institution located within the State of Ohio as defined by ORC 135.03 is eligible to serve as an approved depository and/or investment provider. Only securities dealers and brokers that are members of the National Association of Securities Dealers (NASD) are eligible to be an investment provider. Investment advisors must be an eligible financial institution as defined by ORC 135.03, or an advisor that is registered with the Securities and Exchange Commission.

A list will be maintained of financial institutions authorized to provide investment services. In addition, a list also will be maintained of approved security broker/dealers selected by creditworthiness (e.g. a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).



All financial institutions and broker/dealers with which the City conducts business must supply the following information to the City of Oxford as an investment advisor/manager:

- Audited financial statements,
- Proof of National Association of Securities Dealers (NASD) certification,
- Proof of State of Ohio registration,
- Certification of having read the City's Investment Policy.

The City will bid for investment advisory and management services for no more than a five year period. A contract outlining services to be provided will be maintained by the Finance Director and on file with the Clerk of Council of the City of Oxford.

In accordance with Ohio Revised Code, a signed copy of this policy will be kept on file for each investment advisor, financial institution and broker/dealer doing investment business with the City of Oxford. The signature indicating that the investment advisor has received, read, comprehended and will abide by its content when recommending, buying or selling any investment security of the City.

The Finance Director is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. An annual review of the financial condition and registration of qualifies financial institutions, broker and dealers will be conducted by the Finance Director.

To the extent that the City uses the services of an outside Investment Manager, it shall be the responsibility of the Investment Manager to establish appropriate credit criteria for broker/dealers with which they execute investment transactions on behalf of the City. Upon request, the Investment Manager will provide the City with a complete list of approved brokers.

2. Internal Control

The City will establish an annual process of independent review which will assure compliance with policies and procedures. A system of internal controls will be designed to protect the city from theft, loss, and misuse of public funds. The City will attempt to prohibit collusion, by separating investment transactions from the accounting and recording of those transactions. The City will assure the timely delivery and matching of custodial trust receipts.

3. Delivery vs. Payment

All investment securities purchased by the City or held as collateral on either deposits or investments will be held in third-party safekeeping at a financial institution (to be designated as the "Custodian") qualified to act in this capacity. All securities held for the City account will be held free and clear of any lien and all transactions will be conducted on a delivery-vs.-payment basis. The Custodian shall issue a safekeeping receipt to the City listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the custodian will also provide reports which list all securities held for the City, the book value of holdings and the market value as of month-end.

Appropriate City officials and representatives of the Custodian responsible for, or in any manner involved with, the safekeeping and custody process of the City shall be bonded in such a fashion as to protect the State from losses from malfeasance and misfeasance.



Reporting

The Investment Review Committee is responsible for oversight of reporting in compliance with the specific requirements of the Ohio Revised Code. Such reporting will include all items as required by Ohio Revised Code and other such information as deemed appropriate for the proper management and oversight of the City's investment function.

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return throughout budgetary and economic cycles. A series of appropriate benchmarks shall be established against which portfolio performances will be compared on a regular basis.

The market value of the portfolio will be calculated at least quarterly and a statement of the market value of the investment portfolio will be issued at least quarterly. This will ensure that review of the investment portfolio, in term of value and price volatility, has been performed consistent with the Government Finance Officers Association's Recommended Practices.



Collections Policy

Utility Billing

The City of Oxford Codified Ordinances at §921.07 provides “No application for water service shall be allowed and no water shall be supplied to any applicant or consumer where it is apparent that the applicant or consumer is indebted to the City pursuant to the provisions of Chapter 921 of the Oxford Ordinances. This provision shall apply whether the indebtedness was incurred at the premises for which application is made or at any other premises supplied by the City within or without the corporate limits.” The Utilities Division of the Department of Finance has the responsibility for collecting past due account for City of Oxford invoices for various services and functions. This Division will make every effort to minimize the amount of invoices that are past due or accounts that remain unpaid upon termination or discontinuation of service.

Current Consumers

1. The Utilities Division will mail a notice of disconnection in each of the utility billing cycles to consumers whose utility account are over an amount determined as an appropriate threshold and 30 days past due. The notice will provide to the consumer the amount that is due and the earliest date of potential service disconnection which will be not less than 10 days from the date of the notice. Service termination may be conducted on that date, or any date thereafter, as long as any amount for utility service remains past due. Any consumer who receive a subsequent notice on the same past due amount may be disconnected at any time and does not require a new 10 day notice period before disconnection may proceed.
2. The Utilities Division Collections Office will use all reasonable efforts to collect any past due amount. Disconnection of utility services will be made based on the following criteria: a) the age of the amount past due and, b) the amount that is past due.
3. A consumer may avoid disconnection by contacting the Utilities Division Collections Office to make arrangements for payment of utility services that are satisfactory to the Utilities Division. A satisfactory payment arrangement requires a “good faith” payment of the past due amount when signed. This “good faith” payment is determined on a case-by-case basis. A payment agreement for the remainder of the past due balance will be for a period not longer than two (2) months. The repayment program should be documented on a Utility Payment Agreement form which outlines the details of the amount and time period for repayment. These terms of repayment may be revised on a case-by-case basis for extenuating circumstances upon the approval of the Utilities



Office Manager and/or Finance Director. If a consumer does not remain current with the Utility Payment Agreement, the consumer may have their utility services disconnected without further notice.

4. A consumer may be able to obtain assistance for the payment of utility invoices from various agencies or organizations. If these agencies or organizations pledge to provide assistance with the payment of the consumer's utility invoice, these pledges will be noted in the comments on the consumer's utility account and will be considered as an offset to the balance due from the consumer. The consumer is not relieved of the obligation to pay any remaining balance due on their account.

5. All letters of notification of bankruptcy will be immediately forwarded to the Law Director for the City of Oxford for further legal processing. The Finance Department will follow the direction of the Law Director in pursue these outstanding obligations.

Inactive Consumers

1. A consumer who has their utility account finalized and changed to an Inactive Status is responsible for payment of any amount due to the City. A consumer may not receive new utility services from the City until a prior amount that is due or past due is paid or satisfactory repayment arrangements are made. All utility accounts that change from an Active to an Inactive status, and a have a balance outstanding, will be reviewed by the collections office for the required action after the billing office has sent the final invoice.

2. If a consumer is moving to another service address in the City's utility service area, the current balance on the Inactive account may be transferred to the new utility service account. Past due amounts may not be transferred to the new account unless satisfactory repayment arrangements have been made.

3. If no new or forwarding address is available, or the new or forwarding address provided by the consumer is not valid, the collections office will follow up by telephone or in-person with the landlord, family members, or other references on the Application for Service.

The Collections Office will send a second final utility invoice 30 days after the first one was sent if a balance remains of the Inactive Account. The Collections Office will attempt to contact the former consumer by telephone or any other means available. An Inactive account that remains with a balance 45 days after being moved to an Inactive



status will be reviewed for possible legal action or transfer to a third party for collection if permitted.

Municipal Income Tax Assessment

Municipal income tax for the City of Oxford is collected through a third-party provider for the initial collection efforts. The current vendor is the Regional Income Tax Agency in Cuyahoga County. The Regional Income Tax Agency will attempt to collect the tax assessment from a City of Oxford resident or business. Once their efforts have been exhausted a case file is prepared and sent to the Finance Director for further collection processing.

The Finance Director will review the file and verify all information with the resources available at the City. The first attempt made by the City will be to collect the tax using any data base information available to the City. If this attempt is unsuccessful, the case file will be forward to the Law Director to make a final attempt by legal letter to collect the debt. If the debt is still not collected the City will pursue legal remedies to collect the debt by formal agreement, judgment, lien, subpoena, and/or warrant. The process utilized to collect the tax assessment will be determined on a case-by-case basis.

The Finance Director will have discretion to waiver penalty and fees assessed in an attempt to collect the tax due. If interest is reduced or waived on a tax assessment it will be done with joint approval of the City Manager. The Tax Administrator will sign all agreements made with taxpayers that come to Oxford City Hall. The terms of the payment agreements will be determined on a case-by-case basis and are at the full discretion of the Finance Director. All payment agreement made through City Hall will be monitored by the Income Tax Review Board.

Accounts Receivable Write-Off Policy

The City of Oxford has accounts receivable revenue from various services provided and income and property taxes. The City will make every attempt to collect all payments due to the City, but some amount may not be collectible as a result of inability to locate the consumer or resident, bankruptcy, death of debtor with no estate, or is beyond the statue of limitations for collection.

The Finance Director will review all accounts receivables at least annually to determine the potential for collection. Any Account Receivable that is deemed to be collectible will remain on the financial records and will not be scheduled for write-off provided that the statute of limitations (generally 6 years from when the receivable becomes delinquent) has not lapsed. A detailed record of all account write-offs will be maintained by the Finance Department.



The following General Guidelines will be utilized when considering whether or not an outstanding receivable will be scheduled for write-off:

1. Discharged Bankruptcy and the receivables file has been noted with the date filed, filing number, court district, and date of discharge.
2. Deceased: Debtor is deceased with no estate.
3. Court refuses judgment.
4. The Statute of Limitations has expired without payment or promise of payment.
5. Amount is below a threshold level of \$50.00 and does not warrant further collection effort.
6. The use of a third party, if permitted, for collections has exhausted all efforts to make collection of the receivable.

Property Attachment for Homeowners

Annually, the Finance Director will present to City Council all utility accounts four months or more delinquent that may be certified to the County Auditor to be assessed to the tax duplicate. The utility charges which may be certified to the County Auditor are for water usage, as provided in §921, all sewer charges, as provided in §923, are to be assessed against the property to which the service is rendered and are a lien collectible the same as other liens and taxes for all property owners in accordance with the Charter of the City of Oxford.



Debt Management Policy

Introduction

The purpose of this policy is to guide City officials as they consider the proper use of debt to fund capital projects. The primary objective is to establish conditions for the use of debt and to create a policy that minimize the City's debt service and issuance costs, retain the highest credit rating, and maintain full and complete financial disclosure and reporting. The debt policy is intended to guide the prudent use of resources to provide the needed services to the citizens of the City of Oxford and to maintain sound financial management practices. These policies, therefore, are flexible in design to allow for exceptions under changing and extraordinary circumstances.

Legal & Regulatory Requirements

The Finance Director, with consent from the Law Director, will coordinate their activities to ensure that all financings are issued in full compliance with the City's governing statutes and regulations. The Finance Director will select the bond counsel for a bond issue. Bond Counsel will review all documents to the issuance of securities by the City.

Planning for Debt

The primary tool used to plan for debt is a capital improvement plan (CIP). A CIP is a multi-year financial planning tool that identifies public facilities, infrastructure improvements, machinery, and equipment requirements. A CIP identifies each proposed capital project, the year it will be started; the estimated cost anticipated each year; and the proposed sources of financing. Based on these individual project details, summaries of capital expenditures for each year are prepared. These summaries are then matched with funding available from all applicable sources including current revenues, cash reserves, grants, and borrowings. A CIP represents the balancing of project requests with current and future financing capabilities.

A CIP document will assist the government in determining the amount of infrastructure and equipment spending that will be required to accommodate anticipated growth and development. Each year the City of Oxford will adopt a CIP covering the subsequent five fiscal years. The CIP will identify projects for further consideration over the next five-year period and will recommend specific funding strategies for each identified project.

Prioritizing Capital Projects

The City Manager and the Finance Director will develop formal ranking criteria that will be used in the evaluation of all capital projects. All capital projects will be accompanied by a description of the sources of funding to cover the project costs. Where borrowing is recommended, the source of funds to cover debt service requirements must be identified. The formal ranking will be reviewed with City Council and revised at their direction.

Identify Useful Life of a Project

Projects with a useful life of less than five years will not be eligible for inclusion in bond issues. The Finance Director, with approval from Bond Counsel, will determine the useful life of a project. The Finance Director will incorporate an estimate of the useful life of the proposed capital improvements in developing an amortization schedule for each bond issue.

Policy Statements

The City of Oxford will not issue tax or revenue anticipation notes to fund governmental operations. The City will manage its cash in a fashion that will prevent any borrowing to meet needed operating expenses. The City will primarily rely on current revenue and cash set-asides to finance its capital



improvements. The City believes in funding a significant portion of capital improvements on a “pay-as-you-go” basis. Therefore, the City will strive to increase each year the percentage of its capital improvements financed by current revenues.

The City’s General Fund equity balance has been built over the years to provide the City with sufficient working capital and enable it to finance unforeseen emergencies without borrowing. To conserve the General Fund equity balance and to avoid reliance on this balance, the City will not finance operations from the General Fund equity balance for periods longer than two years.

Financing Alternatives

One of the primary decisions made regarding the CIP is financing whether to use cash on hand, capital leases, low-interest loans, short-term debt financing, or long-term debt financing. This policy sets forth guidelines for this decision by identifying the parameters within each funding source that are considered appropriate. These parameters are defined below.

Cash Funding

City policy encourages funding capital projects with cash, on a “pay as you go” basis, to the extent possible and practical. As part of the pay-as-you-go strategy, the City will first look for grant funding for capital projects. The City will strive to allocate at least 5% of its income tax collections to capital projects each year as funding permits and that money is used first for annual debt payments, and the amount remaining after paying debt service is available for cash funded projects. Cash funding is recommended under the following circumstances:

- To finance purchases of assets whose lives are shorter than five years.
- To finance recurring maintenance expenditures (i.e. street repair vs. street construction)
- When market conditions are unstable or present difficulties in achieving acceptable interest rates.

Debt Financing

Short term debt financing:

Short-term bond anticipation notes may be issued to finance projects or portions of projects. Short-term debt is appropriate under the following conditions:

- Short-term notes are suitable as a source of permanent financing for projects with useful lives of less than five years.
- Notes are used as a temporary funding source prior to and in anticipation of the completion of a bond sale.

Long-term debt financing:

It is prudent policy to use notes and bonds for capital asset funding under the parameters set forth below. No single parameter stands alone; they must all be considered under the then current circumstances and in relation to the others. The parameters are as follows:

- Variable rate bonds are suitable as long term financing tools designed to manage interest costs. When variable rate bonds are used for long-term financing, the City must schedule annual principal payments similar to a fixed rate financing that will not exceed 20% of the City’s outstanding debt.
- Long-term bonds are recommended for projects with useful lives of ten years or longer and for amounts.
- Debt is recommended when the fiscal year’s beginning balance of the General Fund is \$3 million or less.



- Debt is acceptable as long as the ratio of available capital fund dollars to income tax supported debt payments does not fall below 2 to 1 in the current fiscal year and projected forward over four years.
- Long-term bonds are considered especially appropriate when average long-term interest rates, as indicated by the Bond Buyer General Obligation 20 Bond Index, are at or below eighty-five percent of the index's twenty-year average. Long-term bonds are considered less appropriate when average rates for the index are at or above one hundred and fifteen percent of the twenty-year average. The City will make every effort to structure the terms of its bonds to match the status of the market at the time.
- Debt funding is not recommended if it causes certain debt burden measurements to exceed maximum acceptable levels consistent with the City's Aa3 Moody's bond rating.
- Debt funding is recommended for projects where the burden of payment rests more directly on a selected group of taxpayers or beneficiaries, such as for project revenue bonds, special assessment projects, tax increment financing, or economic development projects. Any financing of this type must receive a rating in the single A category or higher to receive City approval.

Revenue Bonded Debt

- It will be a long-term goal that each utility or enterprise will ensure future capital financing needs are met by using a combination of current operating revenues and revenue bond financing. Therefore a goal is established that 15% of total project costs should come from operating funds of utility or enterprise.
- It is City policy that each utility or enterprise will provide adequate debt service coverage. Per the trust indenture, a specific factor is established by City Council that projected operating revenues in excess of operating expenses less capital expenditures, depreciation and amortization in the operating fund should be at least 1.25 times the annual debt service costs.

Conduit Debt

- Conduit debt is a bond or other debt obligation issued by the City to finance a project for use by a third party. This arrangement is typically used for nonprofit organizations. The term "conduit" refers to the fact that the issuer assumes no commitment to pay or guarantee payment of the debt service underlying the debt.
- The City will obtain a clear opinion that it shall not be liable for the payment of principal and interest in the event of default by the conduit borrower by independent bond counsel. If no such opinion can be obtained, the conduit borrower will purchase insurance or a letter of credit in the City's name to protect taxpayers in the event of default.
- The City will require a commitment from all institutions that borrow money under the City's name to agree to provide the market with continuing disclosure information

Capital Lease Debt

- Capital lease debt will be considered to finance certain vehicle and equipment purchases when the aggregate cost of equipment to be purchased exceeds \$20,000. Adequate funds for the repayment of principal and interest must be included in the requesting department's approved budget.
- The term of short-term financing will be limited to the usual useful life period of the vehicle or equipment, but in no case will exceed ten years.
- Departments requesting capital financing must have an approved budget appropriation. Departments will submit documentation for approved purchases to the Finance



Department each year within sixty days after the annual budget is adopted. The Finance Department will consolidate all requests and may solicit competitive or negotiated proposals for capital financing to insure the lowest possible interest costs.

Low Interest Loan

The use of federal and state aided low interest loans will be a valid financing mechanism and should be considered before consideration of issuing any other forms of debt. This method of financing should be used wherever possible to fund a project. However, simply because funds are available for a particular project does not obligate the City to proceed with a project without consideration of future cash flows and other capital needs.

The following table provides a simple reference source for these policies.

PARAMETERS	FUNDING SOURCES				
	Cash	Loans	Capital Leases	Short-term Notes	Long-term Bonds
Project life is less than 10 years	✓	✓	✓	✓	
Project life is 10 years or greater		✓	✓	✓	✓
Recommended temporary funding prior to a bond sale				✓	
Recommended variable rate funding mechanism			✓	✓	
The amount borrowed is less than \$5,000,000		✓	✓	✓	
The amount borrowed is \$5,000,000 or larger		✓		✓	✓

Selecting Service Providers

The Finance Director will select the Underwriter and the Paying Agent and/or Registrar for each debt issuance. The following contract advisors will be maintained for the City of Oxford for a period not to exceed five years:

- Underwriters – to be selected by Request for Qualifications (RFQ) or competitive bid for each bond issue based upon the proposed structure for each issue. For negotiated sells the underwriter will be selected by the Finance Director.
- Bond Counsel - to be selected by a RFQ or competitive bid for each bond issue.
- Special Counsel – to be selected by RFQ for each issue to protect the City's interest in complex negotiations and comment review.
- Financial Advisor – to be selected by a RFQ on an issue-specific basis or for a specified period of time as deemed by the Finance Director and will not exceed a five years period. The Financial Advisor is to provide financial analysis and advice related to the feasibility and structure of the proposed debt. The Financial Advisor will assist the Finance Director in managing the debt limitation and capacities for the City of Oxford.

All professional service providers selected in connection with the City's capital planning and debt issuance program will be chosen through a request for qualifications process. The request for qualification process will be designed to select providers that offer the City the best combination of expertise and price. The objectives of the process will be to:

- Promote competition,
- Be as objective as possible,
- Incorporate clear and rationale selection criteria,
- Be independent of political influence,



5. Be perceived as fair by the respondents
6. Result in a cost-effective transaction
7. Result in the selection of the most qualified firm(s)

The City is not required to select the firm offering the lowest price. However, in cases where the low bidder is not recommended the selection committee must present a written report to the City Council providing a justification for the recommendation.

Choosing a Method of Sale

The Finance Director with the assistance of the Underwriter and/or Financial Advisor will make the determination of the method of sale on a case- by-case basis. Costs and market conditions will be a strong determining factor in making the decision on which method of sale to utilize for each issue.

The City will accept bids for its bonds via facsimile transmission or electronic submission. Such bids must conform in all respects with the terms of the Official Notice of Sale. The Official Notice of Sale will be designed by the Finance Director or designated agent to allow a degree of flexibility for the prospective purchasers and may include a permitted discount, term bonds with mandatory sinking fund installments, and other features to enhance the attractiveness of the offering consistent with the receipt of the lowest true interest cost possible.

When a sale is not competitively bid, the City will publicly present the reasons and will participate with the financial advisor in the selection of the underwriter or direct purchaser. The City of Oxford will pay a management fee only to the senior manager. The City may pay a management fee to co-managers if it is determined that they have made significant contribution to the structuring of the transaction or development of the marketing plan.

Rating Agency Applications and Communications

The City of Oxford may seek a rating on all new issues that are being sold in the public market. The City will solicit rating from Moody's Investor Service primarily since that is where it achieved its most recent rating of Aa3. The other two rating agencies, Fitch Investors Service or Standard & Poor's may be considered only if an Aa3 rating by Moody's is not satisfactory. When applying for a rating on an issue of over \$10,000,000 or more, the City of Oxford will make a formal presentation of the finances and positive developments within the City to the rating agencies. These presentations will include, but are not limited to the City Manager, Finance Director, Law Director, Bond Counsel and Financial Advisor or Underwriter. The City of Oxford will report all financial information will report all financial information to the rating agencies on an annual basis. This information will include, but will not be limited to the Comprehensive Annual Financial Report for the City of Oxford.

The Finance Director will provide the rating agencies that maintain a rating of the City securities with all materials that have a pertinent bearing on the City finances on an annual basis or at the request of the rating agencies.

Selecting Bond Type

The City of Oxford will seek voter authorization to issue general obligations only for essential projects. In addition, such authority will be sought only after it is determined by City Council that no other funds are available to meet the projected costs. Lease purchase financing and Certificates of Participation will only be undertaken when the project is considered essential to the efficient operation of the City.

The City will favor the use of limited obligation revenue bonds to finance capital improvements as a means of insuring that beneficiaries of an enterprise pay for a fair share of the costs to maintain a City service.

**Disclosure Documents**

The City of Oxford will provide a copy of its Comprehensive Annual Financial Report upon request and disseminate other information that it deems pertinent to the market in a timely manner.

The City of Oxford will require all conduit securities to be issued with a complete official statement or other disclosure document; the documents will clearly describe the limited source of repayment and lack of direct financial support from the City. The City will also require the conduit borrower to provide all information necessary for the City's audit in regard to the specific debt issue.

Investment of Proceeds

The Finance Director will invest the borrowed funds subject to the Investment Policy of the City of Oxford in a timely manner to ensure the availability of funds.

Debt Limitations Compliance

The City will retire all debt on or before the maturity date. The City will also fully comply with all statutory debt limitations imposed by the Ohio Revised Code or those incorporated into the City Charter.

The City will monitor the interest rate markets and may use variable rate debt for long-term capital improvements if conditions warrant and the Underwriter and Bond Counsel concur. Both the Law Director and Bond Counsel must review the transaction to ensure that the City is authorized to enter into the agreement under existing statutes and City policies.

Arbitrage Compliance

The Finance Director and Bond Counsel will analyze the new regulations for their applicability to individual situations, particularly for those that might be advantageous if applied retroactive. The Finance Director will maintain a system for computing and tracking the arbitrage rebate liability and will notify the proper parties of the arbitrage status and pay the IRS if necessary.

Investor Relations

The City of Oxford will post its annual financial report on the internet at the City hosted website of www.cityofoxford.org and provide hard copies of the document to interested parties upon request.

Refunding Options

The Finance Director will monitor the City of Oxford's debt portfolio for refunding opportunities on a regular basis. The City will consider refunding for various reasons, including to:

1. Update covenants on outstanding debt which impair efficient operations,
2. Restructure the pattern of debt service associated with outstanding bond issues, and
3. Alter bond characteristics, such as call provisions or payment dates, on existing debt.

If the City pursues a refinancing for interest rate savings, it should initiate the transaction (select method of sale, engage outside service providers and begin Preliminary Official Statement preparation) when the present value savings exceed 1% of the par amount of the outstanding issue, inclusive of all costs of issuance. Generally, the City will execute the refunding once present value exceeds 3% of the outstanding par.

Bond issues may include a call feature to maximize the City's ability to advance refund or retire all or a portion of its outstanding debt early.



Internal Control Policy

Scope

Internal controls have long been regarded as the cornerstone in ensuring that assets are accounted for and used properly. Internal controls generally address proper authorization of transactions, segregation of duties, documents, and records, safeguards over access to use of assets, and independent checks on performance.

The Finance Director is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and that deposits and investments are managed prudently and in compliance with applicable laws and regulations.

Objectives

A system of internal controls should be able to provide reasonable assurance that these objectives have been met:

1. **Authorization** – all transactions are properly authorized by management.
2. **Recording transactions** – transactions are recorded as and when necessary:
 - a. to permit preparation of financial statements in conformance to statutory requirements and generally accepted accounting principles, and
 - b. to maintain accountability for assets.
3. **Access to assets** – access to assets and records should be permitted only with management's authorization.
4. **Periodic independent verification**– the records should be checked against the assets by someone other than the persons responsible for the records or the assets.
5. **Segregation of duties** –the organizational plan should separate functional responsibilities. The establishment of a system of checks and balances must exist where the work of one employee is checked by another employee. The security and safety of assets is also maintained when the segregation of duties clearly outlines the responsibility for custody of assets separate from the responsibility to maintain the records relating to those assets.

Procedural Narratives

Documented checklists and narratives will be maintained by the Finance Director for the accounting functions involving the handling of:

- | | |
|--------------------------------------|--|
| ✱ Budgeting and Planning | ✱ Personnel and Payroll |
| ✱ Cash | ✱ Information Technology Management |
| ✱ Investments | ✱ Financial reporting and General Ledger |
| ✱ Receipts, Billings and Receivables | ✱ Grants |
| ✱ Property, Plant and Equipment | ✱ Debt |
| ✱ Inventory | ✱ Record Retention |
| ✱ Purchasing and Disbursements | ✱ Electronic Transaction Management |

Department Responsibilities

The Finance Department will issue internal control procedures based upon deficiencies that have been identified by City staff or the independent auditors. Finance will ensure that a good faith effort is made to implement all independent auditor recommendations pertaining to internal control. Each department head is responsible to ensure that internal control procedures, including those issued by the Finance Department, are followed throughout the department.



Planning Policy

Focus

The City of Oxford recognizes the importance of planning. It recognizes that prudent financial planning considers the multi-year implications of financial decisions. The City will strive to maintain a long-term focus on its financial planning and stay mindful of the long-term objectives of the City.

Planning Elements

The major elements of the financial planning process for the City of Oxford are:

1. City of Oxford Comprehensive Financial Policy Document – this document established a policy framework to guide the financial procedures and forecasts for the City.
2. Five-Year Financial Plan – updated annually, this plan consists of two components:
 - a. Fund Analyses for each major operating fund that identify past performance, estimates funding needs, identifies funding sources, estimates costs, and funding for projects and programs that accomplish the long-term goals of the City.
 - b. Capital Improvement Plan for all funds that outlines capital outlay needs for the City forecasted for a future five-year period.
3. Annual Financial Plan – is a presentation of both the operating and capital budgets for the City over one fiscal year.

Five-Year Financial Plan

A five-year financial plan will be created and updated on an annual basis. The plan will include all major operating and all capital improvement funds of the City. The purpose of this plan is to:

- 1.) Identify major policy issues for City Council consideration prior to the preparation of the annual budget;
- 2.) Establish capital project priorities and make advance preparation for the funding of projects within the five-year horizon;
- 3.) Make conservative financial projections for all major operating funds and all capital improvements to provide assurance that adequate funding exists for proposed projects and services;
- 4.) Identify financial trends in advance or in the early stages so that timely corrective action can be taken, if needed.
- 5.) Communicate the City's intermediate plans to the public and provide an opportunity for the public to offer input.

Annual Financial Plan

The operating and capital budgets are the City's annual financial plan. The Budget Policy outlined how and when these budgets are established by the City. These budgets are directed by and incorporate the strategic objectives of the City of Oxford. They are built to accomplish the priorities of the City Council for each department of the City. The priorities include those needed to maintain current service levels as well as supporting new or expanded services.



Reporting Policy

Statement of Intent

It is the intent of this policy to establish uniform requirements for the City of Oxford with regard to financial accounting and reporting, so that the financial position and results of operations of each fund can be publicly available to citizens, legislators, financial institutions, and others interested in such information. The desired result of this policy is to ensure that financial reports prepared in accordance with generally accepted accounting principles promulgated by GASB are consistent with financial reports issued by all local general purpose governments and their boards, commissions, or departments, based on the provisions of state laws or local ordinances.

Revenue Policy

To ensure strong financial management practices, the proper controls over revenues are imperative to determining budget, forecasting reconciliations and general oversight over the various revenues collected. Management will provide for appropriate mechanisms automated and manual to collect all funds for services and ensure the proper controls exist over all receipts. The internal controls set must abide by authoritative standards and practices as they pertain to Governmental Accounting Standards Board (GASB) pronouncements and the Ohio Revised Code. To ensure that our revenues are balanced and capable of supporting our desired levels of services, the City of Oxford has adopted the following revenue policy statements.

- A process to review diversified and stable revenues will be maintained to shelter us from short-run fluctuations in any one revenue source.
- Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential.
- Each year, major revenues will be projected for at least the next three years.
- Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of our government.
- We will strive to be informed and aware of all grants and other aid that may be available to us. All potential grants and other aid will be carefully examined for matching requirements (both dollar and level-of-effort) and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective.
- Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues will be used as legally prescribed or otherwise set forth by policy.
- A balance will be sought in the revenue structure between elastic and inelastic revenues, to minimize any adverse effects caused by inflationary or economic changes.
- One-time revenues will be used for capital improvements or as legally restricted to a specific purpose.
- We will carefully and routinely monitor any amounts due to us. An aggressive policy of collection will be followed for all receivables, including property taxes.
- Proprietary funds will generate revenue sufficient to support the full direct and indirect costs of these funds.
- Revenue forecasts will be conservative, using generally accepted forecasting techniques and appropriate data.
- Each year and whenever appropriate, we will review our schedule of fees and related administrative procedures.

Expenditure/Expense Policy

Expenditure/expenses are a rough measure of a local government's service output. While many expenditures/expenses can be easily controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of



expenditures/expenses and provide for a quick and effective response to adverse financial situations, the City of Oxford adopted the following expenditure/expense policy statements:

- Expenditures/expenses and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
- Expenditures/expenses and purchase commitments will be recorded in an accurate and timely fashion.
- The review and approval process for all claims made against the City will be as follows:
 - ◆ Departments must issue purchase orders as required under our Purchasing Policy. Departments are encouraged to issue purchase orders whenever practical, even if they are not required.
 - ◆ Properly completed claims must be prepared and submitted to the finance department by the department responsible for originating the claim. A “properly completed claim” must include, but is not limited to, the vendor’s name and address, date of claim, explanation, and accounts to be charged, department authorization signature and sufficient documentation. “Sufficient documentation” means that a person unfamiliar with the transaction could understand what was ordered, when, by whom, from what vendor, at what price, when the goods or services were delivered, who accepted delivery, and who authorized payment. Typical documentation includes copies of purchase orders, invoices, and/or statements, City Council Resolutions authorizing bids or state contracts, records of quotes received, receiving slips, correspondence, and other communications.
 - ◆ Finance will issue checks promptly for all claims properly completed and submitted.
- The balances in appropriation accounts will be monitored regularly to ensure that the total of expenditures/expenses and purchase commitments in any account do not exceed the authorized budget for that account.
- Requests for competitive bids, proposals, formal and informal quotes, and other methods of seeking and encouraging vendor competition will be obtained as required by law or otherwise established by the City Manager or Finance Director.
- Arrangements will be encouraged with other governments, private individuals, and firms, to contract out or cooperatively deliver services, in a manner that reduces cost and/or improves efficiency and effectiveness while maintaining service quality.
- The full direct and indirect costs will be calculated for any service provided for a fee or charge, or where there is a potential for the reimbursement of such costs.
- We will maintain an effective risk management program that provides adequate coverage, minimizes losses, and reduces costs.
- Expenditures/Expenses are to be made for a purpose that is in compliance with operational or capital activities with the related department/division in the City (proper public purpose).
- All appropriations shall lapse at the close of the fiscal year to the extent that they shall not have been expended or encumbered.

Operating Position Policy

Operating position refers to the City's ability to balance its budget on a current basis, maintain reserves for emergencies, and maintain sufficient cash to pay its bills on a timely basis. Our operating position policy requires that:

- The City will pay all current operating expenditures with current operating revenues.
- Encumbrances represent commitments related to unperformed contracts for goods or services, and will be recorded when incurred. Encumbrances outstanding at year-end will be reported as reservations of fund balance.



- The City will strive to maintain the unreserved, undesignated fund balance for all major funds of the City at a level at least equal to 5% of the respective fund's total appropriations.
- General Fund unreserved and undesignated fund balances should be used for capital or emergency expenditures.
- The City will prepare a cash-flow analysis of all major funds in accordance with the planning policy. Disbursements, collections, and investments will be managed to provide sufficient cash for daily financial needs.

The City will prepare quarterly financial reports of the financial position and results of operations, and an analysis thereof, for the major funds of the City.

Reserve Policy

The major funds of the City should maintain adequate fund balances or reserves to handle unexpected decreases in revenues plus a reasonable level for extraordinary unbudgeted expenditures. For measurement purposes, the minimum fund balance in any major fund is the equivalent of 180 days of average expenditure and should be computed annually and remain unappropriated.

Accounting, Auditing and Financial Reporting

The Finance Director, at the close of each fiscal year, will have contracted for an independent audit of the City's finances and for compliance with State laws. The audit will be published annually as a Comprehensive Annual Financial Report. All annual financial reports shall contain at least the following:

- (a.) Financial statements are prepared in accordance with generally accepted accounting principles promulgated by the GASB or its successor bodies, setting forth the financial condition and results of operations.
- (b.) Any additional information that may be required by the GASB or the State Auditor (or other appropriate state official or department) or that may be deemed appropriate by the (state, local, special district, public authority) government.
- (c.) The opinion of the auditor with respect to the conformity of the financial statements with generally accepted accounting principles.

The City will maintain strong internal audit capability. The City will annually seek the Government Finance Officers Association (GFOA) certifications for annual reporting, and budget. These are the Certificate of Achievement in Financial Reporting and the Distinguished Budget Award.

The Government Finance Officer Association's *Certificate of Achievement for Excellence in Financial Report* is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by the City. Receipt of the Certificate of Achievement recognizes the City has met the high national standards of the program including demonstrating a constructive spirit of full disclosure to clearly communicate its financial story and motivate potential users to read the financial statements. The City of Oxford has received this certification for the last twenty-one consecutive years (years ended 1984 through 2004).

The Government Finance Officer Association's *Distinguished Budget Award* is an award reserved for entities that are committed to meet the highest principles of governmental budgeting. In order to receive the award, the City must satisfy nationally recognized guidelines for effective budget presentation. These guidelines assess how well the City budget document serves as a policy document, a financial plan, an operations guide, and a communication device. The City of Oxford has never received this award.



Periodic Review

This Financial Policy Document, and each of the policies contained within, will be reviewed by the Finance Director at least annually and recommendations for modifications will be made to the City Manager and City Council as needed.

Questions, Comments and Suggestions

We invite, encourage, and value your questions, comments, and suggestions concerning this Financial Policy Document. Please feel free to contact us:

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Glossary of Terms

ACCOUNT	A term used to identify an individual asset, liability, expenditure control, revenue control, encumbrance control, or fund balance.
ACCOUNTABILITY	The state of being obligated to explain actions, to justify what has been done. Accountability requires the justification of the raising of public resources and the purposes for which they are used.
ACCOUNT NUMBER	An eleven digit code used in the financial management system to identify revenue (income), expenditure (expense) or balance sheet code authorizing accounting records. Account numbers are assigned by, and unique to, the organization to which they belong.
ACCOUNTING SYSTEM	The total structure of records and procedures which are used to record, classify, summarize, and report information on the financial position and results of operations of a government or any of its funds, fund types, balanced account groups, or organizational components.
ACCRUAL BASIS	A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.
ACCRUAL ACCOUNTING	The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at the time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at that time).
ACTIVITY	Departmental efforts which contribute to the achievement of a specific set of program objectives; the smallest unit of the program budget.
AD VALOREM TAXES	Real estate and personal property taxes calculated "according to the value" of property. The taxes are based on the assessed valuation of real property and, in certain cases, on the valuation of tangible personal property.
AGENCIES	Federal agency securities and/or Government-sponsored enterprises.
AGENCY FUND	The funds in this group belong to someone or a group of persons affiliated with the City. The funds do not belong to the City and are neither an asset of the City, nor are they available to the City to spend. The funds are held and the City acts as custodian, for the purpose of collection and expense for the benefit of the group and to facilitate the group's use.
AMORTIZATION	The planned reduction of a debt obligation according to a stated maturity or redemption schedule.
APPROPRIATION	An authorization granted by a legislative body to make expenditures to incur obligations for specific purposes. An appropriation is limited in amount to the time it may be expended.



ARBITRAGE	The gain that may be obtained by borrowing funds at a lower (often tax-exempt) rate and investing the proceeds at higher (often taxable) rates. The ability to earn arbitrage by issuing tax-exempt securities has been severely curtailed by the Tax Reform Act of 1986, as amended.
ASKED	The price at which securities are offered.
ASSESS	To establish an official property value for taxation.
ASSESSED VALUATION	The appraised worth of property as set by a taxing authority through assessments for purposes of ad valorem taxation. The method of establishing valuation is specified in the Ohio Revised Code.
ASSETS	Property owned by the city government which has monetary value.
ATTRITION	A method of achieving a reduction in personnel by not refilling the positions vacated through resignation, reassignment, transfer, retirement, or means other than layoffs.
AWARD	Approval by the City Council, City Manager, Finance Director, or their designee, under whose authority a purchase order is issued.
AUDIT	A systematic examination of all governmental resources concluded in a written report and prepared by a certified public accountant. It is intended to test whether financial statements fairly present financial position and results of operations.
BALANCE SHEET	A financial statement that discloses the assets, liabilities, reserves, and balances of a specific governmental fund as of a specific date.
BALANCED BUDGET	A budget in which planned funds available equal planned expenditures.
BALLOON MATURITY	A maturity within a serial issue of securities that contains a disproportionately large percentage of the principal amount of the original issue. A balloon maturity is generally distinguished from a term bond by the fact that a term bond generally has the benefit of a sinking fund to smooth out the amount of principal paid from any single year's operations.
BANKERS' ACCEPTANCE (BA)	A draft or bill or exchange accepted by a bank or trust company. The accepting of institution guarantees payment of the bill, as well as the issuer.
BASIS OF ACCOUNTING	A term used to refer to when revenues, expenditures, expenses and transfers – and the related assets and liabilities – are recognized in the accounts and reported on in the financial statement. Specifically, it relates to the timing of measurements made, regardless of the nature of the measurement, on either the cash or accrual method.
BASIS POINTS	The measure of the yield to maturity of an investment calculated to four decimal places. A basis point is 1/100 th of 1% (.01 percent).



BEARER BOND	A security that does not identify its owner on its face or by registration. The security is presumed to be owned by the person possessing it. The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) curtailed the issuance of tax-exempt bearer bonds.
BENCHMARK	A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.
BETTERMENT	Major expenditures to materially alter a capital asset. These expenditures should normally be charged to a capital outlay account in the budget.
BID	The price offered by a buyer of securities. Also referred to as an offer. (When you are selling, you ask for a bid.).
BID ADVERTISEMENT	A public notice put in a newspaper of general circulation, containing information about an Invitation for Bid, a Request for Qualifications, or a Request for Proposal.
BID LIST	A list of vendors, who have indicated in writing, intent in submitting bids for particular categories of goods and services. This list is a compilation of recommended vendors from the department.
BID BOND	A bond required of a contractor, which ensures that the contractor will enter into the contract for which he has submitted a formal written bid and/or proposal.
BOND	A written promise, generally under seal, to pay a specified amount of money, called the face value, at a fixed time in the future, called the date of maturity, and carrying interest at a fixed or variable rate, usually payable periodically. <i>NOTE: The difference between a note and a bond is that the latter usually runs for a longer period of time and requires greater legal formality.</i>
BOND ANTICIPATION NOTE (BAN)	A short-term interest-bearing security issued in anticipation of a long-term bond issue. The investors typically rely upon the sale of a subsequent issue of securities to pay a BAN upon maturity.
BOND COUNSEL	An attorney or firm of attorneys retained by the issuer to give a legal opinion concerning the validity of the securities. The bond counsel's opinion usually addresses the subject of tax exemption. Bond counsel may prepare, or review and advise the issuer regarding authorizing resolutions or ordinances, trust indentures, official statements, validation proceedings and litigation.
BONDED DEBT	That portion of indebtedness represented by the outstanding bonds.



BOND INSURANCE	A type of credit enhancement where a monoline insurance company indemnifies an investor against a default by the issuer. In the event of a failure by the issuer to pay principal and interest in-full and on-time, investors may call upon the insurance company to do so. Once assigned, the municipal bond insurance policy generally is irrevocable. The insurance company receives an up-front fee, or premium, when the policy is issued.
BOND ISSUED	Bonds sold.
BOND RATING	A rating (made by an established bond rating company) from a schedule of grades, indicating the probability of timely repayment of principal and interest on bonds issued.
BOOK-ENTRY-ONLY	Bonds that are issued in fully registered form but without certificates of ownership. The ownership interest of each actual purchaser is recorded on computer.
BROKER	A broker brings buyers and sellers together for a commission.
BUDGET (<i>Operating</i>)	A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The term usually indicates a financial plan for a single fiscal year.
BUDGET ADJUSTMENT	The act of changing the budget by moving funds from one category or line item to another. This type of budget change does not change the legal level of control established by City Council through the passage of the original budget.
BUDGET AMENDMENT	The change of budget which increases or decreases the total budget for a program or division total. This usually occurs when there is a change in expected revenue.
BUDGETARY BASIS	This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual.
BUDGET CALENDAR	The schedule of the key dates that the City Council follows in the preparation and adoption of the budget.
BUDGETARY CONTROL	The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriation and available revenues.
BUDGET DOCUMENT	The instrument used by the budget making authority to present a comprehensive financial program to the City Council.



BUDGET MESSAGE	A general discussion of the proposed budget, as presented in writing by the budget-making authority to the legislative body.
BUDGET MODIFICATION	Similar to a budget change, but it is a change that occurs between two or more different programs or divisions. It does not change the total budget for the City and it must balance. Budget modifications require approval from City Council.
BUDGET PROCESS	The process of translating planning and programming decisions into specific financial plans.
CALL OPTION	The right to redeem a bond prior to its stated maturity, either on a given date or continuously. The call option is also referred to as the optional redemption provision.
CAPACITY	A measure of an organization's ability to provide customers with the demanded service or products, in the amount requested and in a timely manner.
CAPITAL APPRECIATION BOND	A bond without current interest coupons that is sold at a substantial discount from par. Investors are provided with a return based upon the accretion of value in the bond through maturity.
CAPITAL ASSETS	Assets of significant value that have a useful life of several years - also called a fixed asset.
CAPITAL BUDGET	A plan of proposed capital outlays and the means of financing them. Usually enacted as part of the complete annual budget.
CAPITAL EQUIPMENT	Property with a useful life of three years, and a purchase cost of at least \$2,500.
CAPITAL IMPROVEMENT	Land, buildings, structures and all facilities other than buildings, traffic lights, machinery, equipment, automobiles, etc., with a unit cost in excess of \$5,000 and a useful life of five or more years.
CAPITAL IMPROVEMENT PROGRAM	A plan for capital expenditures to be incurred each year over a fixed period of several future years setting forth each capital project, identifying the expected beginning and ending date for each project, the amount and the method of financing.
CAPITAL LEASE	The acquisition of a capital asset over time rather than merely paying rent for temporary use. A lease-purchase agreement, in which provision is made for transfer of ownership of the property for a nominal price at the scheduled termination of the lease, is referred to as a capital lease.
CAPITAL OUTLAYS	Expenditures that result in the acquisition of or addition to fixed assets.



CAPITAL PROJECT	Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life - also called capital improvements.
CAPITAL PROJECTS FUNDS	Established to account for all resources, bond proceeds and construction grants, which are used for the acquisition of capital facilities.
CASH BASIS	The accounting method that records revenues when they are received in cash and records expenditures when they are paid.
CASH MANAGEMENT	The process of managing monies for the City to ensure maximum cash availability and also getting the maximum yield on short-term investments of idle cash.
CERTIFICATE OF DEPOSIT(CD)	A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.
CERTIFICATE OF PARTICIPATION	A financial instrument representing a proportionate interest in payments such as a lease payment by one party (such as a city acting as a lessee) to another party (often a trustee).
CHART OF ACCOUNTS	The classification system used by a city to organize the accounting for various funds.
CITY COUNCIL	The elected officials of the City of Oxford, Ohio are given the authority to exercise such powers and jurisdiction of all City business as conferred by the Charter of the City of Oxford.
COLLATERAL	Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.
COMMERCIAL PAPER (TAX-EXEMPT)	By convention, short-term, unsecured promissory notes issued in either registered or bearer form with a stated maturity of 270 days or less.
COMMODITIES	Expendable items that are consumable or have a short life span. Examples include office supplies, gasoline, minor equipment, and asphalt.
COMPETITIVE BIDDING	The process wherein a vendor openly competes with other vendors, through a form or informal process, for the City's business.
COMPETITIVE SALE	The sale of securities in which the securities are awarded to the bidder who offers to purchase the issue at the best price or lowest cost.
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)	The official annual report for the City of Oxford. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed



CONDUIT FINANCING	The issuance of securities by a governmental entity to finance a project that will primarily benefit a third party, typically a private corporation, college, or university. The security for this type of financing is usually the credit of the private entity, rather than the governmental unit. Usually such securities do not constitute general obligations of the issuer since the private entity is liable for generating the pledged revenues for repayment. Industrial development bonds or economic development bonds are a common type of conduit financing.
CONTINUING DISCLOSURE	The requirement by the Securities and Exchange Commission for most issuers of municipal debt to provide current financial information to the informational repositories for access by the general marketplace.
CONTRACT	An agreement between the City and a Supplier to furnish supplies and/or services over a designated period of time, during which purchases are made of the commodity specified.
CONTRACTUAL SERVICES	Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include rent, maintenance agreements, and professional consulting services.
CONTRACTOR	The successful vendor(s) awarded a contract by the City of Oxford.
CONTINGENCY	The amount reserved or set-aside, within a contract, to cover unplanned events over the life of the contract.
COST ALLOCATION	The method used to charge Enterprise Funds for their share of administration costs.
COUPON	(a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date. DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.
COUPON RATE	The interest rate on specific maturities of a bond issue. While the term "coupon" derives from the days when virtually all municipal bonds were in bearer form with coupons attached, the term is still frequently used to refer to interest rates on different maturities of bonds in registered form.
CURRENT REVENUES	Those revenues received within the present fiscal year.
CURRENT TAXES	Taxes that are levied and due within the ensuing fiscal year.
CUSIP NUMBER	The term CUSIP is an acronym for the Committee on Uniform Securities Identification Procedures. An identification number is assigned to each maturity of an issue, and is usually printed on the face of each individual certificate of the issue. The CUSIP numbers are intended to help facilitate the identification and clearance of municipal securities.
CUSTOMER	The recipient of a product or a service provided by the City.



DEBENTURE	A bond secured only by the general credit of the issuer.
DEBT BURDEN	The ratio of outstanding tax-supported debt to the market value of property within a jurisdiction. The overall debt burden includes a jurisdiction's proportionate share of overlapping debt as well as the municipality's direct net debt.
DEBT LIMITATION	The maximum amount of debt that is legally permitted by a jurisdiction's charter, constitution, or statutes.
DEBT SERVICE	The annual payment of principal and interest on the City's outstanding bonded indebtedness.
DEBT SERVICE FUND	A fund established to finance and account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Also called a SINKING FUND.
DEBT SERVICE FUND REQUIREMENTS	The amounts of revenue which must be provided for a debt service fund so that all principal and interest payments can be made in full, on schedule.
DEBT SERVICE RESERVE FUND	The fund into which moneys are placed which may be used to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements.
DEFAULT	The failure to pay principal or interest in full or on time. An actual default should be distinguished from technical default. The latter refers to a failure by an issuer to abide by certain covenants but does not necessarily result in a failure to pay principal or interest when due.
DEFEASANCE	Providing for payment of principal of premium, if any, and interest on debt through the first call date or scheduled principal maturity in accordance with the terms and requirements of the instrument pursuant to which the debt was issued. A legal defeasance usually involves establishing an irrevocable escrow funded with only cash and U. S. Government obligations.
DEFICIT	A term generally applied to the budget as a whole, reflecting real or projected revenue shortages, meaning there are insufficient funds to cover expenses.
DELINQUENT TAXES	Taxes that remain unpaid after the date on which a penalty for nonpayment is attached.
DELIVERY DATE	The date by which goods or services are needed.
DELIVERY VS. PAYMENT	There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.
DEPARTMENT	An administrative division of the City having management responsibility for an operation or a group of related operations within a functional area.
DEPOSITORY TRUST COMPANY (DTC)	A limited purpose trust company organized under the New York Banking Law. DTC facilitates the settlement of transactions in municipal securities.



DEPRECIATION	<ol style="list-style-type: none">(1) Expiration in the service life of fixed assets, attributable to wear and tear through use and lapse of time, obsolescence, inadequacy, or other physical or functional cause.(2) The portion of the cost of a fixed asset charged as an expense during a particular period.
DERIVATIVES	A financial product, the value of which is derived from the value of an underlying asset, reference rate, or index. Typically these agreements are contracts between a lender/investor and a borrower and include interest rate swaps, swaptions, caps, floors, collars, and forward purchase agreements.
DISCOUNT	The difference between a bond's par value and the price it is sold when the latter is less than par.
DISBURSEMENT	Payment for goods and services in cash, by check or by money order.
DISTINGUISHED BUDGET PRESENTATION AWARDS PROGRAM	A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents. The City has received this award since 1993.
DIVERSIFICATION	Dividing investment funds among a variety of securities offering independent returns.
DOUBLE-BARRELED BOND	A bond secured by a defined source of revenue (other than general property taxes) <i>and</i> the full faith and credit of an issuer.
EMERGENCY	Purchases that are made to meet a critical, unforeseen need of the City, where the City's ability to serve the public would be impaired if the purchase is not made immediately. Emergency purchases are exempt from standard purchasing procedures and will qualify for exemption when declared by the City Council of the City of Oxford.
ENCUMBRANCES	Obligations in the form of purchase orders, contracts, or salary commitments which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when the actual liability is set up.
ENTERPRISE ACTIVITY	A revenue-generating project or business. The project often provides funds necessary to pay debt service on securities issued to finance the facility. The debts of such projects are self-liquidating when the projects earn sufficient monies to cover all debt service and other requirements imposed under the bond contract.
ENTERPRISE FUND	A fund established to finance and account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Examples of enterprise funds are those of water, sewer, and sanitation services.



EQUITY	Balance remaining after liabilities are deducted from assets.
ESTIMATED REVENUES	Projections of funds to be received during the fiscal year
EXPENDITURES	<p>If the accounts are kept on the accrual basis, this term designates total charges incurred, whether paid or unpaid, including expenses, provision for retirement of debt not reported as a liability of the fund from which retired, and capital outlays.</p> <p><i>NOTE: Encumbrances are not considered expenditures.</i></p>
EXPENDABLE TRUST FUNDS	A fund used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Expendable funds are accounted for in essentially the same manner as governmental funds.
EXPENSES	Charges incurred, whether paid or unpaid, for operation, maintenance, and interest, and other charges which are presumed to benefit the current fiscal period.
EXPEDITE	When the purchasing process is accelerated through normal procedures in order to prevent work stoppage or loss of the government's money.
EXTRAORDINARY REPAIRS	Major expenditures necessary to lengthen the useful life of a capital asset. These expenditures should normally be charged to a capital outlay account in the budget.
FACE VALUE	The value printed or written on the face, as of a bill or bond; the value of a security that is set by the company issuing it.
FEDERAL CREDIT AGENCIES	Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., Saving & Loan's, small business firms, students, farmers, farm cooperatives, and exporters.
FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)	A federal agency that insures bank deposits, currently up to \$100,000 per deposit. FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.
FEDERAL HOME LOAN BANKS (FHLB)	Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank



FEDERAL NATIONAL
MORTGAGE ASSOCIATION
(FNMA)

FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET
COMMITTEE (FOMC)

Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM

The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

FEMA

Federal Emergency Management Agency is a federal agency responsible for the overall coordination of federal disaster response and recovery activities including public assistance programs.

FINAL BUDGET

Term used to describe revenues and expenditures for the upcoming year beginning January 1st and ending December 31st, as adopted by City Council.

FINAL OFFICIAL
STATEMENT (FOS)

A document published by the issuer that disclose material information on a new issue of municipal securities including the purposed of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the issuing government. Investors may use this information to evaluate the credit quality of the securities.

FINANCIAL ADVISOR

A consultant who advises an issuer on matters pertinent to a debt issue, such as structure, sizing, timing, marketing, pricing, terms, and bond ratings.

FINANCIAL POLICY

A government's policies with respect to revenues, spending and debt management as these relate to government services, programs, and capital planning and programming of government budgets and their funding. The City policy was adopted June 6, 2005.

FINANCIAL TERMS:

A glossary of specialized financial terms.



FISCAL PERIOD	Any period at the end of which a governmental unit determines its financial condition and the results of its operations and closes its books.
FITCH INVESTORS SERVICE	A financial services company, founded in 1913, which provides investors with an independent assessment of the creditworthiness of debt obligations.
FIXED ASSETS	Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.
FLOW OF FUNDS	The order in which pledged revenues must be disbursed as set forth in the trust indenture or bond resolution.
FORECASTING	The process of analyzing current and historical data to determine future trends.
FULL FAITH AND CREDIT	A pledge of the General Taxing power of a government to repay debt obligations (typically used in reference to bonds).
FUNCTION	A major class or grouping of related activities aimed at accomplishing a major service or regulatory program for which the city is responsible. For example, public safety is a function.
FUND	An independent fiscal and accounting entity with a self balancing set of accounts recording cash and/or other resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.
FUND BALANCE	The excess of a fund's assets over its liabilities and reserves.
GAAP	Generally Accepted Account Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).
GENERAL FUND	<p>The fund that is available for any legal authorized purpose and which is therefore used to account for all revenue and all activities except those required to be accounted for in another fund.</p> <p><i>NOTE: The General Fund is used to finance the ordinary operations of a governmental unit.</i></p>
GENERAL LEDGER	A book, file, or other devise which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double entry bookkeeping, the debits and credits in the general ledger are equal; therefore, the debit balances equal the credit balances.



GENERAL OBLIGATION DEBT	Bonds for whose payments the full faith and credit of the BONDS issuing body are pledged. More commonly, but not necessarily, general obligation bonds are considered to be those payable from taxes and other general revenues.
GFOA	Government Finance Officers Association. An organization founded to support the advancement of governmental accounting, auditing, and financial reporting.
GOAL	A long-term attainable target for an organization. An organization's vision of the future.
GOODS	A generic term that includes all types of property to be purchased by the City; equipment, supplies, materials, components and repair parts.
GOVERNMENTAL FUNDS	Refers to the General Fund, all Special Revenue Funds and the Debt Service Fund(s) or General Obligation Funds.
GOVERNMENTAL NATIONAL MORTGAGE ASSOCIATION	Securities influencing the volume of bank credit guaranteed by FNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Fannie Mae securities are backed by the FHA, VA, or FMHA mortgages. The term "pass-throughs" is often used to describe Freddie Macs.
GRANT	A contribution by one governmental unit, or private organization to another. The contribution is usually made to aid in the support of a specified function and is not repaid by the City.
HISTORICAL COST	The original total cost of all payments made to place an asset in service.
HOMESTEAD EXEMPTION	A deduction from the total taxable assessed value of property occupied by the owner in the State of Ohio. Currently, the exemption is \$25,000 for all qualified property owners.
IMPACT FEES	Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements borne by the City that will be necessary as a result of the development.
INCOME	This term is used in accounting for governmental enterprises and represents the excess of the revenues earned over the expenses incurred in carrying on particular phases of an enterprise's activities. The excess of the total revenues over the total expenses of the enterprise for a particular accounting period is called "net income."
INDENTURE	A contract between the issuer and a trustee stipulating the characteristics of the financial instrument, the issuer's obligation to pay debt service, and the remedies available to the trustee in the event of a default.



INDIRECT COSTS	Costs associated with, but not directly attributed to, providing a product or service. These are usually costs incurred by other departments in the support or operating departments.
INFRASTRUCTURE	The physical assets of a government (e.g. streets, water, sewer, public buildings, and parks).
INFRASTRUCTURE ASSET	Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.
INSURABLE COST	The fixed asset value for insurance purposes to be maintained and provided for proper coverage.
INSURANCE	Includes all insurance carried for the protection of the local government, such as fire, theft, casualty, general and professional liability.
INTERFUND TRANSFERS	Amounts transferred from one fund to another.
INTERGOVERNMENTAL REVENUE	Revenue received from another governmental entity, such as county, state or federal governments.
INTERNAL CONTROL	A plan of organization for purchasing, accounting, and other financial activities which, among other things, provides that: the duties of employees are subdivided so that no single employee handles a financial action from beginning to end; proper authorization from specific responsible officials are obtained before key steps in the processing of a transaction are completed; and, records and procedures are arranged appropriately
INTERNAL SERVICE FUNDS	Funds used to account for the financing of goods or fund services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.
ISSUANCE COSTS	The costs incurred by the bond issuer during the planning and sale of securities. These costs include but are not limited to financial advisory and bond counsel fees, printing and advertising costs, and other expenses incurred in the marketing of an issue.
ISSUER COUNSEL	An attorney retained by the issuer to represent its best interest in a debt transaction. Often this role is performed by bond counsel, however, at time separate counsel is engaged that does not have responsibility to issue the bond opinion as well as represent the issuer's best interests.
INVENTORY ASSETS	Inventory items which are desirable to be accounted for in the asset management system but which do not meet the definition of a fixed or capital asset.



INVESTMENTS	Securities and real estate held for the production of income in the form of interest, dividends, rentals, or lease payments. The term does not include fixed assets used in city operations.
INVENTORY	A detailed listing of property currently held by the government.
INVITATION TO BID	This is a formal written document that requests from bidders a firm price and delivery details for specified merchandise listed on a purchase requisition. An Invitation to Bid is always required when the anticipated level of expenditure will be greater than \$20,000. It may be used anytime the Finance Director, the Department, or the City Manager feels it is justified.
JUNIOR LIEN BONDS	Bonds that have a subordinate claim against pledged revenues.
LAPSING APPROPRIATION	An appropriation made for a certain period of time, generally for the budget year. At the end of the specified period and unexpected or unencumbered balance lapses or ends unless otherwise provided by law.
LEASE	An obligation wherein a lessee agrees to make payments to a lessor in exchange for the use of certain property. The term may refer to a capital lease or to an operating lease.
LEASE REVENUE BONDS	Bonds that are secured by an obligation of one party to make annual lease payments to another.
LESSEE	The party to a lease agreement that obtains use of a facility or piece of equipment on exchange for rental payments.
LESSOR	The owner of the property being leased.
LETTER OF CREDIT	Bank credit facility whereby a bank will honor the payment of an issuer's debt, in the event that an issuer is unable to do so, thereby providing an additional source of security for bondholders for a predetermined period of time. A letter of credit often is referred to as an L/C or an LOC. Letter of Credit can be issued on a "stand-by" or "direct pay" basis.
LEVY	To impose taxes for the support of government activities.
LIABILITIES	Debts or other legal obligation arising out of transactions in the past, which must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.
LINE ITEM BUDGET	A budget prepared along departmental functions that focus on what is to be bought and categorizes the expenditures by defined object codes.



LINE OF CREDIT	Bank credit facility wherein the bank agrees to lend up to a maximum amount of funds at some date in the future in return for a commitment fee.
LIQUIDITY	A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes. LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.
LONG-TERM DEBT	Debt with a maturity of more than one year after the date of issuance.
LOWEST RESPONSIVE AND RESPONSIBLE BIDDER	This is the vendor who offers the lowest bid which meets all the specifications, requirements, terms, and conditions of the Invitation to Bid as outlined in Ohio Revised Code Section 9.31.2. It is expressly understood that the lowest responsive and responsible bid includes any related costs to the City, using a <u>total cost</u> concept.
MANAGEMENT PLAN	The strategic planning items that summarizes and articulates the Goals and Objectives for each department
MANAGING UNDERWRITER	The member (or members) of an underwriting syndicate charged with the primary responsibility for conducting the affairs of the syndicate. The managers take the largest underwriting commitment.
MAINTENANCE & OPERATIONS	All operating expenses with the exception of salaries, wages, benefits, and debt service, used in the City's budget.
MARKET VALUE	The price at which a security is trading and could presumably be purchased or sold.
MASTER REPURCHASE AGREEMENT	A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.
MATERIALS & SUPPLIES	Expendable materials and operating supplies necessary to conduct departmental operations.
MATURITIES	The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.



MILL	<p>1/1000 of one dollar; used in computing taxes by multiplying the rate times the taxable value divided by 1,000. Example: millage rate of \$4.91 per thousand, taxable value of \$100,000 –</p> $\frac{\$100,000}{1,000} \times 4.91 = \4.91
MILLAGE	<p>A figure assigned to each governmental unit with ad valorem taxing authority for use in determining taxes. It determines how much revenue the government will receive from property taxes and how much an individual property owner pays by applying the millage rate to the value of property within the City.</p>
MISSION	<p>A description of the scope and purpose of a City department.</p>
MODIFIED ACCRUAL ACCOUNTING	<p>A basis of accounting in which expenditures are accrued but revenues are accounted for when they become measurable and available.</p>
MONEY MARKET	<p>The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.</p>
MOODY'S INVESTOR'S SERVICE	<p>A financial service company, a subsidiary of Dun & Bradstreet Corporation, which has provided ratings for municipal securities and other financial information to investors since 1918.</p>
MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB)	<p>A self-regulating organization established in September of 1975 upon the appointment of a fifteen member Board by the Securities and Exchange Agreement. The MSRB is comprised of representatives from investment banking firms, dealer bank representatives, and public representatives; it is entrusted with the responsibility of writing rules of conduct for the municipal securities market. New Board members are selected by the MSRB pursuant to the method set forth in board rules.</p>
MUTUAL FUND	<p>Investment companies that continually offers new shares and buys existing shares back at the request of the shareholder and uses its capital to invest in diversified securities of other companies; a regulated investment company with a pool of assets that regularly sells and redeems its shares.</p>
NEGOTIATED SALE	<p>A sale of securities in which the terms of sale are determined through negotiation between the issuer and the purchaser, typically an underwriter, without competitive bidding.</p>
NET INTEREST COST (NIC)	<p>The average interest cost of a bond issue calculated on the basis of simple interest. This calculation involves a fraction in which the numerator is the gross amount of interest to be paid over the bonds' life (adjusted for the amount of premium granted at the time of sale), and the denominator is the average of the bond issue multiplied by the issue's par value.</p>



NETWORK	Composed of all assets that provide a particular type of service for a government. A network of infrastructure assets may be only one infrastructure asset that is composed of many components.
NO-LOAD	Sold directly to customers at net asset value without a sales commission.
NON-OPERATING	Income of governmental enterprises of a business income character which is not derived from the operation of such enterprises. An example is interest on investments or on bank deposits.
NOTE	A written promise to pay a certain amount of money on a specific date, with interest. By convention, the maturity of a note is one year or less, making it short-term debt. However, financial instruments with a longer stated maturity sometimes are called Notes. For example, a bond anticipation note can have maturities of two years or longer.
OBJECT CODE	An account to which expense or expenditure is recorded in order to accumulate and categorize the various types of payments that are made by government. These are normally grouped into Personal Services, Materials & Supplies, Other Contractual Services, Capital, and other categories for budgetary analysis and financial reporting. Certain object codes are maintained by the State of Ohio Uniform Accounting System.
OBJECT OF EXPENDITURE	An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies, asphalt, and furniture.
OBJECTIVE	Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.
OBLIGATIONS	Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.
OFFER	The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.
OFFICIAL STATEMENT (OS)	A document published by the issuer that discloses material information on a new issue of municipal securities including the purposes of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the issuing government. Investors may use this information to evaluate the credit quality of the securities.



OPEN MARKET OPERATIONS	Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.
OPERATING EXPENSES	As used in the accounts of governmental enterprises of a business character, the term means such costs as are necessary to the maintenance of the enterprise, the rendering of services for which operated, the sale of merchandise, the production, and disposition of commodities produced, and the collection of the revenues.
OPERATING LEASE	A lease that enables the less to acquire the use of the asset only, not its ownership as in a capital lease. The lease term typically runs for only a portion of the asset's useful life.
OPERATING REVENUE	Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earning, and grant revenues. Operating revenues are used to pay for day to day services.
ORDINANCE	A formal legislative enactment by the City Council, a law.
ORDINARY REPAIRS	Expenditures necessary to maintain a fixed asset in good operating condition. These expenditures should normally be charged to a maintenance or repair line item in the budget.
OTHER CONTRACTUAL SERVICES	Payments for custodial services, and other services procured by contract or agreement with persons, firms, corporations, or other government units.
ORIGINAL ISSUE DISCOUNT BONDS	Bonds sold at a substantial discount from their par value at the time of the original sale.
OVERLAPPING DEBT	The legal boundaries of local governments often overlap. In some cases, one unit of government is located entirely within the boundaries of another. Overlapping debt represents the proportionate share of debt that must be borne by one unit of government because another government with overlapping or underlying taxing authority issued its own bonds.
PAR VALUE	The face value or principal amount of a security.
PAYING AGENT	An agent of the issuer with responsibility for timely payment of principal and interest to bond holders.



PAYMENT BOND	A bond required of a contractor that ensures that all suppliers and subcontractors of the contract will be paid for work and/or materials supplied in the course of the contract.
PERFORMANCE BOND	A bond with a useful life of three years, and a purchase cost during the execution of the contract.
PERSONAL PROPERTY	Tangible property with an extended life value of one year or more and is movable.
PERSONAL SERVICES	Expenditures for salaries, wages, and related employee benefits.
POLICY	A plan, course of action, or guiding principle, designed to set parameters for decisions and actions.
PORTFOLIO	Collection of securities held by an investor.
PRELIMINARY OFFICIAL STATEMENT (POS)	The POS is a preliminary version of the official statement that is used by an issuer or underwriters to describe the proposed issue of municipal securities prior to the determination of the interest rate(s) and offerings price(s). The preliminary official statement, also called a "red herring", often is examined upon by potential purchasers prior to making an investment decision.
PREMIUM	The excess of the price at which a bond is sold over its face value.
PRESENT VALUE	The value of a future amount or stream of revenues or expenditures in current dollars.
PRIMARY DEALER	A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.
PRIOR-YEAR CARRYOVER	Money spent in one fiscal year, but carried forward to the next budget. Cash carried forward can be used to pay operating expenses at the beginning of a fiscal year if anticipated revenues have not yet been collected.
PRIOR-YEAR ENCUMBRANCES	Obligations from previous fiscal years in the form of purchase orders, contracts, or salary commitments which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.



PRIVATE ACTIVITY BONDS	A bond where the use of bond proceeds is used for private purposes. If deemed a private activity bond, the interest is not tax exempt unless the use of the proceeds meets certain requirements of the Internal Revenue Code.
PRODUCTIVITY	A measure of the service output of City programs compared to the per unit resource input invested.
PROGRAM	A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the City is responsible.
PROFESSIONAL SERVICES	Legal, medical, engineering, architectural, surveying, appraisal and other services procured for independent professional assistance and not directly involved with accounting and/or auditing.
PROPERTY TAXES	Used to describe all revenue received in a period from current taxes, delinquent taxes, penalties, and interest on delinquent taxes, property taxes are levied on both real and personal property according to the property's valuation and the tax rate.
PROPOSED BUDGET	The budget proposed by the City Manager to the City Council for review and approval.
PRUDENT PERSON RULE	An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.
PURCHASE	An act that includes the acquisition of goods and services, to include the act of leasing personal or real property. Separate, sequential, and component purchases will be treated as a single purchase.
PURCHASING	The act, function, and responsibility for the acquisition of goods and services.
PURCHASE ORDER	A document issued to authorize a vendor or vendors to deliver specified merchandise or render a specified service for a stated price. Outstanding purchase orders are called encumbrances.
PURCHASE REQUISITION	A written request from a department to the purchasing office for specific goods or services. This action precedes the authorization of a purchase order.
PUT OPTION	The right to demand repayment of principal prior to a bond's maturity. In the case of short-term variable rate debt, this right often is referred to as a variable-rate demand option.



QUALIFIED PUBLIC DEPOSITORIES	A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.
RATE OF RETURN	The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.
REAL PROPERTY	Property which is land, buildings, or other capital improvements which become an integral and connected part to the real property (playground equipment, etc.).
RECURRING EXPENSES	Expenses that continue from year to year, where a similar amount can be expected annually. Examples include personal expenses and charges for utilities. Non-recurring expenses are those that exist for a limited period or whose amounts vary considerably from one year to the next. Examples of non-recurring revenue include proceeds from grants and the sale of assets.
REFUNDING	A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds.
REGISTERED BOND	A security on which the ownership is recorded by the issuer or its agent.
REPLACEMENT COST	The estimated replacement value of an asset
REPURCHASE AGREEMENT (RP OR REPO)	A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.
REQUEST FOR QUALIFICATIONS	A formal written document requesting the potential vendor(s) qualifications to deliver a specified service to the City. The offer allows the City to compare qualifications of the bidders to select the bidder that best meets the City's needs. This process is typically used for specialized services in the areas of architecture, engineering, and technology.
REQUEST FOR PROPOSAL	A formal written document requesting that potential vendors make an offer for services to the City. The offer allows for negotiations after the proposals have been received, but before a contract is awarded. This process is normally used for the acquisition of insurance coverage, bank relationships, and other service related items.



REQUISITION	A written request from a department to the purchasing office for specific goods or services. This action precedes the authorization of a purchase order.
RESERVE	An account used to indicate that a portion of fund equity is legally restricted for a specific purpose or not available for appropriation and spending.
RESERVE FOR CONTINGENCIES	A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for.
RESERVE FUND	A fund established to accumulate money for a special purpose, such as the purchase of new equipment.
RESOLUTION	A specific or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.
RESOURCES	Total amounts available for appropriation including estimated revenues, fund transfers and beginning balances.
RETAINAGE	In a construction contract, it is the money earned by a contractor but not paid to the contractor until the completion of the construction, including the warranty period, or at another pre-determined date. The retainage is held back as assurance for the quality of the contractors work.
RETAINED EARNINGS	Accumulated profits of an enterprise fund.
REVENUE	The yield of taxes and other sources of income that the city collects and receives into the treasury for public use. For those revenues which are recorded on the accrual basis, this term means additions to assets which: (a) do not increase any liability; (b) do not represent the recovery of an expenditure; (c) do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets; and (d) do not represent contributions of fund capital in enterprise and internal service funds.
REVENUE BOND	A bond which is payable from a specific source of revenue and to which the full faith and credit of an issuer with taxing power is not pledged. They are payable from identified sources of revenue, and do not permit the bondholders to compel the City to pay debt service from any other source. Pledged revenues are derived from the operation of an enterprise. Generally, no voter approval is required prior to issuance.
RISK MANAGEMENT	An organized attempt to protect a government's assets against accidental loss in the most economical method.



ROLLED BACK RATE	The millage rate that, when multiplied by the tax roll, would yield the same amount of revenue for the taxing authority as was yielded by the millage rate levied in the previous year. Normally, as the tax roll rises by virtue of reassessment, the rolled-back rate will be slightly lower than the previous year's millage levy. This reduced rate multiplied by the value of new construction/annexation added to the roll during the year provides the only source of additional tax revenue if the rolled-back rate is levied.
SAFEKEEPING	A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.
SALARIES & WAGES (PERSONNEL)	For the purpose of budgeting, this term refers to all wages and related items: regular pay, overtime, longevity pay, medicare, life insurance, retirement plan contributions, health insurance, and workers' compensation insurance.
SECONDARY MARKET	The market in which bonds are sold after their initial sale in the new issue market.
SECURITIES & EXCHANGE COMMISSION	Agency created by Congress to protect investors in securities transactions by administering securities legislation.
SECURITIES & EXCHANGE COMMISSION RULE 15C3-1	See Uniform Net Capital Rule.
SENIOR LIEN BONDS	Bonds having a prior or first claim on pledged revenues.
SERIAL BONDS	A bond issue in which the principal is repaid periodic installments over the issue's life.
SERVICE	An activity that: produces an output that is not physical in nature; and produces an output that, when provided, provides utility to the customer in the form of intangible benefits.
SERVICES	A generic term, to include all work or labor performed for the City on an independent contractor basis, including maintenance, construction manual, clerical, or professional services.
SERVICE CHARGES	The amount the City receives for the provision of services and commodities, or the performance of specific services benefiting the person charged.
SPECIAL ASSESSMENT	A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties. All tax-exempt properties in the affected area will also have to pay the special assessment.



SPECIAL REVENUE FUNDS	A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes. An example is the Revenue Sharing Fund typically maintained by cities.
SPECIFICATIONS	Statements containing a detailed description of the terms of the contract, as well as specific details for the goods and/or services. The details or specifications should be descriptive, but not restrictive.
SOLE SOURCE	Purchases of goods or services that are available from only one supplier. There may be just one vendor because of patents or copyrights, or simply because the vendor is the only one which supplies the goods or service. These purchases are exempt from the standard bidding requirements.
STANDARD & POOR'S CORPORATION (S & P)	A financial service company, a subsidiary of McGraw-Hill Company. S&P provides ratings for municipal securities and other financial information to investors.
STATE CONTRACT PURCHASE	An item available through the State of Ohio Department of Administrative Services Cooperative Purchasing Program. The State has publicly advertised and received qualified bids for specific items. These appear on a listing periodically published by the State. The City of Oxford has elected to participate in the cooperative purchasing program for governmental subdivisions and other state agencies.
STRATEGIC PLANNING	An approach to long-term planning that aligns the unit's mission with its specific courses of action and results measurements.
STRUCTURED NOTES	Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.
SUBSYSTEM	Composed of all assets that make up a similar portion or segment of a network of assets.
SUPPLEMENTAL APPROPRIATION	An additional appropriation made by the governing body after the budget year or biennium has started.
SUPPLEMENTAL REQUESTS	Programs and services which departments would like to have added (in priority order) over their original budget, or if revenue received is greater than anticipated.
SURPLUS	Item(s) no longer needed by a department, regardless of its value or condition.



TAG NUMBER	The unique number each fixed asset is given by the Finance Department that locates the asset in the asset management system.
TAX BASE\$10	The total value of all real, personal, and mineral property in the City as of January 1 st of each year, as certified by the County Auditor. The tax base represents net value after all exemptions.
TAX LEVY	The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.
TAXING LIMIT	The maximum rate at which the City may levy a tax, which for Ohio municipalities is \$10 per thousand dollars or assessed value.
TAX RATE	The amount of tax levied for each \$1000.00 of assessed valuation.
TAX ROLL	The certification of assessed table values prepared by the County Auditor and presented to the taxing authority by July 1 st (or later if an extension is granted by the State of Ohio) of each year.
TERM BONDS	A bond issue in which the entire principal matures on one date. Term bonds also refer to a particularly large maturity of a bond issue that is created by aggregating a series of maturities. In the latter instance. Provision is made for mandatory structuring fund installments in advance of the term bond's maturity to reduce the burden of a particular large debt service payment in any one fiscal year.
TRANSFERS	Amounts transferred from one fund to finance activities in another fund.
TREASURY BILLS	A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.
TREASURY BONDS	Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years
TREASURY NOTES	Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years
TRUE INTEREST COST (TIC)	A method of calculating the overall cost of a financing that takes into account the time value of money. The TIC is the rate of interest that will discount all future payments so that the sum of their present value equals the issue proceeds.
TRUST AND AGENCY FUNDS	A fund used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (1) Expendable Trust Funds, (2) Nonexpendable Trust Funds, (3) Pension Trust Funds, and (4) Agency Funds.



UNDERWRITER	The term used broadly in the municipal market, to refer to the firm that purchases a securities offering from a governmental issuer.
UNDERWRITER SYNDICATE OR GROUP	The firms which collectively purchase a securities offering from a governmental issuer.
UNDERWRITER'S COUNSEL	An attorney engaged by the underwriter(s) to represent its interests in a debt transaction. Underwriter's counsel prepares the bond purchase agreement between the issuer and the underwriter and, when appropriate, the agreement among underwriters.
UNDESIGNATED FUND BALANCE	That portion of the fund balance available for use in subsequent budgets. The term is preferred over the commonly used and ill-defined term "surplus".
UNENCUMBERED FUND BALANCE	For budget purposes, the unencumbered fund balance is the amount of undesignated fund balance of a fund, i.e. that which is available for allocation.
UNIFORM ACCOUNTING SYSTEM	The chart of accounts prescribed by the office of the State Comptroller designed to standardize financial information to facilitate comparison and evaluation of reports.
UNIFORM NET CAPITAL RULE	Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.
UNRESERVED FUND BALANCE	The portion of the fund's balance that is not restricted for a specific purpose and is available for general appropriation.
USER CHARGES	The payment of a fee for direct receipt of a public service by the party benefiting from the service. Examples are electric, water and sewer services.
USER FEES	In a move toward a more businesslike approach, cities and counties are charging fees for use of services such as recreation, electric, water, sewer, and storm water services. There is frequently a difference between what City residents and non-residents are charged for the service.
UTILITY	Charges for gas, water, sewer, electricity, solid waste disposal, storm water and other public utility services.
UTILITY TAXES	Municipal charges levied by the City on every purchase of a public service within its corporate limits. Public service includes electricity, gas, fuel oil, and water and telecommunications service.



VALUES	The underlying beliefs and attitudes that help determine the behavior that individuals within an organization will display.
VARIABLE-RATE BOND	A bond on which the interest rate is reset periodically, usually no less often than semi-annually. The interest rate is reset either by means of an auction or through an index.
VENDOR	A generic term applied to individuals and companies alike, who provide goods and services to the City.
VISION	An objective that lies outside the range of planning. It describes an organization's most desirable future state, and it declares what the organization needs to care about most in order to reach that future.
VOTED MILLAGE	Property taxes levies authorized by voters within a taxing agency. Bond issues that are backed by property taxes are a common form of voted millage in the State. Such issues are called general obligation bonds.
YIELD	The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.
YIELD CURVE	A graph that plots the market yield on securities with different maturities, at a given point in time. The vertical axis represents the yields, while the horizontal axis depicts the time to maturity. The term structure of interest rates, as reflected by the yield curve, will vary according to market conditions, resulting in a wide variety of yield curve configurations.
YIELD-TO-MATURITY	The rate of return that an investor will receive if the bond remains outstanding and the investor holds the bond to maturity. The investor must take into account the price paid for the bonds, the dates of purchase and maturity, and the coupon rate on the bonds. The "yield to maturity" assumes that interest payments will be re-invested at the same coupon rate borne by the bond.
ZERO COUPON	A bond that does not pay interest periodically. Investors receive interest on the scheduled principal maturity date of the obligation.