

**CITY OF SIDNEY
SHELBY COUNTY, OHIO**

SUPPLEMENTAL REPORTS

FOR THE YEAR ENDED
DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Mayor and Members of Council
City of Sidney

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

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

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

BETTY MONTGOMERY
Auditor of State

June 4, 2003

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**CITY OF SIDNEY
SHELBY COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor’s Report On Supplementary Schedule of Expenditures of Federal Awards

To the Mayor and City Council
City of Sidney
201 W. Poplar
Sidney, Ohio 45365

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City of Sidney as of and for the year ended December 31, 2002. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Trimble, Julian & Grube, Inc.
March 28, 2003

**CITY OF SIDNEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:			
Summer Food Service Program for Children	10.559	N/A	\$ 7,672
Total U.S. Department of Agriculture			7,672
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE OHIO DEPARTMENT OF DEVELOPMENT OFFICE OF HOUSING AND COMMUNITY PARTNERSHIP			
Community Development Block Grant	14.228	A-C-01-177-1	106,244
Community Development Block Grant	14.228	A-E-01-177-1	98,124
Community Development Block Grant	14.228	A-F-01-177-1	98,259
(B) (C) Community Development Block Grant	14.228	RLF Funds Converted	57,738
Total Community Development Block Grant			360,365
(D) HOME Investment Partnerships Program	14.239	A-C-99-177-2	70,094
HOME Investment Partnerships Program	14.239	A-C-01-177-2	178,898
Total HOME Investment Partnerships Program			248,992
Total U.S. Department of Housing and Urban Development			609,357
U.S. DEPARTMENT OF JUSTICE PASSED THROUGH THE N/A			
(E) Byrne Formula Grant Program	16.579	2001-DG-A01-7125	111,595
Bulletproof Vest Partnership Grant Program	16.607	N/A	22,120
COPS Universal Grant	16.710	N/A	10,000
Total U.S. Department of Justice			143,715
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION PASSED THROUGH THE N/A			
Airport Improvement Program	20.106	N/A	11,327
(F) Rural Transit Grant Program Operating Project	20.509	RPT-4075-021-021	78,052
(F) Rural Transit Grant Program Capital Project	20.509	RPT-0075-021-022	67,437
Total Rural Transit Grant Program			145,489
Total U.S. Department of Transportation			156,816
Total Federal Financial Assistance			\$ 917,560

(A) This schedule was prepared on a cash basis.

(B) The City converted old Revolving Loan Funds to Community Development Block Grant funds with approval from Ohio Department of Development.

(C) The City received in \$17,183 in repayment of revolving loan funds in the year ended December 31, 2002.

(D) The City was granted and extension of time to expend these funds from the Ohio Department of Development.

(E) Passed through the Ohio Office of Criminal Justice Services.

(F) Passed through the Ohio Department of Transportation.

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Mayor and City Council
City of Sidney
201 W. Poplar
Sidney, Ohio 45365

We have audited the basic financial statements of the City of Sidney as of and for the year ended December 31, 2002, and have issued our report thereon dated March 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

To the Mayor and City Council
City of Sidney

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Sidney's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Sidney in a separate letter dated March 28, 2003.

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

Trimble, Julian & Grube, Inc.
March 28, 2003

TRIMBLE, JULIAN & GRUBE, INC.

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Report on Compliance With Requirements Applicable To Its Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

To the Mayor and City Council
City of Sidney
201 W. Poplar
Sidney, Ohio 45365

Compliance

We have audited the compliance of the City of Sidney with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The City of Sidney’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Sidney’s management. Our responsibility is to express an opinion on City of Sidney’s compliance based on our audit.

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

In our opinion, the City of Sidney complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

To the Mayor and City Council
City of Sidney

Internal Control Over Compliance

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

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

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

Trimble, Julian & Grube, Inc.
March 28, 2003

CITY OF SIDNEY, OHIO
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
DECEMBER 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program:</i>	HOME Investment Partnership Program; CFDA #14.239
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

CITY OF SIDNEY, OHIO
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2002

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

City of Sidney Ohio



Comprehensive Annual Financial Report

For the Year Ended
December 31, 2002

City of Sidney, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2002



Prepared by:
Finance Department
Thomas L. Judy, CPA, Finance Officer

City of Sidney



Ohio

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City of Sidney



Ohio

**CITY OF SIDNEY, OHIO
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2002**

CITY COUNCIL MEMBERS

Frank Mariano, Mayor

Rick Sims, Vice Mayor

Merrill Asher

Mark Barga

Mark Copeland

Greg Miller

Thomas R. Miller

APPOINTED OFFICIALS

R. Michael Puckett	City Manager
Jon S. Crusey	Assistant City Manager
Thomas L. Judy	Finance Officer
R. Stanley Crosley	Fire Chief
Steven Wearly	Police Chief
William Gosciewski	Public Works Director
Michael Smith	Law Director
Jerry Alexander	Transportation / Contract Administration Director
Robert New	Parks & Recreation Director
Jocele Fahnestock	City Clerk



City of Sidney

Letter of Transmittal for 2002 Comprehensive Annual Financial Report

May 21, 2003

To the Honorable Mayor, City Council and the Citizens of the City of Sidney, Ohio:

The Comprehensive Annual Financial Report of the City of Sidney, Ohio for the year ended December 31, 2002, is hereby submitted for your review. This report represents the commitment of the City of Sidney to adhere to nationally recognized standards of excellence in financial reporting.

City of Sidney staff prepared all statements, schedules, and other presentations in this report. Management is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. We believe that the data presented in this report is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City. Further, we believe that all disclosures necessary to enable the reader to gain an understanding of the City of Sidney's activities have been included.

This Comprehensive Annual Financial Report incorporates financial reporting standards established by Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Statement No. 34 was developed to make annual financial reports of governments more comprehensive and easier to understand and use. All required elements of Statement No. 34, except for the requirement to retroactively report general infrastructure assets, were implemented in the 2000 CAFR, three years before the required implementation date. Retroactive restatement of general infrastructure assets, though not required until the report for the year ending December 31, 2007, was completed as of December 31, 2002.

This report is presented in three sections:

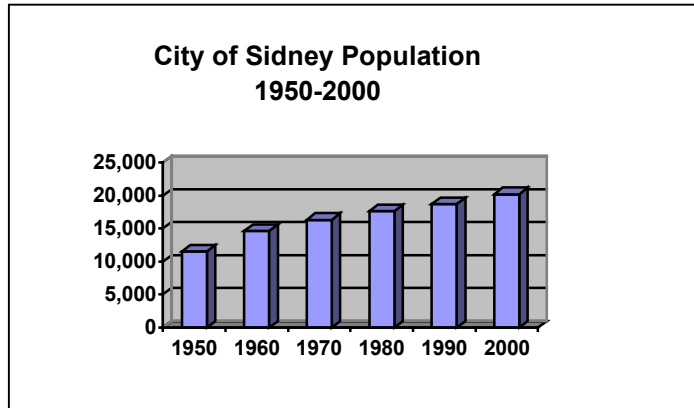
1. The Introductory Section includes this letter of transmittal, the City's organizational chart, a listing of principal City officials and the Certificate of Achievement for Excellence in Financial Reporting. This section is unaudited.
2. The Financial Section of the report is structured in the form of a "financial reporting pyramid" that allows the reader to move from less detailed financial reports to more detailed reports. The financial section includes the Independent Auditors' Report, the Management's Discussion and Analysis (unaudited), the Basic Financial Statements including the Notes to the Basic Financial Statements, and Required Supplementary Information. Finally, the supplemental financial section contains specific combining statements of individual funds for the reader who desires more detailed financial statements.
3. The Statistical Section presents selected financial and demographic data, generally presented on a multi-year basis. This section is unaudited.

THE CITY OF SIDNEY

General Information

The City of Sidney is a progressive, growing community located on Interstate 75 in west central Ohio, approximately 37 miles north of Dayton, 85 miles west of Columbus, 100 miles south of Toledo, and 120 miles east of Indianapolis. The City, the county seat of Shelby County, was incorporated in 1820.

The City's population growth trend averaged 12.2% per decade from 1950 to 2000. Although the growth rate has slowed somewhat in recent decades, steady growth continues. The 2000 Census reported a total population of 20,211, an increase of 8.0% over the 1990 census.



Municipal Services and Facilities

The City is a total service community providing a broad range of services for the citizens of Sidney, including: police and fire protection; emergency medical / ambulance services; water treatment and distribution; sanitary sewer and waste water treatment services; storm water management; street construction and maintenance; refuse / garbage collection and disposal; parks and recreation facilities and programs; operation and maintenance of a municipal cemetery; and operation and maintenance of a municipal airport.

Governmental Organization

In 1954, the voters of Sidney adopted a charter implementing a council-manager form of government. Accordingly, the City may exercise all powers of local self-government under the Ohio Constitution to the extent not in conflict with applicable general laws of the State. This form of "home rule" provides a great measure of local administrative and legislative control and efficiencies while maintaining direct participation by the residents of the community.

The legislative authority of the City is vested in a seven-member Council. Three members are elected at large and four represent specific wards of the City. Council members are elected to over-lapping four year terms. The Council enacts legislation to provide for City services, adopts budgets, levies taxes, borrows money, licenses and regulates businesses and trades, and performs such other duties consistent with the Charter. The presiding officer of the Council is the mayor, who is a member of Council. The mayor is elected to that position by a vote of the Council members. Council positions, including the mayor, are part-time positions.

The chief executive and administrative officer of the City is the City Manager, who is appointed for an indefinite term and serves at the pleasure of Council. The City Manager has the authority to appoint and remove all City employees, subject to civil service regulations, except the Law Director and City Clerk. The City Manager directs the administration of all City departments except as provided by Charter and is the contracting officer of the City.

The Finance Officer, who is appointed by the City Manager, is the chief fiscal officer of the City. The Finance Officer exercises the powers otherwise granted to the City Auditor and City Treasurer positions under the laws of the State of Ohio. As such, the Finance Officer is charged with the responsibility of

receiving, disbursing, and maintaining custody of all funds of the City. Also, the Finance Officer advises the City Manager and Council concerning financial matters and assists the City Manager in the preparation of the budget.

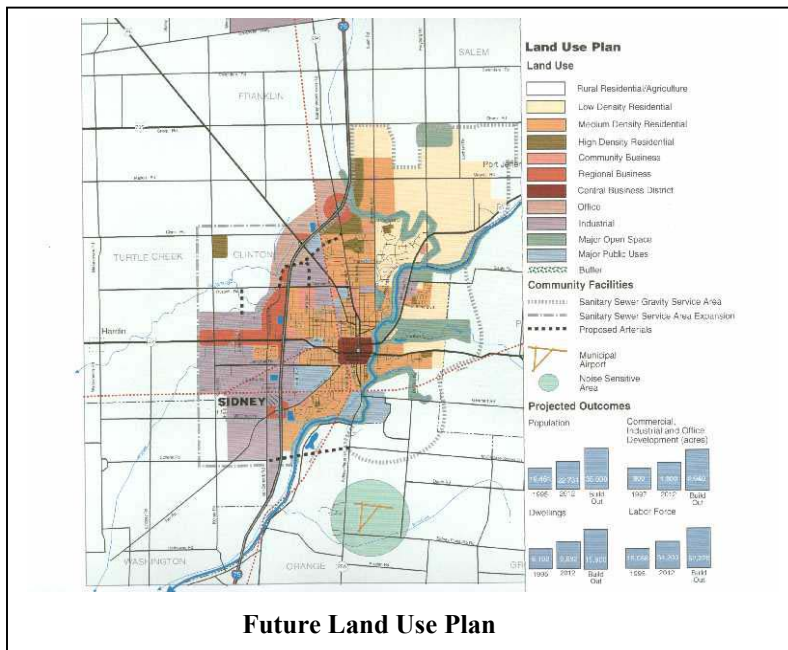
Departmental Highlight – Planning Department

Each year in this report we spotlight the activities and accomplishments of one of the outstanding departments or divisions of the City. This year, the focus is upon the Planning Department.

The Planning Department is responsible for all long-term and short-term physical planning functions for the City as well as the administration of community and economic development grants. The department maintains and implements a program for sustainable and balanced growth and enhancement of the livability and quality of the physical and socioeconomic environment. These goals are accomplished through the application of plan reviews; preparation of plans and policies; and administration and enforcement of the zoning code and subdivision regulations. Activities may be divided into two broad categories: short range planning and long range planning.

Short range planning includes enforcement and administrative activities for the Zoning Code and Subdivision Regulations. A variety of permits are reviewed and issued, such as platting and subdivisions, site plans, fences, signs, and commercial and industrial occupancy permits. In 2002, staff reviewed and approved approximately 350 building permits, 43 sign permits, 92 fence permits, and 17 certificates of occupancy. Thirty commercial or industrial site plan permits were reviewed in 2002. Site plan permits included a new women’s health center, four medical/professional offices, over 165,000 square feet of industrial additions, and several new commercial facilities.

The Planning Department is designated staff for the Zoning Board of Appeals (ZBA) and Planning Commission. The department presents findings and makes recommendations on all cases that come before the Board and Commission. In 2002, the ZBA reviewed 5 requests for conditional use permits and 19 requests for variances. The Planning Commission reviewed 2 annexations, 1 residential planned unit development, nine preliminary or final plats or replats, and 4 rezoning cases.



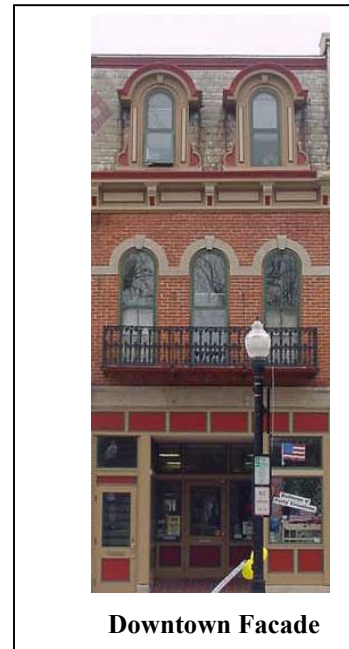
Long range planning involves a five-year to twenty-year time frame. The primary long-range planning document for the City is the comprehensive plan. A comprehensive plan is a document that provides guidance regarding the City's priorities for expansion and future development. It serves as the City's official set of development policies to guide City Council, Planning Commission, and the Administration over the next 10 to 15 years. In 2002, the Planning Department, with the assistance of the planning firm American Communities Partnership, directed the process of updating the

comprehensive plan. The previous Comprehensive Plan was approved by City Council in 1997. “Imagine Sidney 2020!” was the theme adopted for the 2002 Comprehensive Plan update. Understanding that the

most important component to make this update successful is broad-based community involvement, a steering committee of residents and representatives of various non-profit, education, religious, and other stakeholder groups was utilized to work with the Planning Department and consultant to form a planning team to guide the update process. The update process also included a variety of opportunities for public participation including a Community and Business Leader roundtable discussion, a Community Forum, and an Open House.

After a year-long process, alterations in the physical, social, and economic environments of the city were incorporated into the update as well as new goals and objectives to address those changes. Areas of the document in which changes were concentrated are land use, urban design, housing, and economic development.

The Planning Department administered more than \$800,000 in various grants during 2002. The City's CHIP grant was used to provide funding for a flexible, community-wide approach to the improvement and provision of affordable housing for low- and moderate-income persons. Activities offered through the CHIP Program include private owner rehabilitation, home repair, and acquisition/ rehabilitation. The City's annual Formula Allocation grant was combined with funds from the Revolving Loan Fund to replace the roof on the historic Monumental Building, repair the roof and replace the window panes at the Monarch Community Center, improve the facades of two downtown buildings, place a second handicap accessible play structure in the Milligan Glen section of Tawawa Park, partially fund the Imagine Sidney 2020! Comprehensive Plan update, and construct 58 handicap accessible sidewalk ramps in the Green Tree Hills area. An Economic Development grant was used to loop a water line in order to provide sufficient flows to allow Cargill, Inc. to expand their facilities. This project resulted in a \$30 million investment by Cargill and the creation of 45 additional full-time jobs.



Downtown Facade

The Planning Department began implementation of a geographic information system (GIS) in 2002. GIS is mapping software that combines layers of information about a place. Lot lines, rights-of-way, underground utilities, and building footprints can be layered together to provide information. The linking of data and geography makes better decisions possible. The department's geography will be built using city lots and county parcels which will be linked to a wide variety of data such as permits, violations, and owner and occupant information. This information, along with infrastructure and other geographic data, provides a spatial framework that reveals patterns, points out problems, and shows connections that are invisible in tabular form or spreadsheets.

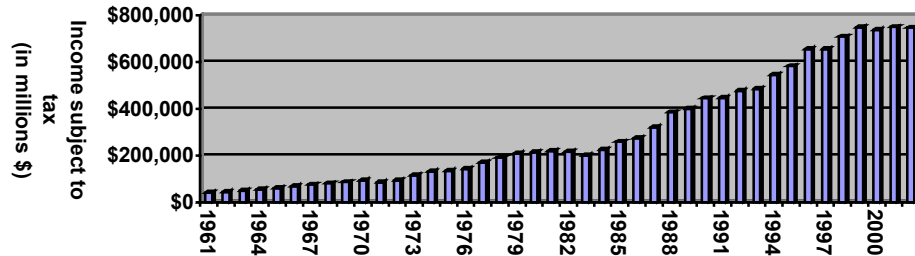
ECONOMIC CONDITIONS AND OUTLOOK

Economic Environment – Historically

Sidney's history as a strong industrial center is rooted in its strategic location. The construction of the Miami-Erie Canal between 1825 and 1837 connected Sidney with the major trade centers in Ohio to the north and south. As the influence of the canal declined, railroads emerged. East-west rail began to be laid in Sidney in 1851, followed by north-south rail in 1856. Sidney is still served by these railroad lines today. In the 1950's, the interstate highway began to play a significant role in the development of the City. Today, Interstate 75 connects Sidney with Canada to the north and Florida to the south. Sidney has four interchanges on Interstate 75, providing quick and convenient access for both commercial and industrial users.

The local economy grew at a robust pace from 1962 through 1999, reflected by an average growth rate in the City of Sidney income tax base of 8.0% per year. Even though the growth rate slowed somewhat over the years, it still averaged 6.6% growth per year from 1990 through 1999.

**City of Sidney Income Tax
Taxable Income 1961-2002**



Since 1999, gross annual income tax collections have shown no growth due to the economic slowdown. This is chiefly attributable to large decreases in direct collections from taxpayers, which consist primarily of taxes on business net profits. On the other hand, collections of amounts withheld by employers from employees' wages have shown slight growth since 1999, indicating an apparently stable employment base.

Income tax cash collections, net of refunds, decreased 2.3% in 2000, increased 1.3% in 2001 and 1.7% in 2002.

Economic Environment – Today

The City of Sidney is an attractive location for industrial development. Sidney ranked number 20 on Site Selection Magazine's Top 100 Small Towns for new and expanded facilities for the period 1989 to 2000.

The City of Sidney has a strong industrial base that is diversified and not totally dependent upon one sector of the economy. The ten largest employers operating within the City in 2002 were:

<u>Employer</u>	<u>Primary Business</u>	<u>Ave. no. of employees</u>
Copeland Corporation	Air compressor manufacturing	2,200
NK Parts, Inc.	Test, assemble, and ship auto parts	1,100
Stolle Products	Auto & appliance stamping	800
Wilson Memorial Hospital	Acute care facility	665
Wal-Mart Super Center	Discount retail	600
Con Agra	Pizzas (fresh & frozen), subs, lasagna	484
Sidney Board of Education	Public education	459
Alcoa Building Products, Inc.	Vinyl & aluminum siding and accessories	450
Ross Aluminum Foundries	Aluminum castings, wood & metal patterns	425
Cargill, Inc.	Soybean refining, meal & oil	373

Source: West Ohio Development Council

In addition, Honda of America Mfg., Inc., operates a major auto engine plant with approximately 2,700 employees just eight miles outside of the City that significantly benefits the City's industrial, commercial, residential and income tax bases.

To encourage further economic growth, the City has reserved vacant acreage considered to be choice industrial sites in an Industrial Zoning Classification. These sites generally have all utilities within

connection distance. Improvements to State Route 47, widening the road from two to four lanes, preceded the development of the City's newest industrial park, Stolle West. It is a 142-acre industrial park in a prime location. The developer has already put utilities and streets in place.

2002 Economic Activity and Outlook for the Future

Sidney was not immune to the effects of the struggling national economy in 2002. Many of the companies in Sidney are sensitive to the national economy and their results mirror national trends. One way that the sagging economy impacted the City of Sidney was the continued decrease in collections of income taxes on business net profits. Primarily because of the decrease in that source, total income tax cash collections have shown virtually no growth since 1999. On the positive side, the portion of income tax collections withheld by employers from their employees' wages increased in 2001 and 2002 at about the rate of inflation, indicating stability in local employment.

One factor that contributes to the growth and stability in Sidney is a spirit of cooperation between the public and private sectors. The West Ohio Development Council (WODC) is a non-profit corporation organized to create more employment opportunities and retain the existing employment base in the Sidney and Shelby County area. Even though economic activity was less in 2002 than in some previous years, the WODC reports that there was still some new development activity in Sidney in 2002:

- Approximately 100 employees work at these businesses that commenced operations within Sidney in 2002:
 - TNT Logistics, a supplier for Honda;
 - Hernandez Technologies; and
 - Quality Steel Fabrication.
- Holloway Sportswear, Inc., made a \$1.9 million investment adding 100,000 square feet in Sidney.
- Peerless Machinery initiated an \$8.7 million expansion that will create 120 additional jobs.
- Honda made an additional \$20 million investment in their engine plant, adding 100 additional jobs. Although located outside of Sidney, Honda is a major source of income tax revenue for the City of Sidney because it employs a large number of Sidney residents.

The Shelby County unemployment rate at the end of the year was 4.4%, up from 4.0% at the end of 2001. The statewide rate was 5.3%.

Certainly the issues that have negatively impacted the national economy in the last couple of years have been felt in Sidney as well. However, the underlying strength of the local economy has minimized the effects and there has been little impact upon the City's ability to provide quality services. When the national economy rebounds, as history tells us it will, the outlook for renewed economic vitality here in Sidney looks favorable as the factors that have made Sidney an attractive industrial site for many years - such as its favorable location, strong relationships between business and local government, and an expanding population base - remain in place.

MAJOR INITIATIVES

For the Year

The City of Sidney continued to reinvest in the infrastructure of the community in 2002 as well as address the objectives identified in the Comprehensive Plan.

In 2002, the City of Sidney updated its 1997 Comprehensive Plan. According to the West Ohio Development Council, "Since 1997, industrial growth in Sidney has met or exceeded planned expectations." The updated plan will provide a blueprint for future growth and development in the

community. More information on the Comprehensive Plan update is provided in the Departmental Highlight section above, which focuses on activities of the Planning department.

Several projects were undertaken in 2002 to meet the growing infrastructure needs of local industry:

- The City began a project in 2001, which was completed in early 2003, that increased the capacity of the wastewater treatment plant from 5 million gallons per day (MGD) to 7 MGD. The plant had been operating near peak capacity and the added capacity positions the City to accommodate future growth. The project was funded by the issuance of \$6.9 million general obligation bonds in 2001. The project was completed under budget.
- A 16-inch water main near Cargill, Inc. was looped to the 16-inch water main on Kuther Road. This \$180,000 project will increase fire flows and meet the water needs of industry in that area.
- In 2002, the City began the first phase of a multi-year project to eliminate the Fair Road sanitary sewer lift station and install a gravity sewer line. This improvement will allow the City to serve approximately 300 acres of undeveloped land in a prime industrial area near the Interstate 75 / Fair Road interchange. Elimination of the existing pump station will reduce maintenance costs and decrease odor problems in that area. This project will be completed in multiple phases over several years. The 2002 phase was completed at a cost of about \$535,000.
- A sanitary sewer lift station was installed as well as a force main from the southwest corner of SR47 and Kuther Road, extending south along Kuther Road to Campbell Road and then east to an existing gravity sewer at Norcold Drive. This project, completed at a cost of approximately \$260,000, will encourage commercial development along this important commercial corridor.

Other initiatives in 2002 were designed to meet the needs of neighborhoods and residential areas:

- A 16-inch water main was extended from Hoewisher Road (Eagle Glenn subdivision) under the CSX railroad. The main was connected and looped to the existing water main at St. Rt. 29 to increase water pressure and fire flows to the north end at a cost of about \$155,000.
- The annual street resurfacing, slurry seal, and chip and seal programs continued in 2002 to preserve the condition of City streets.
- Renovations were completed at the Sidney Municipal Pool for approximately \$325,000. New stainless steel walls and a concrete bottom were installed in the intermediate pool, and the baby pool drainage and chlorination systems were repaired. These improvements were needed due to the badly deteriorated condition and resulting leakage in these pools. In addition, during this renovation, underground work was completed to prepare the pool for the installation of water slide features at a later date.

Several actions were taken in 2002 to ensure that sufficient revenue is available to continue to fund City services and maintain public infrastructure.

- A lodging tax was implemented effective January 1, 2002. This is a tax of 6% on all lodging transactions provided by the local motels. By state law, 25% of these proceeds must be set aside for the operation of a convention and visitors' bureau (CVB). The City contracted with the Chamber of Commerce to administer the CVB, which will promote Sidney for tourism. The lodging tax generated \$65,607 for the CVB and \$196,521 for General Fund operations in 2002. All of the revenue is derived from non-residents.
- A change took effect in 2002 that decreased costs for prisoner boarding by about \$406,000 from the prior year. Effective January 1, 2002, Sidney City Council repealed many local traffic and criminal ordinances that duplicated state law. Because violators are now charged under state law instead of local ordinance, the City of Sidney is no longer responsible for the costs of incarceration.
- City Council approved the implementation of a fee for emergency medical services (EMS) provided by the Sidney Department of Fire and Emergency Services. To be implemented July 1, 2003, this fee is expected to generate \$500,000 per year for General Fund operations. The revenue

will be collected almost exclusively from insurance and Medicare. City residents with insurance or Medicare will not be billed for their co-payments, nor will uninsured residents be billed.

Future Plans

The City of Sidney's five-year capital improvement plan identified and scheduled several projects that will have an immediate effect on the quality of life in the community.

Planning began in 2001 for the renovation of the existing Municipal Building and/or construction of a new police facility. The Municipal Building, originally constructed in 1939, no longer meets the space needs of the various City departments. The primary need is to provide the Police Department with appropriate facilities to meet both current and future programming needs. The first phase of this project was an architectural study to determine the site requirements and needs for space for each of the departments that occupy the Municipal Building. Based upon the study, an architect will be hired in 2003 to design a new police facility to be constructed near the existing Municipal Building. Construction is currently scheduled to begin in 2004.

Consistent with the Comprehensive Plan objectives, the Five-Year Plan provides for the commencement of a multi-year roadway construction project intended to improve the east-west flow of traffic in the City. The plan includes the widening of Russell Road from the railroad to Vandemark Road, widening the Russell Road bridge over Interstate 75, extension of Hoewisher Road over the CSX Railroad to State Route 29, and extension of Fourth Avenue northward to Hoewisher Road. These improvements, projected to cost approximately \$4 million, will be partially funded by the State of Ohio.

FINANCIAL INFORMATION

Accounting / Budgetary Control System

Internal Controls. To provide reasonable assurance of the reliability of the information underlying the City of Sidney's financial statements, management of the City is responsible for the establishment and maintenance of an internal control system that provides reasonable, but not absolute, assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The concept of reasonable assurance recognizes that:

1. The cost of control should not exceed the benefits likely to be derived; and
2. The valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the City is responsible for ensuring that adequate controls are in place to ensure and document compliance with applicable laws and regulations related to these programs.

Budgetary Controls. City Council approves an annual budget for all funds and approves subsequent amendments to that budget as needed. The "legal level of control" is the level of detail as approved by Council in its appropriation ordinances. Total expenditures and encumbrances cannot exceed the amount approved by Council at the legal level of control. Legal level of control for the City of Sidney is based on object of expenditure for each department as follows: 1) Personal Services and 2) Contractual, Materials and Other.

A purchasing control system is maintained which generally requires that an applicable appropriation be encumbered, or reserved, before a purchase may be made or a contract executed.

RISK MANAGEMENT

The City of Sidney insures its business risk through Miami Valley Risk Management Association, Inc., (MVRMA). This organization is a consortium of municipalities located in southwest Ohio which, beginning in 1988, formed an association under Section 2744.081 of the Ohio Revised Code to act collectively in addressing its members' risk management and risk financing needs. MVRMA provides a combination of self-insurance and commercial re-insurance for its members' property and casualty exposures, administers a claims / litigation program and provides extensive safety / loss control consulting and training.

MVRMA was formed in 1988 by a core group of Dayton, Ohio area municipalities who possessed professional administrations, stable operations, and unusually good claims and loss experience. Since then, the Association's marketing committee has sought out cities with similar characteristics. The City of Sidney joined in 1993. The 2002 membership consisted of these seventeen Ohio cities: Beavercreek, Blue Ash, Indian Hill, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington and Wyoming.

The amount of each member's annual contribution for losses and operating costs is based upon a weighted average computation that includes a four-year average of seven factors including the dollar amount of claims expenses and losses, population, and property values. Claims experience is the most heavily weighted factor.

The association employs a full-time staff of four, including an in-house claims manager, at its Kettering, Ohio offices. It is a not for profit corporation that has recognition as a tax exempt organization. It operates under bylaws and policies established by the governing board which is composed of one trustee from each member city. The Association has been fully audited by the Ohio Department of Insurance. It is subject to an annual financial audit and publishes a CAFR.

MVRMA provides in-house professional claims administration, with assistance as needed from Marsh USA, Inc. The first \$2,500 of each claims loss is a "deductible" that is fully payable by the member city filing the claim. Claim settlements, payments and defense costs in excess of that amount are paid from the reserves of the Association up to a maximum of \$500,000 for liability claims and \$150,000 for property claims. Expenses for claims exceeding these limits are covered by the traditional insurance coverages purchased by the Association. Property is covered at replacement value and the maximum for liability coverage per occurrence is \$11 million.

CASH MANAGEMENT

The City of Sidney's Investment and Deposit Policy, adopted by City Council under the authority permitted an Ohio charter city to establish its own investment policy, provides the guidance for the City's investment program. That policy stresses preservation of capital and protection of investment principal as primary objectives. A secondary consideration is the optimization of investment returns at acceptable levels of risk.

Eligible securities must have a maturity of five years or less from the date of purchase and be within one of the following classes:

1. Government securities issued by the United States government, Federal agencies and instrumentalities;
2. Certificates of deposit if secured by proper collateral;
3. Bankers acceptances issued by institutions ranked nationally as being in the top fifty in asset and deposit size within their industry;
4. Repurchase agreements;
5. Commercial paper rated A-1/P-1;

6. Money market funds whose portfolios consist of instruments otherwise authorized in the investment policy;
7. State Treasury Asset Reserve of Ohio;
8. NOW accounts or similar accounts.

The investment portfolio at December 31, 2002 consisted of 28% certificates of deposit, 2% U.S. Treasury bonds and notes, 67% federal agency / instrumentality notes, and 3% money market funds.

The City uses a passive investment style in which securities are generally held until their maturity dates.

The weighted average maturity of the portfolio at December 31, 2002 was 459 days and the weighted average yield as of that date was 3.88%, compared to the benchmark 2-year U.S. Treasury yield of approximately 1.57%.

INDEPENDENT AUDIT

The independent accounting firm Trimble, Julian & Grube, Inc. audited the basic financial statements of the City of Sidney, included in this report. The financial statements have received an “unqualified opinion” indicating that, in all material respects, the City’s basic financial statements are presented fairly and in conformity with accounting principles generally accepted in the United States of America. The audit was also designed to meet the requirements of the federal Single Audit Act and the related U.S. Office of Management and Budget’s Circular A-133. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office’s *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditors’ report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

AWARDS

Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sidney for its comprehensive annual financial report for the fiscal year ended December 31, 2001. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The City of Sidney has received the Certificate of Achievement for four consecutive years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we will submit it to the GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation Award. The City received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for 2002, the third consecutive year that the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City’s budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. The 2003 budget document was submitted to the GFOA and we believe that it meets the eligibility for another award.

ACKNOWLEDGEMENTS

The preparation of this report was made possible by the efforts of the members of the Finance Department. Special recognition is extended to Accounting Manager Ginger Adams, CPA, for her skillful preparation of the financial statements.

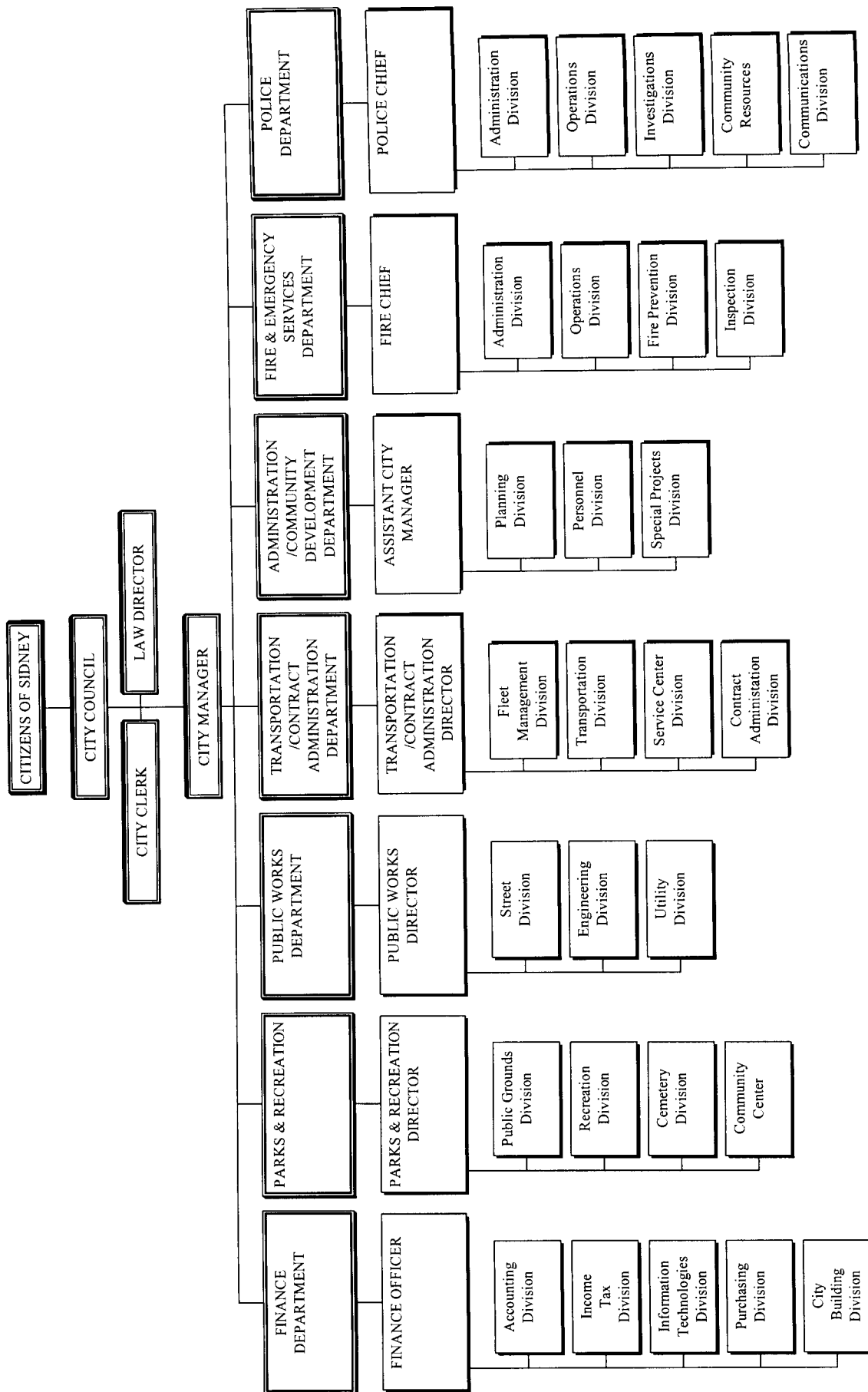
Finally, a special thanks is extended to Mayor Frank Mariano and all other members of City Council whose support enables the City of Sidney to strive for excellence in its financial reporting and to maintain high standards of financial integrity.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. L. Judy', written over a light blue horizontal line.

Thomas L. Judy, CPA
Finance Officer

CITY OF SIDNEY, OHIO
ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sidney,
Ohio

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

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



President

Executive Director



**FINANCIAL
SECTION**

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor’s Report

To the Mayor and City Council
City of Sidney
201 W. Poplar
Sidney, Ohio 45365

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney, Shelby County, Ohio, (the “City”), as of and for the year ended December 31, 2002, which collectively comprise the City’s basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City’s management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney, Shelby County, Ohio, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2003, on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Independent Auditor's Report
City of Sidney, Ohio

The accompanying required supplementary information, such as management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 47 through 53 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

As discussed in Note 12 to the basic financial statements, the City changed its method of Accounting for its available period from 60 days to 31 days.

Trimble, Julian & Grube, Inc.
March 28, 2003

CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

The management of the City of Sidney provides the following information as an introduction, overview and analysis of the City's financial statements for the year ended December 31, 2002. Readers should also review the basic financial statements on pages 13 – 23 to further enhance their understanding of the City's financial performance.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can first understand the City of Sidney as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Assets and Statement of Activities (referred to collectively as the government-wide statements) provide information about the activities as an entire operating entity, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The proprietary funds' statements are prepared on the same basis as the government-wide statements.

Reporting on the City of Sidney as a Whole

Statement of Net Assets and Statement of Activities

These government-wide statements answer the question "How did the City as a whole do financially during 2002?" They are prepared on the accrual basis of accounting, much the same way as for a private enterprise. This basis of accounting includes all assets and liabilities and takes into account all of the reporting year's revenues and expenses regardless of when the cash was received or paid.

- *The Statement of Net Assets.* This statement (page 13) reports all assets and liabilities of the City as of December 31, 2002. The difference between total assets and total liabilities is reported as "net assets". Increases in net assets generally indicate an improvement in financial position while decreases may indicate a deterioration of financial position.
- *The Statement of Activities.* This statement (page 14) serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City for the year ended December 31, 2002. Changes in net assets are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expense of the City's various programs net of related revenues, as well as a separate presentation of revenues available for general purposes.

Reporting on the City of Sidney's Most Significant Funds

Fund financial statements

These statements provide financial position and results of the City's major funds. A fund is an accounting entity created to account for a specific activity or purpose. Major funds of the City of Sidney are the General Fund, Street Repair and Maintenance Fund, Municipal Income Tax Fund, Capital Improvement Fund, Water Fund, Sewer Fund and Solid Waste Fund. The creation of some funds is mandated by law and others are created by management to demonstrate financial

CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds.* Governmental funds are used to account for “governmental-type” activities. Unlike the government-wide financial statements, governmental fund statements use a “flow of financial resources” measurement focus. That is to say, the operating statement of a governmental fund attempts to answer the question “Are there more or less resources that can be spent in the near future as a result of events and transactions of the reporting period?” Increases in spendable resources are reported in the operating statement as “revenues” or “other financing sources.” Decreases in spendable resources are reported as “expenditures” or “other financing uses.” We describe the differences between governmental funds and governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) in reconciliations presented beside the governmental fund financial statements on pages 16 - 19.

The City of Sidney maintains 30 separate governmental funds. The governmental fund financial statements on pages 16 through 19 separately display the governmental funds considered to be major funds. All other governmental funds - the “non-major” funds - are combined into a single column. Detailed financial data for each of the non-major governmental funds is provided in combining statements in the supplementary information section of this report.

- *Proprietary funds.* There are two types of proprietary funds: enterprise funds and internal service funds.
 - Enterprise funds – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises for which either 1) the intent is that the costs (expenses, including depreciation) be recovered primarily through user charges, or 2) determination of net income is appropriate for management control, accountability or other purposes.

The City of Sidney’s Water Fund, Sewer Fund and Solid Waste Fund are all considered to be major funds and are displayed separately in the proprietary fund statements on pages 20 through 22. The City has two other proprietary funds, the activities of which are combined into one column for non-major funds.

- Internal service funds – Often, governments wish to allocate the cost of providing certain centralized services (e.g., motor pools, garages, data processing) to the other departments of the government entity that use the services. An internal service fund is the appropriate accounting mechanism when it is the intent of the government to recover the full cost of providing the service through user charges to other departments.

The City of Sidney’s three internal service funds are combined into a single column in the proprietary fund financial statements. Detailed financial data for those funds can be found in the combining statements in the supplementary information section of this report.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

A Fiduciary fund statement is on page 23 of this report.

CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Other Information

Notes to the basic financial statements.

The notes provide additional and explanatory data. They are an integral part of the basic financial statements.

Required supplementary information.

In addition to the basic financial statements and notes, this report also contains required supplementary information (RSI). RSI includes budgetary schedules for the general fund and major special revenue funds. This data is on pages 47 to 51 of this report.

The City of Sidney as a Whole

The following table presents condensed information on net assets as of December 31, 2002 and 2001.

Net Assets
December 31, 2002 and 2001

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2001, as restated</u>	<u>2002</u>	<u>2001, as restated</u>	<u>2002</u>	<u>2001, as restated</u>
<u>Assets:</u>						
Current and other assets	\$ 15,769,136	\$ 16,483,758	\$ 6,945,174	\$ 12,016,057	\$ 22,714,310	\$ 28,499,815
Capital assets	<u>44,217,711</u>	<u>43,855,977</u>	<u>28,781,080</u>	<u>22,448,657</u>	<u>72,998,791</u>	<u>66,304,634</u>
Total assets	<u>59,986,847</u>	<u>60,339,735</u>	<u>35,726,254</u>	<u>34,464,714</u>	<u>95,713,101</u>	<u>94,804,449</u>
<u>Liabilities:</u>						
Long-term liabilities	3,678,764	3,976,156	10,433,404	12,012,532	14,112,168	15,988,688
Other liabilities	<u>3,424,484</u>	<u>3,725,164</u>	<u>1,837,611</u>	<u>1,021,801</u>	<u>5,262,095</u>	<u>4,746,965</u>
Total liabilities	<u>7,103,248</u>	<u>7,701,320</u>	<u>12,271,015</u>	<u>13,034,333</u>	<u>19,374,263</u>	<u>20,735,653</u>
<u>Net Assets:</u>						
Invested in capital assets, net of debt	41,752,711	41,270,977	19,409,433	17,024,316	61,162,144	58,295,293
Restricted	1,607,694	1,672,998	-	-	1,607,694	1,672,998
Unrestricted	<u>9,523,194</u>	<u>9,694,440</u>	<u>4,045,806</u>	<u>4,406,065</u>	<u>13,569,000</u>	<u>14,100,505</u>
Total net assets	<u>\$ 52,883,599</u>	<u>\$ 52,638,415</u>	<u>\$ 23,455,239</u>	<u>\$ 21,430,381</u>	<u>\$ 76,338,838</u>	<u>\$ 74,068,796</u>

For governmental activities, the net assets and capital assets at December 31, 2001 have been restated to reflect the retroactive reporting of all general infrastructure assets acquired prior to January 1, 2000. This restatement increased capital assets and its corresponding net assets, invested in capital assets, net of debt by \$20.3 million.

For business-type activities, the net assets and capital assets at December 31, 2001 have been restated to capitalize certain sewer lines. This restatement increased capital assets and its corresponding net assets, invested in capital assets, net of debt by approximately \$437,000.

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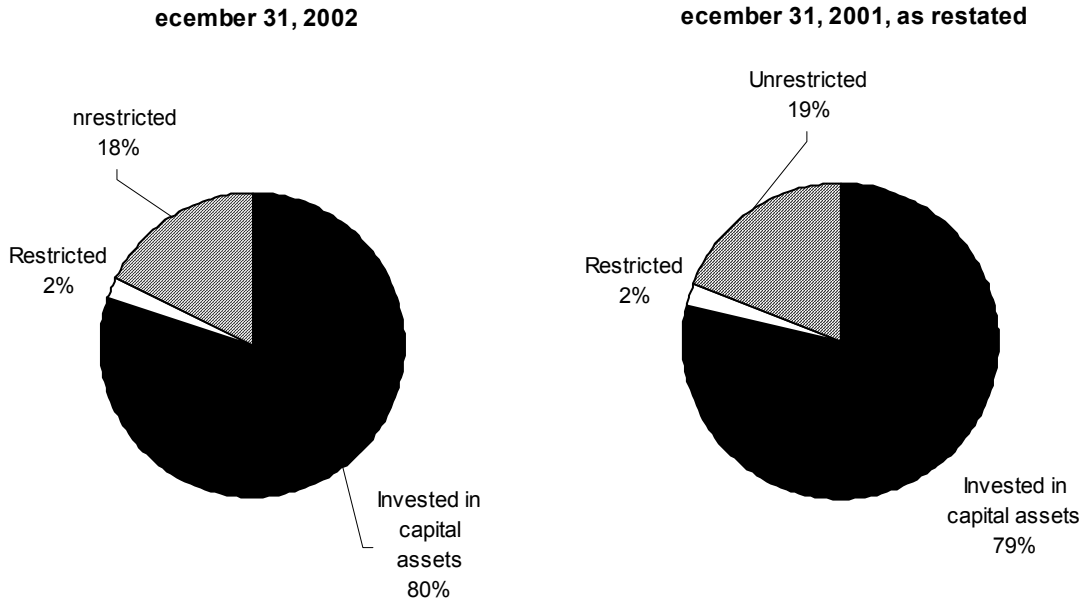
A more detailed explanation of these restatements is found in note 11 on page 43 of the Notes to the Basic Financial Statements.

Increases in net assets generally indicate an improvement in financial position. In total, net assets increased from \$74.1 million to \$76.3 million in 2002. In looking at the components of net assets, the "invested in capital assets, net of related debt" category increased from \$58.3 million at December 31, 2001 to \$61.2 million at December 31, 2002. See the "Capital asset activity" portion of this analysis as well as note 5 on pages 35 - 37 of the Notes to the Basic Financial Statements for factors contributing to this increase.

Restricted net assets are subject to external restrictions as to their use. This category decreased approximately \$65,000 from \$1.67 million at December 31, 2001 to \$1.61 million at December 31, 2002.

The remaining unrestricted net assets are available for future use as directed by City Council. This category declined by \$0.5 million from \$14.1 million at December 31, 2001 to \$13.6 million at December 31, 2002. Unrestricted net assets of the City's governmental activities declined \$0.1 million while unrestricted net assets of the business-type activities decreased \$0.4 million.

One of the more noticeable fluctuations is the decrease in current and other assets within business-type activities while the capital assets line item increased. For the most part this was due to the use of nearly \$5.4 million of the bond proceeds received during 2001 to make capital improvements at the wastewater treatment plant.



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The following table presents condensed information on the changes in net assets for the years ended December 31, 2002 and 2001.

Changes in Net Assets
For the Years Ended December 31, 2002 and 2001

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2001, as restated</u>	<u>2002</u>	<u>2001, as restated</u>	<u>2002</u>	<u>2001, as restated</u>
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 1,541,010	\$ 1,543,438	\$ 7,377,984	\$ 6,488,911	\$ 8,918,994	\$ 8,032,349
Operating grants and contributions	1,475,005	1,579,224	20,000	29,800	1,495,005	1,609,024
Capital grants and contributions	449,303	1,614,919	109,451	132,059	558,754	1,746,978
General revenues:						
Income taxes	10,952,386	10,713,675	-	-	10,952,386	10,713,675
Property taxes	1,266,026	1,317,123	-	-	1,266,026	1,317,123
Other taxes	505,464	189,818	-	-	505,464	189,818
Grants and other contributions not restricted to specific programs	1,848,735	4,455,291	429,419	282,513	2,278,154	4,737,804
Investment earnings	447,751	779,823	135,481	251,912	583,232	1,031,735
Gain/(loss) on sale of capital assets	(499,044)	(322,766)	800	(23,210)	(498,244)	(345,976)
Miscellaneous	<u>67,249</u>	<u>155,936</u>	<u>-</u>	<u>-</u>	<u>67,249</u>	<u>155,936</u>
Total revenues	<u>18,053,885</u>	<u>22,026,481</u>	<u>8,073,135</u>	<u>7,161,985</u>	<u>26,127,020</u>	<u>29,188,466</u>
<u>Expenses</u>						
General government	1,911,357	2,004,013	-	-	1,911,357	2,004,013
Security of persons and property	9,905,229	9,738,140	-	-	9,905,229	9,738,140
Health	271,127	262,976	-	-	271,127	262,976
Transportation	2,319,344	2,273,566	-	-	2,319,344	2,273,566
Community environment	1,379,615	1,190,361	-	-	1,379,615	1,190,361
Leisure time activities	1,344,477	1,216,154	-	-	1,344,477	1,216,154
Basic utility services	371,104	319,229	-	-	371,104	319,229
Interest on long-term debt	115,448	121,785	-	-	115,448	121,785
Water	-	-	2,604,393	2,592,405	2,604,393	2,592,405
Sewer	-	-	2,296,243	2,497,419	2,296,243	2,497,419
Solid Waste	-	-	1,012,932	915,794	1,012,932	915,794
Other business-type activities	<u>-</u>	<u>-</u>	<u>325,709</u>	<u>287,419</u>	<u>325,709</u>	<u>287,419</u>
Total expenses	<u>17,617,701</u>	<u>17,126,224</u>	<u>6,239,277</u>	<u>6,293,037</u>	<u>23,856,978</u>	<u>23,419,261</u>
Excess before transfers	436,184	4,900,257	1,833,858	868,948	2,270,042	5,769,205
Transfers	<u>(191,000)</u>	<u>(450,340)</u>	<u>191,000</u>	<u>450,340</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ 245,184</u>	<u>\$ 4,449,917</u>	<u>\$ 2,024,858</u>	<u>\$ 1,319,288</u>	<u>\$ 2,270,042</u>	<u>\$ 5,769,205</u>

Change in net assets was \$2.3 million for the year ended December 31, 2002 and \$5.8 million for the prior year. Total revenues decreased approximately \$3.1 million, or 10.5%. Total expenses increased approximately \$438,000, or 1.9%.

The decrease in revenue is largely due to a \$3.8 million decrease in revenue from grants and contributions from \$8.1 million in 2001 to \$4.3 million in 2002. During 2001, private developers donated streets to the City totaling \$3.3 million. During 2002, revenue from these donations of streets totaled only \$0.6 million. This reduced activity by developers may be an indicator of the slowing economic environment.

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The City's single largest revenue source, municipal income tax revenue increased by 2.2% in 2002. This is an improvement from the 0.5% increase for the year ended December 31, 2001.

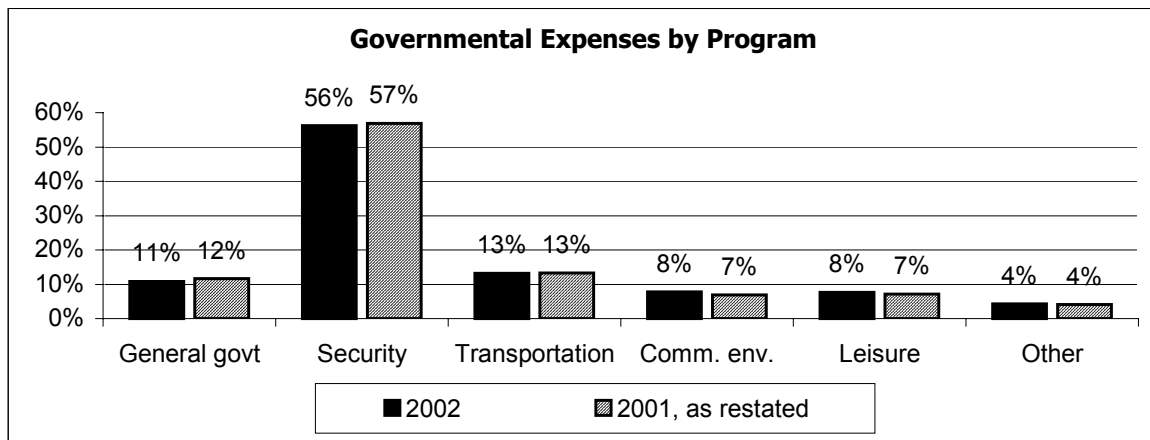
The charges for services revenue increased from \$8.0 million in 2001 to \$8.9 million in 2002. This fluctuation was from business-type activities that increased rates, had greater pool activity and experienced higher than normal sewer industrial user charges.

Governmental activities

Governmental net assets increased approximately \$245,000. While net assets invested in capital assets net of related debt increased about \$482,000, restricted net assets decreased approximately \$65,000 and unrestricted net assets decreased by \$172,000.

The decline in unrestricted net assets of governmental activities is to be expected when the City makes capital purchases that are not financed with debt. The purchase of a capital asset with cash will increase net assets invested in capital assets and reduce unrestricted net assets.

Expenses of governmental activities break down as follows:



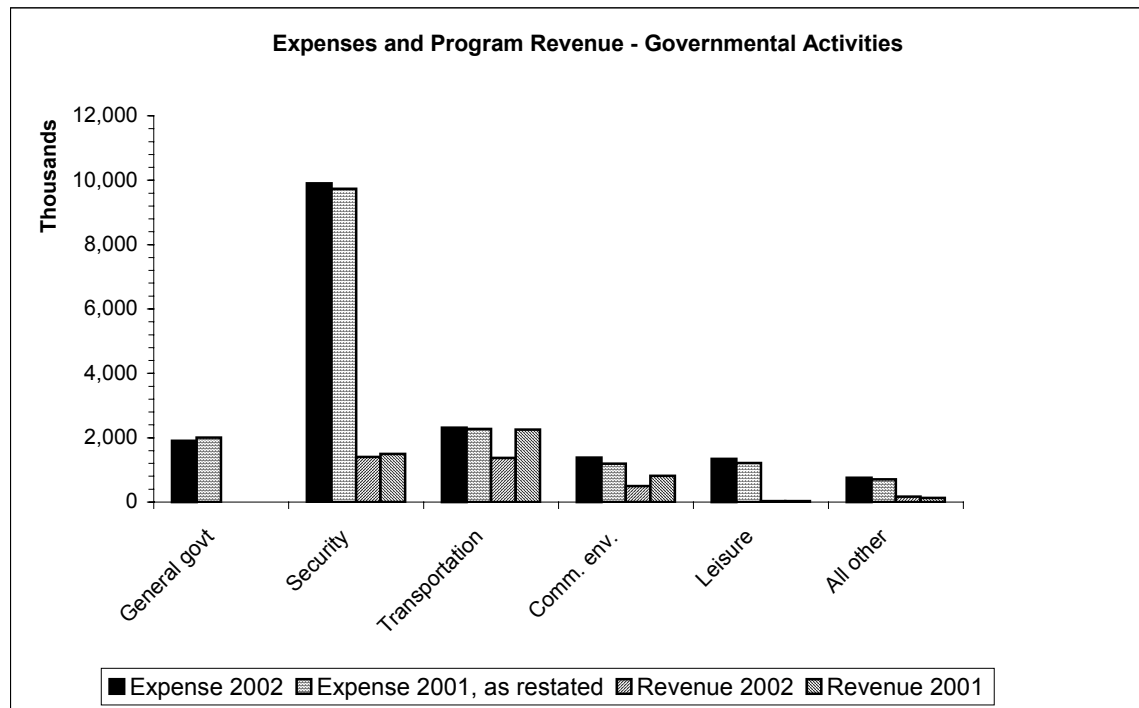
While total governmental expenditures increased nearly \$491,000 or 2.9%, the composition of the expenses by program remained stable from 2001 to 2002. Security of persons and property - consisting mainly of police, fire, and municipal court activities - comprises about 56% to 57% of governmental activities' expenses. Transportation, which consists of street repair and maintenance activities and the Dial-a-ride transportation system, accounts for about 13% of expenses. The community environment program, which consists of activities such as community planning, engineering, and code enforcement, makes up about 7% to 8% of expenses. Leisure time activities - the parks and recreation programs - are responsible for 7% to 8% of governmental expenses.

The Statement of Activities reports the expenses of each of the governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a particular program exceeds its program revenue represents the extent to which that program must be subsidized by general revenues, such as income taxes, property taxes and unrestricted contributions. The following table and graph summarize the net cost of each program:

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Expenses and Program Revenue – Governmental Activities

	<u>Year Ended December 31, 2002</u>			<u>Year Ended December 31, 2001</u>		
	<u>Expense</u>	<u>Program revenue</u>	<u>Net program cost</u>	<u>Expense, as restated</u>	<u>Program revenue</u>	<u>Net program cost, as restated</u>
General government	\$ 1,911,357	\$ -	\$ (1,911,357)	\$ 2,004,013	\$ -	\$ (2,004,013)
Security of persons and property	9,905,229	1,399,883	(8,505,346)	9,738,140	1,495,815	(8,242,325)
Transportation	2,319,344	1,368,715	(950,629)	2,273,566	2,259,834	(13,732)
Community environment	1,379,615	494,836	(884,779)	1,190,361	817,184	(373,177)
Leisure time activities	1,344,477	28,670	(1,315,807)	1,216,154	31,132	(1,185,022)
All others	<u>757,679</u>	<u>173,214</u>	<u>(584,465)</u>	<u>703,990</u>	<u>133,616</u>	<u>(570,374)</u>
Total governmental activities	<u>\$ 17,617,701</u>	<u>\$ 3,465,318</u>	<u>\$ (14,152,383)</u>	<u>\$ 17,126,224</u>	<u>\$ 4,737,581</u>	<u>\$ (12,388,643)</u>



The net program cost of transportation activities significantly increased from a net program loss of nearly \$14,000 for the year ended December 31, 2001 to \$951,000 for the year ended December 31, 2002. While transportation expenses remained consistent, its program revenues decreased almost \$891,000. The majority of this decrease was due to grant proceeds of \$845,000 being received directly by a developer from the State of Ohio for Streetscape additions. This was not a source of transportation revenue in 2002.

The other significant change was the increase in net program cost for community environment activities. This fluctuation was largely due to the timing of the revenues and expenses of the City's CDBG (Community Development Block Grant) programs.

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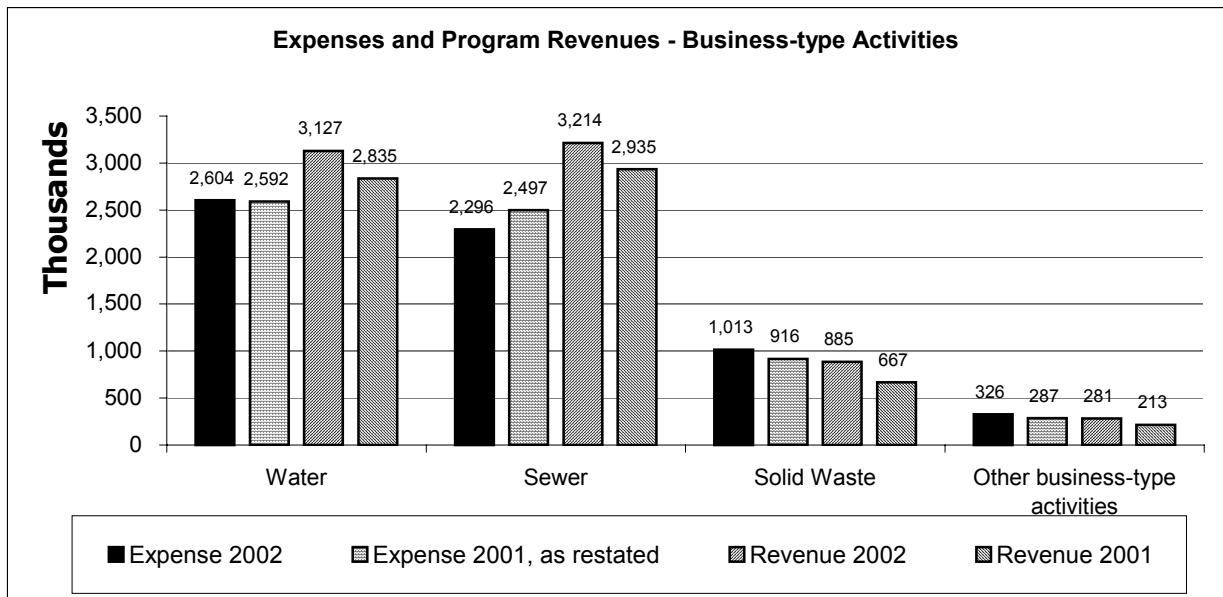
Business-type activities

Business-type activities' net assets increased \$2.0 million. Investment in capital assets, net of related debt, increased \$2.4 million. This was comprised of an increase in the net book value of capital assets of \$6.3 million, bond principal repayments of \$.8 million offset by a change in unspent bond proceeds of \$4.7 million. During the same period, unrestricted net assets decreased by \$0.4 million. This was because the change in net assets, as adjusted for depreciation expense and contributions of capital assets was \$2.6 million. However, there were debt repayments and capital outlays totaling \$3.0 million which serves to decrease unrestricted net assets while increasing investment in capital assets, net of related debt

It is the City's policy that revenues of some of the City's business-type activities (water, sewer and residential waste pickup in the Solid Waste Fund) are expected to cover all program costs. The revenues of other business-type activities cover specified portions of program costs. The following table and graph summarize the expenses and program revenues for business-type activities:

Expenses and Program Revenue – Business-type Activities

	<u>For Year Ended December 31, 2002</u>			<u>For Year Ended December 31, 2001</u>		
	<u>Expense</u>	<u>Program revenue</u>	<u>Net program cost</u>	<u>Expense, as restated</u>	<u>Program revenue</u>	<u>Net program cost, as restated</u>
Water	\$ 2,604,393	\$ 3,127,229	\$ 522,836	\$ 2,592,405	\$ 2,835,353	\$ 242,948
Sewer	2,296,243	3,213,919	917,676	2,497,419	2,935,486	438,067
Solid Waste	1,012,932	884,872	(128,060)	915,794	666,804	(248,990)
Other business-type activities	<u>325,709</u>	<u>281,415</u>	<u>(44,294)</u>	<u>287,419</u>	<u>213,127</u>	<u>(74,292)</u>
Total governmental activities	<u>\$ 6,239,277</u>	<u>\$ 7,507,435</u>	<u>\$ 1,268,158</u>	<u>\$ 6,293,037</u>	<u>\$ 6,650,770</u>	<u>\$ 357,733</u>



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The large margin of sewer revenues over expenses is part of a plan by management to accumulate sufficient cash reserves to accommodate future debt payments for the expansion of the wastewater treatment plant. This expansion is discussed in greater detail in the "Capital Asset Activity" and the "Debt" sections of this analysis.

In the Solid Waste Fund, a cash subsidy of \$180,000 from the General Fund to cover the cost of the yard waste program, as well as cash reserves, were used to offset the operating deficit in the Solid Waste Fund. The City's five-year financial plan adopted by City Council in 2002 provides for annual rate increases in this fund to keep pace with the cost of providing the service. The yard waste program will continue to be subsidized by the General Fund.

Individual funds summary and analysis

Governmental funds, as stated earlier, focus on spendable resources and near-term inflows and outflows of those resources. As such, fund balance is generally a good indicator of net resources available for spending at the end of the fiscal year, subject to any stated restrictions on its use.

The combined fund balances of the City's governmental funds at December 31, 2002 was \$9.3 million as compared to \$9.1 million at December 31, 2001. The combined fund balances at December 31, 2001 have been decreased by approximately \$246,000 to reflect the change in period of availability from 60 days to 30 days. This change in how the City measures its governmental revenues and expenses reduced revenues by approximately \$312,000 and expenses by nearly \$66,000. For additional information on this change, see note 12 on page 44 of the Notes to the Basic Financial Statements.

The General Fund is the primary operating fund of the City of Sidney, accounting for such activities as police and fire protection, emergency medical services, and parks and recreation. The General Fund balance decreased from \$3.2 million at the beginning of the year to \$3.0 million at year-end. Total general fund revenues decreased \$227,000 or 4.7%. Local taxes revenues increased \$179,000 primarily due to the new lodging tax that became effective January 1, 2002. Offsetting this increase were decreases in investment income and fines, licenses and permits. Investment income declined \$280,000 which was indicative of the low interest environment during 2002. Revenues from fines, licenses and permits declined \$128,000 because many local traffic and criminal ordinances were repealed effective the beginning of 2002. While this source of revenue declined, the prisoner boarding expenses decreased by about \$406,000, more than offsetting this decline in revenue.

General fund expenditures increased 1.1% increase, or \$136,000. The largest program increase of \$147,000 was attributable to leisure time activities which added a work release program of \$43,000 and incurred additional tree maintenance expenses of \$60,000 due to storm-related damages. The work release program utilizes inmates to perform lawn mowing and other tasks and is more cost effective than hiring additional personnel. The increase experienced in leisure time activities was offset by a decline in capital outlay of \$95,000. This was an intentional slowing of capital expenditures in response to a slowing economy.

Budget variations

The only significant variation of actual results compared to the General Fund budget was that transfers in were \$8,523,352 compared to a budget of \$8,760,000, a variance of \$236,648. This variance is entirely due to the transfer from the Municipal Income Tax Fund. Amounts received from the City's income tax are paid into the Municipal Income Tax Fund and 80% of the net proceeds after collection are transferred to the General Fund. The budget had projected a growth in income tax collection in 2002 of about 2.8% over 2001. However, due to the economic slowdown, actual income tax cash collections, net of refunds, increased only 1.7%.

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Capital asset and debt administration

Capital asset activity

Significant capital activity for the year included:

- ✓ Approximately \$5.4 million was added to construction in progress for the renovation of the wastewater treatment plant. This project began in late 2001 and is expected to be completed during 2003.
- ✓ Developers donated streets to the City with a total estimated cost of approximately \$575,000.
- ✓ Nearly \$545,000 of sewer general infrastructure was capitalized during 2002 due to work on phase I of the southwest sanitary sewer extension project.
- ✓ Renovations were completed at the Sidney Municipal Pool for approximately \$325,000.

Additional detail on the capital asset activity for the year ended December 31, 2002 is presented in the Notes to the Basic Financial Statements in note 5 on pages 35 – 37.

Debt

Ohio law restricts the amount of debt that a City may issue. The aggregate principal amount of unvoted “net indebtedness” may not exceed 5.5% of the assessed valuation for property tax purposes of all real and personal property located within the City. Certain debt with a repayment source other than general tax revenues, is excluded from the definition of net indebtedness. Under that definition, the City has approximately \$2.5 million of net indebtedness as of December 31, 2002, leaving a legal debt margin for unvoted debt of approximately \$21.8 million.

An additional statutory limitation restricts total indebtedness – both voted and unvoted – to 10.5% of the real and personal property assessed valuation. That limitation would restrict total City net indebtedness to \$46.3 million, leaving a total debt margin of approximately \$43.8 million.

A summary of debt outstanding at December 31, 2002 and 2001 is as follows:

	<u>General Obligation Bonds</u>	
	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Governmental activities	\$ 2,465,000	\$ 2,585,000
Business-type activities	<u>10,925,000</u>	<u>11,700,000</u>
Total	<u>\$ 13,390,000</u>	<u>\$ 14,285,000</u>

Additional detailed data for all debt of the City of Sidney is presented in the Notes to the Basic Financial Statements in note 8 on pages 40 - 42 and in Tables 8 and 9 in the Statistical Section of this report.

Contacting the City's management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with an overview of the City's finances. If you have questions or need additional financial information, please contact the Finance Officer, City of Sidney, 201 West Poplar Street, Sidney, Ohio 45365.

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash and investments	\$ 9,390,980	\$ 3,741,845	\$ 13,132,825
Restricted cash and cash equivalents	-	1,553,353	1,553,353
Receivables (net):			
Income taxes	3,106,696	-	3,106,696
Property taxes	1,388,014	-	1,388,014
Other taxes	123,681	-	123,681
Accounts	-	1,353,469	1,353,469
Interest	122,137	39,918	162,055
Loans	107,284	-	107,284
Special assessments	122,904	-	122,904
Other	233,104	7,693	240,797
Internal balances	94,538	(94,538)	-
Receivable from agency fund	57,846	-	57,846
Receivables from other governments	702,090	-	702,090
Inventory	191,359	210,547	401,906
Prepaid items	128,503	132,887	261,390
Capital assets:			
Capital assets not subject to depreciation:			
Land	6,452,990	526,604	6,979,594
Construction in progress	513,936	6,172,060	6,685,996
Capital assets net of accumulated depreciation	<u>37,250,785</u>	<u>22,082,416</u>	<u>59,333,201</u>
 Total assets	 <u>\$ 59,986,847</u>	 <u>\$ 35,726,254</u>	 <u>\$ 95,713,101</u>
LIABILITIES			
Accounts payable	\$ 884,059	\$ 665,038	\$ 1,549,097
Salaries and benefits payable	1,033,245	167,826	1,201,071
Deferred revenue	1,296,694	137,398	1,434,092
Accrued interest payable	9,786	57,349	67,135
Noncurrent liabilities:			
Due within one year	200,700	810,000	1,010,700
Due in more than one year	<u>3,678,764</u>	<u>10,433,404</u>	<u>14,112,168</u>
 Total liabilities	 <u>7,103,248</u>	 <u>12,271,015</u>	 <u>19,374,263</u>
NET ASSETS			
Invested in capital assets, net of related debt	41,752,711	19,409,433	61,162,144
Restricted for:			
Capital projects	20,037	-	20,037
Other purposes	1,587,657	-	1,587,657
Unrestricted	<u>9,523,194</u>	<u>4,045,806</u>	<u>13,569,000</u>
 Total net assets	 <u>52,883,599</u>	 <u>23,455,239</u>	 <u>76,338,838</u>
 Total liabilities and net assets	 <u>\$ 59,986,847</u>	 <u>\$ 35,726,254</u>	 <u>\$ 95,713,101</u>

See Notes to the Basic Financial Statements.

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,911,357	\$ -	\$ -	\$ -	\$ (1,911,357)		\$ (1,911,357)
Security of persons and property	9,905,229	1,119,799	257,964	22,120	(8,505,346)		(8,505,346)
Health	271,127	173,214	-	-	(97,913)		(97,913)
Transportation	2,319,344	92,409	1,208,869	67,437	(950,629)		(950,629)
Community environment	1,379,615	134,590	500	359,746	(884,779)		(884,779)
Leisure time activities	1,344,477	20,998	7,672	-	(1,315,807)		(1,315,807)
Basic utility services	371,104	-	-	-	(371,104)		(371,104)
Interest on long-term debt	115,448	-	-	-	(115,448)		(115,448)
Total governmental activities	<u>17,617,701</u>	<u>1,541,010</u>	<u>1,475,005</u>	<u>449,303</u>	<u>(14,152,383)</u>		<u>(14,152,383)</u>
Business-type activities:							
Water	2,604,393	3,029,105	-	98,124		\$ 522,836	522,836
Sewer	2,296,243	3,213,919	-	-		917,676	917,676
Solid Waste	1,012,932	864,872	20,000	-		(128,060)	(128,060)
Other business-type activities	325,709	270,088	-	11,327		(44,294)	(44,294)
Total business-type activities	<u>6,239,277</u>	<u>7,377,984</u>	<u>20,000</u>	<u>109,451</u>		<u>1,268,158</u>	<u>1,268,158</u>
Total	<u>\$ 23,856,978</u>	<u>\$ 8,918,994</u>	<u>\$ 1,495,005</u>	<u>\$ 558,754</u>	<u>(14,152,383)</u>	<u>1,268,158</u>	<u>(12,884,225)</u>
General revenues:							
Taxes:							
Income taxes					10,952,386	-	10,952,386
Property taxes					1,266,026	-	1,266,026
Other taxes					505,464	-	505,464
Grants and contributions not restricted to specific programs					1,848,735	429,419	2,278,154
Investment earnings					447,751	135,481	583,232
(Loss) gain on sale/disposal of capital assets					(499,044)	800	(498,244)
Miscellaneous					67,249	-	67,249
Transfers					(191,000)	191,000	-
Total general revenues and transfers					<u>14,397,567</u>	<u>756,700</u>	<u>15,154,267</u>
Change in net assets					245,184	2,024,858	2,270,042
Net assets - beginning, as restated					<u>52,638,415</u>	<u>21,430,381</u>	<u>74,068,796</u>
Net assets - ending					<u>\$ 52,883,599</u>	<u>\$23,455,239</u>	<u>\$ 76,338,838</u>

See Notes to the Basic Financial Statements.

City of Sidney



Ohio

**CITY OF SIDNEY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2002**

	<u>General Fund</u>	<u>Street Repair & Maintenance Fund</u>	<u>Municipal Income Tax Fund</u>	<u>Capital Improvement Fund</u>
ASSETS				
Pooled cash and investments	\$ 3,698,857	\$ 594,467	\$ 643,079	\$ 1,041,644
Receivables (net):				
Income taxes	-	-	3,106,696	-
Property taxes	1,388,014	-	-	-
Other taxes	120,010	-	-	-
Interest	103,901	-	-	-
Loans	-	-	-	-
Special assessments	110,003	-	-	-
Other	10,381	1,878	-	67,437
Due from other funds	3,420	-	-	39,444
Due from agency fund	57,001	-	-	-
Receivables from other governments	114,221	543,779	-	-
Inventory	51,800	81,714	1,030	-
Prepaid items	46,045	556	990	51,633
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,703,653</u>	<u>\$ 1,222,394</u>	<u>\$ 3,751,795</u>	<u>\$ 1,200,158</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 108,599	\$ 6,425	\$ 439,456	\$ 22,025
Salaries and benefits payable	823,458	53,264	10,488	-
Due to other funds	8,784	46,305	-	-
Deferred revenue	1,800,101	497,293	1,879,699	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,740,942</u>	<u>603,287</u>	<u>2,329,643</u>	<u>22,025</u>
Fund Balances:				
Reserved for:				
Inventory	51,800	81,714	1,030	-
Prepaid items	46,045	556	990	51,633
Long-term loans receivable	-	-	-	-
Encumbrances	157,350	4,340	1,845	402,923
Unreserved, reported in:				
General fund	2,707,516	-	-	-
Special revenue funds	-	532,497	1,418,287	-
Capital projects funds	-	-	-	723,577
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,962,711</u>	<u>619,107</u>	<u>1,422,152</u>	<u>1,178,133</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 5,703,653</u>	<u>\$ 1,222,394</u>	<u>\$ 3,751,795</u>	<u>\$ 1,200,158</u>

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO
RECONCILIATION OF TOTAL
GOVERNMENTAL FUND BALANCES TO NET
ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2002**

Non-major Governmental Funds	Total Governmental Funds		
		Total governmental fund balances	\$ 9,265,965
\$ 3,038,517	\$ 9,016,564	<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
-	3,106,696	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	43,552,681
-	1,388,014	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
3,671	123,681	Income taxes receivable	1,879,699
17,897	121,798	Other taxes and intergovernmental receivables	1,017,532
107,284	107,284	Other receivables	140,025
12,901	122,904	Internal service funds are used to charge the costs of certain activities, such as the central garage, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	864,128
94,439	174,135	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds:	
-	42,864	Bonds payable	(2,465,000)
845	57,846	Compensated absences	(981,966)
44,090	702,090	Unfunded police and fire pension liability	(379,679)
25,301	159,845	Accrued interest on long-term debt	(9,786)
616	99,840		
<u>\$ 3,345,561</u>	<u>\$ 15,223,561</u>	Net assets of governmental activities	<u>\$ 52,883,599</u>
\$ 39,757	\$ 616,262		
104,988	992,198		
8,387	63,476		
<u>108,567</u>	<u>4,285,660</u>		
<u>261,699</u>	<u>5,957,596</u>		
25,301	159,845		
616	99,840		
107,284	107,284		
120,327	686,785		
-	2,707,516		
2,378,337	4,329,121		
<u>451,997</u>	<u>1,175,574</u>		
<u>3,083,862</u>	<u>9,265,965</u>		
<u>\$ 3,345,561</u>	<u>\$ 15,223,561</u>		

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

	General Fund	Street Repair & Maintenance Fund	Municipal Income Tax Fund	Capital Improvement Fund
REVENUES:				
Local taxes	\$ 1,533,212	\$ -	\$ 11,115,350	\$ -
Intergovernmental revenues	1,412,810	834,291	-	187,133
Special assessments	209,903	-	-	-
Charges for services	616,481	-	-	-
Fines, licenses and permits	235,949	-	-	-
Investment income	424,739	-	-	-
Miscellaneous receipts and reimbursements	<u>137,043</u>	<u>82,315</u>	<u>887</u>	<u>2,315</u>
Total revenues	<u>4,570,137</u>	<u>916,606</u>	<u>11,116,237</u>	<u>189,448</u>
EXPENDITURES:				
Current:				
General government	1,692,195	-	169,517	-
Security of persons & property	8,825,544	-	-	-
Health	82,131	-	-	-
Transportation	-	937,773	-	-
Community environment	819,619	-	-	-
Leisure time activities	1,188,283	-	-	-
Basic utility services	-	-	-	-
Capital outlay	37,862	-	-	1,945,931
Debt service:				
Principal	-	-	-	100,000
Interest and other charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,323</u>
Total expenditures	<u>12,645,634</u>	<u>937,773</u>	<u>169,517</u>	<u>2,157,254</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,075,497)</u>	<u>(21,167)</u>	<u>10,946,720</u>	<u>(1,967,806)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	8,523,352	90,000	-	2,130,838
Sale of fixed assets	-	-	-	21,300
Transfers out	<u>(709,945)</u>	<u>-</u>	<u>(10,654,190)</u>	<u>-</u>
Total other financing sources (uses)	<u>7,813,407</u>	<u>90,000</u>	<u>(10,654,190)</u>	<u>2,152,138</u>
Net change in fund balances	(262,090)	68,833	292,530	184,332
Fund balances, beginning of year, as restated	<u>3,224,801</u>	<u>550,274</u>	<u>1,129,622</u>	<u>993,801</u>
Fund balances, end of year	<u>\$ 2,962,711</u>	<u>\$ 619,107</u>	<u>\$ 1,422,152</u>	<u>\$ 1,178,133</u>

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO
BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2002**

	Business-type Activities				Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Non-major Enterprise Funds		
ASSETS						
Current assets:						
Pooled cash and investments	\$ 1,372,628	\$ 1,887,189	\$ 397,574	\$ 84,454	\$ 3,741,845	\$ 374,416
Restricted cash and cash equivalents	-	1,553,353	-	-	1,553,353	-
Receivables (net):						
Accounts	555,292	644,152	135,662	18,363	1,353,469	-
Interest	17,309	22,609	-	-	39,918	339
Other	-	1,200	-	6,493	7,693	58,969
Inventory	166,063	29,357	-	15,127	210,547	31,514
Due from other funds	-	-	-	-	-	27,828
Prepaid items	12,369	119,244	-	1,274	132,887	28,663
Total current assets	<u>2,123,661</u>	<u>4,257,104</u>	<u>533,236</u>	<u>125,711</u>	<u>7,039,712</u>	<u>521,729</u>
Noncurrent assets:						
Capital assets:						
Capital assets not subject to depreciation:						
Land	143,179	62,820	11,340	309,265	526,604	-
Construction in progress	-	6,172,060	-	-	6,172,060	-
Capital assets net of accumulated depreciation						
	<u>6,962,950</u>	<u>13,348,233</u>	<u>80,747</u>	<u>1,690,486</u>	<u>22,082,416</u>	<u>665,030</u>
Total noncurrent assets	<u>7,106,129</u>	<u>19,583,113</u>	<u>92,087</u>	<u>1,999,751</u>	<u>28,781,080</u>	<u>665,030</u>
Total assets	<u>\$ 9,229,790</u>	<u>\$ 23,840,217</u>	<u>\$ 625,323</u>	<u>\$ 2,125,462</u>	<u>\$ 35,820,792</u>	<u>\$ 1,186,759</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 70,525	\$ 517,517	\$ 63,053	\$ 12,114	\$ 663,209	\$ 267,797
Salaries and benefits payable	96,864	60,404	10,182	376	167,826	41,047
Due to other funds	2,391	2,523	2,279	23	7,216	-
Due to agency fund	1,829	-	-	-	1,829	-
Current portion of long term debt	250,000	560,000	-	-	810,000	-
Deferred revenue	-	-	137,398	-	137,398	48,290
Accrued interest payable	6,771	50,578	-	-	57,349	-
	<u>428,380</u>	<u>1,191,022</u>	<u>212,912</u>	<u>12,513</u>	<u>1,844,827</u>	<u>357,134</u>
Noncurrent liabilities:						
Noncurrent portion of long term debt	750,000	9,365,000	-	-	10,115,000	-
Compensated absences	233,200	78,272	6,932	-	318,404	52,819
Total noncurrent liabilities	<u>983,200</u>	<u>9,443,272</u>	<u>6,932</u>	<u>-</u>	<u>10,433,404</u>	<u>52,819</u>
Total liabilities	<u>1,411,580</u>	<u>10,634,294</u>	<u>219,844</u>	<u>12,513</u>	<u>12,278,231</u>	<u>409,953</u>
NET ASSETS						
Invested in capital assets, net of related debt	6,106,129	11,211,466	92,087	1,999,751	19,409,433	665,030
Unrestricted	1,712,081	1,994,457	313,392	113,198	4,133,128	111,776
Total net assets	<u>7,818,210</u>	<u>13,205,923</u>	<u>405,479</u>	<u>2,112,949</u>	<u>23,542,561</u>	<u>776,806</u>
Total liabilities and net assets	<u>\$ 9,229,790</u>	<u>\$ 23,840,217</u>	<u>\$ 625,323</u>	<u>\$ 2,125,462</u>	<u>\$ 35,820,792</u>	<u>\$ 1,186,759</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(87,322)	
Total net assets from above					<u>23,542,561</u>	
Net assets of business-type activities					<u>\$ 23,455,239</u>	

See Notes to the Basic Financial Statements.

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

	Business-type Activities				Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Non-major Enterprise Funds		
OPERATING REVENUES:						
Charges for services	\$ 2,833,081	\$ 3,212,259	\$ 864,524	\$ 255,243	\$ 7,165,107	\$ 2,139,088
Other revenue	196,024	1,660	348	14,845	212,877	4,524
Total operating revenues	<u>3,029,105</u>	<u>3,213,919</u>	<u>864,872</u>	<u>270,088</u>	<u>7,377,984</u>	<u>2,143,612</u>
OPERATING EXPENSES:						
Personal services	1,221,252	803,402	127,191	68,066	2,219,911	406,223
Operations and maintenance	976,126	745,168	869,004	202,012	2,792,310	2,056,912
Depreciation	274,689	590,199	9,503	55,500	929,891	50,105
Total operating expenses	<u>2,472,067</u>	<u>2,138,769</u>	<u>1,005,698</u>	<u>325,578</u>	<u>5,942,112</u>	<u>2,513,240</u>
Operating income (loss)	<u>557,038</u>	<u>1,075,150</u>	<u>(140,826)</u>	<u>(55,490)</u>	<u>1,435,872</u>	<u>(369,628)</u>
NONOPERATING REVENUES (EXPENSES):						
Investment income	56,282	79,199	-	-	135,481	9,063
Intergovernmental	98,124	-	20,000	11,327	129,451	-
Gain (loss) on disposal of assets	-	800	-	-	800	-
Interest expense	(99,870)	(131,096)	-	-	(230,966)	-
Total nonoperating revenues (expenses)	<u>54,536</u>	<u>(51,097)</u>	<u>20,000</u>	<u>11,327</u>	<u>34,766</u>	<u>9,063</u>
Income (loss) before contributions and transfers	611,574	1,024,053	(120,826)	(44,163)	1,470,638	(360,565)
Capital contributions	(1,845)	(1,895)	85,000	348,159	429,419	68,845
Transfers out	(24,000)	-	-	-	(24,000)	(2,000)
Transfers in	-	-	180,000	35,000	215,000	-
Change in net assets	585,729	1,022,158	144,174	338,996	2,091,057	(293,720)
Total net assets - beginning of year, as restated	<u>7,232,481</u>	<u>12,183,765</u>	<u>261,305</u>	<u>1,773,953</u>		<u>1,070,526</u>
Total net assets - end of year	<u>\$ 7,818,210</u>	<u>\$ 13,205,923</u>	<u>\$ 405,479</u>	<u>\$ 2,112,949</u>		<u>\$ 776,806</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(66,199)	
Change in net assets of business-type activities					<u>\$ 2,024,858</u>	

See Notes to the Basic Financial Statements.

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

	Business-type Activities				Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Non-major Enterprise Funds		
Cash flows from operating activities:						
Operating income (loss)	\$ 557,038	\$ 1,075,150	\$ (140,826)	\$ (55,490)	\$ 1,435,872	\$ (369,628)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	274,689	590,199	9,503	55,500	929,891	50,105
Change in assets and liabilities:						
Accounts receivable	(39,412)	(49,796)	(62,473)	(6,078)	(157,759)	-
Other receivables	-	(1,200)	-	-	(1,200)	(44,967)
Due from other funds	-	-	-	-	-	(19,155)
Prepaid items	(1,393)	11,189	-	61	9,857	359
Inventory	41,770	1,270	-	1,281	44,321	(9,968)
Accounts payable	(52,517)	(434,168)	8,003	(5,003)	(483,685)	(9,510)
Salaries and benefits payable and compensated absences	(10,138)	7,637	2,133	(187)	(555)	360
Due to other funds	623	1,541	1,695	(19)	3,840	(38)
Deferred revenue	-	-	5,980	(6,493)	(513)	29,445
Net cash provided (used) by operating activities	<u>770,660</u>	<u>1,201,822</u>	<u>(175,985)</u>	<u>(16,428)</u>	<u>1,780,069</u>	<u>(372,997)</u>
Cash flows from noncapital financing activities:						
Transfers in	-	-	180,000	35,000	215,000	-
Transfers out	(24,000)	-	-	-	(24,000)	(2,000)
Intergovernmental	<u>98,124</u>	<u>-</u>	<u>20,000</u>	<u>11,327</u>	<u>129,451</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>74,124</u>	<u>-</u>	<u>200,000</u>	<u>46,327</u>	<u>320,451</u>	<u>(2,000)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(370,599)	(5,683,161)	-	-	(6,053,760)	(7,714)
Proceeds from sale of assets	-	800	-	-	800	-
Principal paid on capital debt	(250,000)	(525,000)	-	-	(775,000)	-
Interest paid on capital debt	<u>(101,563)</u>	<u>(501,110)</u>	<u>-</u>	<u>-</u>	<u>(602,673)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(722,162)</u>	<u>(6,708,471)</u>	<u>-</u>	<u>-</u>	<u>(7,430,633)</u>	<u>(7,714)</u>
Cash flows from investing activities:						
Interest on investments	53,880	178,943	-	-	232,823	16,656
Net unrealized gain on investments	<u>5,837</u>	<u>8,584</u>	<u>-</u>	<u>-</u>	<u>14,421</u>	<u>(1,571)</u>
Net cash provided by investing activities	<u>59,717</u>	<u>187,527</u>	<u>-</u>	<u>-</u>	<u>247,244</u>	<u>15,085</u>
Net increase (decrease) in cash and cash equivalents	182,339	(5,319,122)	24,015	29,899	(5,082,869)	(367,626)
Cash and cash equivalents, beginning of year	<u>1,190,289</u>	<u>8,759,664</u>	<u>373,559</u>	<u>54,555</u>	<u>10,378,067</u>	<u>742,042</u>
Cash and cash equivalents, end of year	<u>\$ 1,372,628</u>	<u>\$ 3,440,542</u>	<u>\$ 397,574</u>	<u>\$ 84,454</u>	<u>\$ 5,295,198</u>	<u>\$ 374,416</u>
Noncash investing, capital and financing activities:						
Net contributions of capital assets from government	<u>\$ (1,845)</u>	<u>\$ (1,895)</u>	<u>\$ 85,000</u>	<u>\$ 348,159</u>	<u>\$ 429,419</u>	<u>\$ 68,845</u>

See Notes to the Basic Financial Statements.

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

	Agency Funds
ASSETS	
Pooled cash and investments	\$ 11,965
Municipal Court checking account	148,064
Accounts receivable	8,865
Due from other funds	<u>1,829</u>
Total assets	<u>\$ 170,723</u>
LIABILITIES	
Due to employees	\$ 4,455
Due to other funds	57,846
Due to other governments	60,412
Undistributed monies	<u>48,010</u>
Total liabilities	<u>\$ 170,723</u>

See Notes to the Basic Financial Statements

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2002

1. Summary of Significant Accounting Policies:

A. Reporting Entity

The City of Sidney, Ohio (City) is a political unit incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City was incorporated in 1820, and has a Council-Manager form of government. The City provides the following services: public safety (police and fire), highways and streets, water, sewer, sanitation, recreation, public improvements, planning and zoning and general administrative services.

For financial reporting purposes, the City includes in this report all funds, agencies, boards, commissions, and departments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 criteria for determining the entity and component units. Under the provisions of GASB Statement No. 14, the City of Sidney is the primary government, since it is a special purpose government that has a separate elected governing body; functions as a separate legal entity; and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue debt. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data is combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no blended or discretely presented component units at December 31, 2002.

Certain units of local governments, over which the City exercises no authority, such as the Shelby County Library District, Shelby County Health District and Upper Valley Joint Vocational School, are other local governmental and non-profit entities with independent elected officials and are excluded from the accompanying basic financial statements. The City is not a component unit of any other entity and does not have any component units, which require inclusion in the basic financial statements.

Other local governments and non-profit entities that overlap the City's boundaries are Shelby County and the Sidney City School District. These entities do not meet the reporting entity criteria and, therefore, are not included in the City's financial reports.

B. Basis of Presentation

Government-wide financial statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements distinguish between activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues; and business-type activities, which rely to a significant extent upon fees and charges for support. Interfund and

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2002

internal service fund activities are generally eliminated to avoid the “doubling-up” effect on revenues and expenses. The government-wide financial statements do not include the assets and liabilities of the City’s agency funds.

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

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

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported in separate columns in the fund financial statements. All other funds are aggregated and reported as non-major governmental or non-major proprietary funds.

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America for local governments as prescribed by the GASB.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). Fund accounting segregates funds according to the intended purpose and is used to aid management in demonstrating compliance with financial-related legal and contractual provisions.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
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Governmental Funds

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

General Fund - The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio.

Street Repair and Maintenance Fund – To account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Municipal Income Tax Fund – To account for the collection, collection costs and distribution of City-levied income tax.

Capital Improvement Fund – To account for the income tax resources earmarked for capital improvements used for general improvement of all City facilities and operations.

Proprietary (Business-type) Funds

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City reports the following major proprietary funds:

Water Fund – Accounts for the operation of the waterworks distribution system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Sewer Fund – Accounts for the operation of the sanitary sewer collection and treatment system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Solid Waste Fund - Accounts for the operation of the solid waste collection system and related expenses, including capital improvements. The operations are financed through user charges and a subsidy from the General Fund.

Additionally, the City reports the following fund types:

Internal service funds – Account for services, such as information management, vehicle maintenance and health insurance, provided to other departments of the City on a cost-reimbursement basis.

Agency funds – Generally are used to account for assets held in a fiduciary capacity on behalf of others. The City holds assets for three other entities: (1) municipal court, (2) City employees' medical reimbursement plan, and (3) Village of Port Jefferson's sewer bills.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
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C. Basis of Accounting

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

The modified accrual basis of accounting is used for all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues available if they are collected within 30 days after year end. Expenditures are recorded generally when the related fund liability is incurred. Principal and interest of general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Fines, permits and parking meter revenues are not susceptible to accrual because they are generally not measurable until received in cash.

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

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

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

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

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

Agency Funds. The agency funds, being custodial in nature, are merely "assets equal liabilities" and, thus, do not involve the measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting.

D. Budgets and Budgetary Accounting

The City follows procedures prescribed by State law in establishing the budgetary data reflected in the financial statements as follows:

- (1) The City must submit a tax budget of estimated cash receipts and beginning-of-year cash fund balances for all funds to the County Budget Commission by July 20 of each year for the following year, January 1 through December 31.
- (2) The County Budget Commission certifies its actions by September 1 and issues an Official Certificate of Estimated Resources, (the "Certificate") limiting the maximum amount the City may expend from a given fund during the year to the estimated resources available.
- (3) About January 1, the Certificate is amended to reflect the actual unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the initial or amended Certificate.
- (4) A temporary appropriation measure may be passed to control cash disbursements for the period January 1 through March 31. Before April 1, a permanent appropriation measure must be passed for the period January 1 through December 31. The budget identifies specific expenditure amounts by character for each division within each fund.
- (5) Unencumbered appropriations lapse at year end. No contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Director of Finance first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract.
- (6) All funds of the City have annual budgets legally adopted by the City Council.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The appropriations ordinance controls expenditures at the level of (1) personal services and (2) contractual, materials and other. Council can amend the budget at functional expense lines, through the passage of supplemental ordinances. Management can amend appropriations below this level without council approval. Supplemental appropriations to the original appropriations ordinance were made during the year, but were not material in relation to the original appropriations.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable

CITY OF SIDNEY, OHIO
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appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities.

While reporting financial position, results of operations and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis for the general fund and major special revenue funds are presented on the budgetary basis in the Required Supplementary Information to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

E. Cash and Cash Equivalents

To improve cash management, most of the cash received by the City is pooled. The exceptions to this policy are as follows:

- Municipal Court, an agency fund, maintains its deposits in a separate checking account.
- Bond proceeds from the 2001 issuance of general obligation bonds are being held separately. These proceeds are being used to pay for the expansion of the wastewater treatment plant.

Monies for all other funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Pooled Cash and Investments" on the balance sheet.

All investments of the City are recorded at fair value, in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The statement established accounting and reporting guidelines for government investments and investment pools. Certain investments that were reported at cost in previous years may now be reported at fair value. Interest earnings from investments are allocated to the General Fund except for funds derived from contract, trust agreement, grant terms or City ordinance which require crediting otherwise.

For purposes of the statements of cash flows and for presentation on the statement of net assets/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

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F. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first out (FIFO) method. The proprietary funds' inventories are recorded as expenses when used. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are offset by a fund balance reserve, which indicates they do not constitute "available spendable resources," and are not available for appropriations.

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

G. Insurance and Risk

The City of Sidney covers most of its risks of loss through commercial insurance. Effective January 1, 1990, the City began a partially self-funded health plan. The City funds the maximum liability, which is equal to the City's aggregate stop loss plus the insurance companies' premium and administrative costs. During 2002, the City incurred claims of \$1,092,842. The City plans to use any excess funds to contain health coverage costs.

H. Capital Assets

Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment, infrastructure and all other assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure is defined as 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. Examples of infrastructure include roads, bridges, sidewalks, and similar items.

The City defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year.

All capital assets are valued at historical cost, or estimated historical cost, if actual cost is not available. Donated capital assets are valued at their estimated fair market value at the time received. Interest on constructed capital assets is capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

CITY OF SIDNEY, OHIO
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Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Description</u>	<u>Estimated Useful Life (In Years)</u>
Land improvements	10 to 25
Buildings and improvements	10 to 45
Machinery and equipment	3 to 20
Infrastructure	23 to 50

I. Bond Issuance Costs

Bond issuance costs are deferred and amortized over the terms of the bonds using methods that approximate the effective interest method. Issuance costs at December 31, 2002 amounted to \$167,440 net of accumulated amortization of \$126,031. These costs are included in prepaid items in the accompanying financial statements.

J. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

Vested vacation and sick leave is recorded as an expense in the government-wide statements for the period in which such leave was earned. For governmental fund type employees, an expenditure is recorded in the governmental funds' statements for only the portion of vested vacation and sick leave that is expected to be liquidated with expendable available resources in accordance with Interpretation No. 6 of the Governmental Accounting Standards Board – Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

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

K. Pensions

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

L. Reserves and Designations

Reserves are portions of fund equity that are not appropriable for expenditures/expenses or that are legally restricted to a specific future use, or both.

Designations are tentative plans for financial resource use in a future period. Such plans or intentions are subject to change. They may never be legally authorized or result in expenditures.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
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M. Grants and Other Intergovernmental Revenues

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

N. Financial Disclosure

Private-sector standards of accounting and reporting issues on or before November 30, 1989, are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and proprietary funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

O. Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents:

The City maintains a cash deposit and investment pool for all funds, except for the following:

- Municipal Court, an agency fund, maintains its deposits in a separate checking account.
- Bond proceeds from the 2001 issuance of general obligation bonds are being held separately. These proceeds are being used to pay for the expansion of the wastewater treatment plant.

Each fund's share of cash deposits and investments is shown separately on the combined balance sheet as "pooled cash and investments." Cash and cash equivalents shown in the combined balance sheets include mutual funds, obligations of United States Government Agencies and certificates of deposit with maturities of three months or less when purchased. For disclosure under Government Accounting Standards Board Statement No. 3 (GASB 3), all certificates of deposit are included under the caption "cash deposits" and the remaining cash equivalents are included under the caption "investments." Income accrued on cash deposits and investments are shown collectively by fund on the combined balance sheet as "accrued interest receivable."

Deposits - At December 31, 2002, the carrying amount of the City's deposits was \$5,163,210 and the bank balance was \$5,565,505. Of the bank balance:

1. \$954,705 was covered by federal depository insurance; and
2. \$4,610,800 was covered by collateral held by financial institutions not in the City's name or by single financial institution collateralized pools held in the financial institution's name as specified by Section 135.181 of the Ohio Revised Code (ORC).

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The State of Ohio by statute has established collateral requirements for financial institutions acting as public depositories. The public depositories must either pledge specific qualified securities with a market value of at least equal to 102% of the total amount of all public deposits to be secured, or pledge a pool of collateral with a market value of at least 105% of the total amount of public deposits secured. Pooled securities so pledged provide the equivalent of a deposit insurance fund. This approach protects all public entities against a single public depository collapse. The state has implemented collateral pools to minimize the interest penalty to public entities for protecting public deposits.

At December 31, 2002, the City has \$2,300 cash on hand.

Investments - The ORC, the City's charter, and the City's investment policy authorize the City to invest in the State Treasury Asset Reserve of Ohio (STAROhio), certificates of deposit, repurchase agreements, United States treasury bills and notes, United States agency and instrumentality notes, bankers' acceptances and commercial paper of the highest rating. The above legislative investment policy applies to all funds, fund types and component units. All deposits are made to authorized public depositories and contracts with such institutions are in accordance with the ORC and the City's charter. All investments are reported at fair value which is based on quoted market prices. The City invests in STAROhio, an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. The State operates the pool in accordance with ORC Section 135.45. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2002.

GASB 3 requires government entities to categorize investments to give an indication of the level of risk assumed by the entity at year end. These categories are as follows: Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty in the City's name. Category 3 includes uninsured or unregistered investments for which securities are held by the counterparty or by their trust department or agent but not in the City's name. Pooled and mutual funds are not required to be categorized by GASB 3.

A summary of the fair value of investments held at December 31, 2002, and an indication of the related risk is as follows:

<u>Description</u>	<u>Carrying and Fair Value</u>	<u>Risk Category</u>
Government securities (U.S. and federal agency securities)	\$8,159,439	Category 2
STAROhio - State Treasurer's Investment Pool	<u>1,521,484</u>	Unclassified
	<u>\$9,680,923</u>	

Due to significantly higher cash flows at certain times during the year, the City has invested in overnight repurchase agreements for which the underlying securities were held by the bank. These investments, while not included in investments at year end, would have been included in Category 3 throughout the year.

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The classification of cash and cash equivalents on the basic financial statements is based on criteria set forth in GASB Statement No. 9 (GASB 9). Cash equivalents are defined as investments with an original maturity of three months or less and funds included within the City's cash management pool. A reconciliation between the classification of cash and investments on the basic financial statements and the classification per GASB Statement 3 is as follows:

	Cash and cash equivalents	Investments
Pooled cash and investments:		
GASB 9 - Statement of Net Assets	\$ 13,132,825	\$ -
GASB 9 - Statement of Fiduciary Net Assets	11,965	
Restricted cash and cash equivalents:		
GASB 9 – Statement of Net Assets	1,553,353	
Cash in bank:		
GASB 9 – Statement of Fiduciary Net Assets	148,064	-
Total GASB 9	14,846,207	-
Investments:		
Government securities	(8,159,439)	8,159,439
STAROhio – held as Restricted Cash and Cash Equivalents	(1,521,484)	1,521,484
GASB 3	\$ 5,165,284	\$ 9,680,923

3. Income Taxes:

Municipalities within the State of Ohio are permitted by state statute to levy an income tax up to a maximum rate of 1% subject to the approval of the local legislative body. Any rate in excess of 1% requires the approval of a majority of the eligible voters residing within the municipal corporation. The City of Sidney levies a permanent 1.5% tax on all wages, salaries, commissions and other compensation paid by employers and the net profits from a business or professional person earned within the City, excluding income from intangible personal property. In addition, City residents pay City income tax on income earned outside the City, net of a credit for income taxes paid to other municipalities.

4. Property Taxes:

Property taxes are levied against all real, public utility and tangible (used in business) property located in the City.

Revenues from property taxes are used by the City pursuant to state statutes for General Fund operations and as a partial provision for payment of accrued police and fire pension costs.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% (10 mills) of assessed value without a vote of the people. Under current procedures, the City's share is 0.320% (3.2 mills) of assessed value, including .6 mills to fund the police and fire unfunded pension liability.

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Real property and public utility taxes collected during 2002 were levied on December 31, 2001 on assessed values listed as of January 1, 2001, the lien date. One-half of these taxes were due on February 14, 2002, with the remaining balance due on July 20, 2002.

Tangible personal property taxes collected during 2002 had a levy date of December 31, 2001. One-half of these taxes were due between February 14, 2002, and April 30, 2002, with the remaining balance due on October 20, 2002.

Assessed values of real property are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The last revaluation was completed in 1999. Public utility property taxes are assessed on tangible personal property as well as land and improvements at true value (50% of cost). Tangible personal property assessments are 25% of true value. The assessed value for 2001 upon which the 2002 levy was based was approximately \$418,557,164. The assessed value for 2002 upon which the 2003 levy will be based is approximately \$441,008,000.

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

5. Capital Assets:

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

Governmental activities:

	Beginning Balance, as <u>Restated</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 6,316,537	\$ 136,453	\$ -	\$ 6,452,990
Construction in progress	<u>495,936</u>	<u>18,000</u>	<u>-</u>	<u>513,936</u>
Subtotal	<u>6,812,473</u>	<u>154,453</u>	<u>-</u>	<u>6,966,926</u>
Capital assets being depreciated:				
Buildings and improvements	9,215,091	303,363	-	9,518,454
Machinery and equipment	6,994,427	784,190	(95,129)	7,683,488
General infrastructure	<u>32,699,577</u>	<u>1,050,711</u>	<u>-</u>	<u>33,750,288</u>
Subtotal	<u>48,909,095</u>	<u>2,138,264</u>	<u>(95,129)</u>	<u>50,952,230</u>
Totals at historical cost	<u>55,721,568</u>	<u>2,292,717</u>	<u>(95,129)</u>	<u>57,919,156</u>
Less accumulated depreciation for:				
Buildings and improvements	1,788,485	254,065	-	2,042,550
Machinery and equipment	3,639,858	756,543	(73,049)	4,323,352
General infrastructure	<u>6,437,248</u>	<u>898,295</u>	<u>-</u>	<u>7,335,543</u>
Total accumulated depreciation	<u>11,865,591</u>	<u>1,908,903</u>	<u>(73,049)</u>	<u>13,701,445</u>
Net capital assets	<u>\$ 43,855,977</u>	<u>\$ 383,814</u>	<u>\$ (22,080)</u>	<u>\$ 44,217,711</u>

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Depreciation was charged to governmental activities as follows:

General government	\$ 55,712
Security of persons and property	539,372
Health	19,067
Transportation	915,008
Community environment	21,185
Leisure time activities	118,294
Basic utility services	<u>134,939</u>
Total governmental activities depreciation expense	<u>\$1,803,577</u>

Certain capital assets were reclassified from General infrastructure to Buildings and improvements at January 1, 2002.

The above difference between increases in accumulated depreciation and the depreciation charged to governmental activities is attributable to (1) the portion of the Internal Service funds' depreciation allocable to business-type activities in the Statement of Net Assets, and (2) accumulated depreciation of assets transferred from business-type activities to governmental activities during the year ended December 31, 2002.

Business-type activities:

	Beginning Balance, as <u>Restated</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance
Capital assets not being depreciated:				
Land	\$ 526,604	\$ -	\$ -	\$ 526,604
Construction in progress	<u>809,183</u>	<u>5,362,877</u>	<u>-</u>	<u>6,172,060</u>
Subtotal	<u>1,335,787</u>	<u>5,362,877</u>	<u>-</u>	<u>6,698,664</u>
Capital assets being depreciated:				
Buildings, improvements and Infrastructure	31,229,879	1,545,267	-	32,775,146
Machinery and equipment	<u>6,348,526</u>	<u>357,908</u>	<u>(52,317)</u>	<u>6,654,117</u>
Subtotal	<u>37,578,405</u>	<u>1,903,175</u>	<u>(52,317)</u>	<u>39,429,263</u>
Totals at historical cost	<u>38,914,192</u>	<u>7,266,052</u>	<u>(52,317)</u>	<u>46,127,927</u>
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	11,440,192	658,632	-	12,098,824
Machinery and equipment	<u>5,025,343</u>	<u>271,259</u>	<u>(48,579)</u>	<u>5,248,023</u>
Total accumulated depreciation	<u>16,465,535</u>	<u>929,891</u>	<u>(48,579)</u>	<u>17,346,847</u>
Net capital assets	<u>\$22,448,657</u>	<u>\$6,336,161</u>	<u>\$ (3,738)</u>	<u>\$28,781,080</u>

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Depreciation was charged to business-type activities as follows:

Water	\$ 274,689
Sewer	590,199
Solid waste	9,503
Airport	28,592
Swimming Pool	<u>26,908</u>
Total business-type activities depreciation expense	<u>\$ 929,891</u>

6. Defined Benefit Pension Plans:

Both the Ohio Police and Fire Pension Fund and the Public Employees Retirement System of Ohio are reported using GASB Statement No. 27 "Accounting for Pensions by State and Local Governmental Employers". Substantially all City employees are covered by one of the two cost-sharing multiple-employer defined benefit pension plans, namely, the Ohio Police and Fire Pension Fund or the Public Employees Retirement System of Ohio.

Public Employees Retirement System

The City of Sidney participates in the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available stand-alone financial report. Interested parties may obtain a copy by making a written request to PERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5% for employees other than law enforcement. In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contributions rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%.

The 2002 employer contribution rate was 13.55% of covered payroll. The 2002 employer contribution rate for both the law enforcement and public safety divisions was 16.70% of covered payroll. The City's contributions, representing 100% of employer' contributions for the years ended December 31, 2002, 2001, and 2000 were \$817,695, \$703,560, and \$652,273, respectively.

Ohio Police and Fire Pension Fund

The City of Sidney contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined pension plan. OP&F provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and

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required supplementary information for the plan. Interested parties may obtain a copy by making a written request to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to OP&F for the years ended December 31, 2002, 2001 and 2000 were \$883,366, \$846,536, and \$795,876, respectively, equal to the required contribution for each year.

The City also makes payments to OP&F for its portion of past service cost determined at the time the fund was established in the mid-1930's. As of December 31, 2002, the unfunded liability is payable, including principal and interest, in annual installments of \$21,672 through the year 2035. The principal balance of \$379,679 is accounted for as a noncurrent liability in the governmental activities column of the Statement of Net Assets. The State of Ohio assumed the liability for past service cost at the time PERS was established.

7. Postemployment Benefits:

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units the rate was 13.55% of covered payroll; 5% was the portion that was used to fund health care for the year. The 2002 employee rate was 16.70% and 5% was used to fund health care for both law enforcement and public safety divisions.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

Actuarial Review: The following assumptions and calculations were based on PERS' latest Actuarial Review as of December 31, 2001.

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

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

Investment Return: The investment assumption rate for 2001 was 8%.

Active Employee Total Payroll: An annual increase of 4% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2002

number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.50% to 6.3%.

Health Care: Health care costs were assumed to increase 4% annually.

The OPEB's are advance-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The portion of City's contributions that were used to fund postemployment benefits was \$301,732. \$11.6 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired under PERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen whether or not the child is attending school or under the age of twenty-two if attending full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.50% and 7.75% of covered payroll in 2001 and 2002, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The statewide number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available, was 13,174 for police and 10,239 for firefighters. The City's annual contribution for 2002 that were used to fund postemployment benefits was \$160,583 for police and \$154,677 for firefighters. The fund's total health care expenses for the year ended December 31, 2001 was \$122,298,771, which was net of members' contributions of \$6,874,699.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2002

8. Noncurrent Liabilities:

The following is a summary of changes for noncurrent liabilities of the City for the year ended December 31, 2002:

	Balance January 1, 2002, as revised *	Additions	Reductions	Balance December 31, 2002	Due Within One Year
Governmental activities:					
Capital improvement fund:					
<i>G.O. bonds, 1998-2018, 3.25% to 5.0%, Monumental Bldg renovation</i>					
	\$ 2,465,000	\$ -	\$ 100,000	\$ 2,365,000	\$ 105,000
Health department building lease fund:					
<i>G.O. bonds, 1993-2007, 2.5% to 4.9%</i>					
	120,000	-	20,000	100,000	20,000
Accrued vacation and sick leave	1,071,981	720,044	757,240	1,034,785	70,500
Unfunded police/fire pension obligation	<u>385,042</u>	<u>-</u>	<u>5,363</u>	<u>379,679</u>	<u>5,200</u>
Total Governmental Activities Noncurrent Liabilities	<u>\$ 4,042,023</u>	<u>\$ 720,044</u>	<u>\$ 882,603</u>	<u>\$ 3,879,464</u>	<u>\$ 200,700</u>

* The balance at January 1, 2002 was revised to reflect the change in period of availability from 60 days to 30 days.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2002

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002	Due Within One Year
Business-type activities:					
Water fund: <i>G.O. bonds, 1986-2006, 8.125%</i>	\$ 1,250,000	\$ -	\$ 250,000	\$ 1,000,000	\$ 250,000
Sewer fund: <i>G.O. bonds, advanced refunding, 1993-2007, 2.5% to 4.9%</i>	3,550,000	-	525,000	3,025,000	545,000
<i>G.O. bonds, 2001-2022, 4.0% to 4.625%</i>	6,900,000	-	-	6,900,000	15,000
Accrued vacation and sick leave	<u>312,532</u>	<u>144,453</u>	<u>138,581</u>	<u>318,404</u>	<u>-</u>
Total	<u>\$12,012,532</u>	<u>\$ 144,453</u>	<u>\$ 913,581</u>	<u>\$ 11,243,404</u>	<u>\$ 810,000</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At December 31, 2002, \$52,819 of internal service funds' accrued vacation and sick leave is included in the above amounts. Compensated absences are liquidated by the Separation Payment Fund.

The full faith and credit of the City are pledged as collateral for all general obligation bonds. The Water Fund's general obligation bonds will be paid with revenues generated from water revenues. The Sewer Fund's general obligation bonds are collateralized by the sewer system assets, are fully insured and will be paid with sewer revenues generated from sewer rates.

The 2001 issuance of general obligation bonds is being used to pay for the expansion of the wastewater treatment plant. It is expected that sewer system revenues will be used to meet the debt service requirements of the new bonds. The expansion was completed during 2003. At December 31, 2002, unspent proceeds totaling \$1,186,108 remained from the \$6.9 million issuance.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2002

Annual requirements to pay principal and interest on long-term debt at December 31, 2002 are:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 125,000	\$ 115,977	\$ 810,000	\$ 533,346
2004	130,000	107,307	840,000	485,362
2005	135,000	102,037	870,000	435,906
2006	140,000	96,515	900,000	384,981
2007	145,000	89,535	680,000	332,586
2008-2012	710,000	349,175	1,820,000	1,383,556
2013-2017	880,000	171,820	2,220,000	948,945
2018-2022	<u>200,000</u>	<u>9,250</u>	<u>2,785,000</u>	<u>449,613</u>
Total	<u>\$ 2,465,000</u>	<u>\$ 1,041,616</u>	<u>\$ 10,925,000</u>	<u>\$ 4,954,295</u>

Advance Refunding

On September 15, 1993, the City of Sidney advance refunded the 1987 Sewer System Improvement Mortgage Reserve bond issue with new General Obligation Bonds. The City issued \$7.302 million of general obligation refunding bonds to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the enterprise fund. This advance refunding was undertaken to reduce total debt service payments over the remaining 14 years by \$1,958,469 and to obtain an economic gain (difference between present value of the debt service payments of the refunded and refunding bonds) of \$315,392. At December 31, 2002, the bonds have no outstanding balance.

9. Construction Commitment

The City has an active construction project in progress at year-end to expand the wastewater treatment plant. The expansion is expected to increase the capacity of the plant from 5 million gallons per day to 7 million. The City's original commitment with the general contractor is approximately \$5.1 million. As of December 31, 2002, expenses totaling \$5,018,243 have been incurred against this contract. Proceeds from the 2001 issuance of bonds discussed in Note 8 has been and will continue to be used to pay for this contract.

10. Contingent Liabilities:

The City is the defendant in various court actions, but either it is covered by insurance or the amount involved is not material in relation to the basic financial statements.

The City participates in several federally assisted programs (primarily Transportation and Community Development Block Grants) which are subject to program compliance audits by the grantors or their representatives. The grantor agencies, at their option, may perform economy and efficiency audits, program results audits or conduct monitoring visits. Such audits and visits could lead to reimbursement to the grantor agencies. Management believes such reimbursements, if any, would not be material.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2002

11. Prior Year Restatements:

Effective January 1, 2000, the City implemented all requirements of GASB Statement No. 34, except for retroactive restatement of governmental infrastructure acquired before January 1, 2000. Effective January 1, 2002, the City has restated its financial statements to report governmental infrastructure acquired before January 1, 2000. The cost and accumulated depreciation of these capital assets as of January 1, 2002 were as follows:

	<u>Land</u>	<u>General Infrastructure</u>	<u>Total</u>
Governmental activities, at estimated historical cost	\$ 4,100,236	\$ 22,419,260	\$ 26,519,496
Less: accumulated depreciation	<u>-</u>	<u>6,239,841</u>	<u>6,239,841</u>
Net capital assets	<u>\$ 4,100,236</u>	<u>\$ 16,179,419</u>	<u>\$ 20,279,655</u>

Beginning balance restatement for the government-wide governmental activities column are as follows:

Net assets at the beginning of the year, as previously reported	\$ 32,358,760
Prior period adjustment due to retroactive reporting of governmental infrastructure assets	<u>20,279,655</u>
Net assets at the beginning of the year, as restated	<u>\$ 52,638,415</u>

During 2002, it was determined that additional sewer infrastructure had not been properly capitalized in prior years. Rather, some of these amounts had been expensed as incurred. The cost and accumulated depreciation of these capital assets at January 1, 2002 were as follows:

Sewer fund infrastructure, at estimated historical cost	\$ 586,200
Less: accumulated depreciation	<u>148,763</u>
Net capital assets	<u>\$ 437,437</u>

Beginning balance restatement for the Sewer proprietary fund is as follows:

Net assets at the beginning of the year, as previously reported	\$ 11,746,328
Correction of error in reporting proprietary fund infrastructure	<u>437,437</u>
Net assets at the beginning of the year, as restated	<u>\$ 12,183,765</u>

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2002

12. Change in period of availability:

For governmental funds, revenues and certain expenditures, such as compensated absences, are only recognized under modified accrual accounting to the extent that they are available to finance expenditures of the fiscal period. Prior to 2002, the City measured this period of availability as 60 days. During 2002, the City changed its period of availability for governmental funds from 60 days to 30 days. In accordance with GASB Statement No. 34, the fund balances at the beginning of the year were revised to account for the effect of this change. Beginning balances were changed as follows:

Fund	Fund balance, as originally reported	Change period of availability	Fund balance, as revised
General	\$ 3,219,532	\$ 5,269	\$ 3,224,801
Street Repair & Maintenance	585,584	(35,310)	550,274
State Highway	44,743	(2,939)	41,804
Municipal Income Tax	1,339,783	(210,161)	1,129,622
Stormwater Management	135,874	989	136,863
Cemetery	83,070	445	83,515
Transportation	216,075	598	216,673
C.D.B.G.	194,214	(62)	194,152
Parking Meter/Off-Street Parking	67,457	153	67,610
C.D.B.G. Revolving Loan	447,155	(623)	446,532
Probation Grant	10,504	406	10,910
Capital Improvement	996,116	(2,315)	993,801
Capital Investment	345,829	(662)	345,167
Special Assessment Construction	97,660	(918)	96,742
Cemetery Maintenance	614,391	(1,180)	613,211
Mausoleum Maintenance	9,071	(17)	9,054
All other governmental funds	<u>927,269</u>	<u>-</u>	<u>927,269</u>
Total governmental funds	<u>\$ 9,334,327</u>	<u>\$ (246,327)</u>	<u>\$ 9,088,000</u>

13. Interfund receivables and payables:

Interfund balances in the basic financial statements at December 31, 2002 were as follows:

Fund	Receivable	Payable
General	\$ 60,421	\$ 8,784
Street repair & maintenance	-	46,305
Non-major governmental funds	845	8,387
Capital improvement	39,444	-
Internal service funds	27,828	-
Water	-	4,220
Sewer	-	2,523
Solid waste	-	2,279
Non-major enterprise funds	-	23
Agency fund	<u>1,829</u>	<u>57,846</u>
	<u>\$ 130,367</u>	<u>\$ 130,367</u>

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2002

14. Interfund transfers:

Interfund transfers in the basic financial statements for the year ended December 31, 2002 were:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 8,523,352	\$ 709,945
Street repair & maintenance	90,000	-
Municipal income tax	-	10,654,190
Capital improvement	2,130,838	-
Non-major governmental funds	544,125	113,180
Internal service fund		2,000
Water	-	24,000
Solid waste	180,000	-
Non-major enterprise funds	35,000	-
	<u>\$ 11,503,315</u>	<u>\$ 11,503,315</u>

All interfund transfers are routine in nature and are to subsidize the operations of the applicable funds.

15. Fund Deficit:

At December 31, 2002, the OCJS Grant Fund has a deficit fund balance of \$13,468. This fund deficit is due to the accrual of expenditures on the modified accrual basis of accounting that were reimbursed by federal grant proceeds received after the 30-day period of availability.

16. Self-Insurance:

The City has chosen to establish a risk financing fund for risks associated with the employees' health insurance plan. The risk financing fund is accounted for as an internal service fund where assets are set aside for claim settlements. A premium is charged to each fund that accounts for part-time or full-time employees. The total charge allocated to each of the funds is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	<u>2002</u>	<u>2001</u>
Unpaid claims, beginning of year	\$ 265,807	\$ 186,939
Incurred claims (including IBNRs)	1,092,842	958,097
Claim payments	<u>(1,102,698)</u>	<u>(879,229)</u>
Unpaid claims, end of year	<u>\$ 255,951</u>	<u>\$ 265,807</u>

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2002

17. Risk Management:

The City is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City has joined the Miami Valley Risk Management Association, Inc. (MVRMA, Inc.), a joint insurance pool. The pool consists of seventeen municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability.

The City pays an annual premium to MVRMA, Inc. for this coverage. The agreement provides that the MVRMA, Inc. will be self-sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500. During 2002, the Association's per-occurrence retention limit for property was \$250,000, with the exception of boiler and machinery for which there was a \$5,000 per occurrence retention limit. Liability had a per-occurrence retention limit of \$500,000. After the retention limits are reached, excess insurance will cover up to the limits stated below.

General Liability (including law enforcement)	\$10,500,000 per occurrence
Automobile Liability	\$10,500,000 per occurrence
Public Officials Liability	\$10,500,000 per occurrence
Boiler and Machinery	BLANKET COVERAGE
Property	BLANKET COVERAGE
Flood and Earthquake	\$100,000,000 per occurrence

There were no significant reductions in insurance coverage during the year in any category of risk. Settled claims did not exceed insurance coverage in each of the past three years.

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

(continued)

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Local taxes	\$ 1,493,239	\$ 1,493,239	\$ 1,522,409	\$ 29,170
Intergovernmental revenues	1,510,770	1,510,770	1,423,101	(87,669)
Special assessments	200,200	200,200	210,157	9,957
Charges for services	629,540	629,540	581,927	(47,613)
Fines, licenses and permits	148,500	148,500	264,560	116,060
Investment income	476,300	476,300	395,505	(80,795)
Miscellaneous receipts and reimbursements	134,175	134,175	150,149	15,974
Total revenues	<u>4,592,724</u>	<u>4,592,724</u>	<u>4,547,808</u>	<u>(44,916)</u>
EXPENDITURES:				
Current:				
General government				
City Council				
Personal services	67,085	67,305	67,099	206
Contractual, materials and other	148,716	144,996	131,782	13,214
City Administration				
Personal services	228,743	230,953	230,455	498
Contractual, materials and other	22,568	20,358	18,492	1,866
Finance				
Personal services	300,520	300,520	298,156	2,364
Contractual, materials and other	51,855	51,855	50,221	1,634
Law Director				
Personal services	63,190	63,190	62,577	613
Contractual, materials and other	30,832	35,832	34,849	983
Personnel				
Personal services	59,345	59,345	59,285	60
Contractual, materials and other	217,021	217,021	164,106	52,915
Purchasing				
Personal services	84,630	84,630	84,121	509
Contractual, materials and other	37,276	38,776	38,686	90
City Hall				
Personal services	44,025	45,935	45,542	393
Contractual, materials and other	215,753	207,343	200,363	6,980
Miscellaneous				
Contractual, materials and other	368,454	388,754	383,031	5,723
Total general government	<u>1,940,013</u>	<u>1,956,813</u>	<u>1,868,765</u>	<u>88,048</u>
Security of persons & property				
Police Services				
Personal services	3,518,245	3,411,375	3,363,992	47,383
Contractual, materials and other	927,372	1,092,542	1,004,978	87,564
Fire Services				
Personal services	2,747,511	2,820,011	2,801,701	18,310
Contractual, materials and other	488,421	488,421	456,794	31,627

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

(continued)

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
Municipal Court				
Personal services	656,265	656,265	654,365	1,900
Contractual, materials and other	328,908	324,408	281,750	42,658
Prosecutor				
Personal services	134,335	134,335	134,014	321
Contractual, materials and other	64,439	64,439	62,482	1,957
Street Lighting Department				
Contractual, materials and other	206,000	206,000	201,087	4,913
Total security of persons & property	<u>9,071,496</u>	<u>9,197,796</u>	<u>8,961,163</u>	<u>236,633</u>
Community environment				
Building Inspection				
Personal services	81,040	81,040	79,361	1,679
Contractual, materials and other	23,418	23,418	20,769	2,649
Engineering				
Personal services	452,434	452,434	420,807	31,627
Contractual, materials and other	95,690	95,690	86,545	9,145
Community Planning & Development				
Personal services	64,813	42,188	37,707	4,481
Contractual, materials and other	37,862	37,862	23,781	14,081
Public Works				
Personal services	92,770	92,770	92,647	123
Contractual, materials and other	11,605	11,605	10,258	1,347
Code Enforcement				
Personal services	70,668	70,668	66,049	4,619
Contractual, materials and other	15,832	15,832	13,429	2,403
Total community environment	<u>946,132</u>	<u>923,507</u>	<u>851,353</u>	<u>72,154</u>
Leisure time activities				
Parks & Recreation - Administration				
Personal services	126,155	126,155	125,726	429
Contractual, materials and other	15,099	15,099	14,983	116
Parks & Recreation - Programs				
Personal services	75,485	73,385	72,146	1,239
Contractual, materials and other	48,963	54,316	52,711	1,605
Parks & Public Grounds				
Personal services	603,735	607,685	594,911	12,774
Contractual, materials and other	178,449	228,329	212,727	15,602
Urban Forest				
Contractual, materials and other	55,000	71,000	70,884	116
Senior Center				
Contractual, materials and other	33,992	40,232	38,206	2,026
Total leisure time activities	<u>1,136,878</u>	<u>1,216,201</u>	<u>1,182,294</u>	<u>33,907</u>
Total expenditures	<u>13,094,519</u>	<u>13,294,317</u>	<u>12,863,575</u>	<u>430,742</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
(Deficiency) of revenues over/(under) expenditures	<u>(8,501,795)</u>	<u>(8,701,593)</u>	<u>(8,315,767)</u>	<u>385,826</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	8,760,000	8,760,000	8,523,352	(236,648)
Transfers out	<u>(697,000)</u>	<u>(709,945)</u>	<u>(709,945)</u>	<u>-</u>
Total other financing sources (uses)	<u>8,063,000</u>	<u>8,050,055</u>	<u>7,813,407</u>	<u>(236,648)</u>
Excess (deficiency) of revenues and other financing sources over/ (under) expenditures and other financing uses	<u>(438,795)</u>	<u>(651,538)</u>	<u>(502,360)</u>	<u>149,178</u>
Fund Balances, beginning of year	3,832,881	3,832,881	3,832,881	-
Encumbrances, end of year	-	-	202,568	202,568
Fund Balances, end of year	<u>\$ 3,394,086</u>	<u>\$ 3,181,343</u>	<u>\$ 3,533,089</u>	<u>\$ 351,746</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
STREET REPAIR AND MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Intergovernmental revenues	\$ 832,000	\$ 832,000	\$ 843,608	\$ 11,608
Miscellaneous receipts and reimbursements	78,000	78,000	121,501	43,501
Total revenues	<u>910,000</u>	<u>910,000</u>	<u>965,109</u>	<u>55,109</u>
EXPENDITURES:				
Current:				
Transportation				
Personal services	660,207	660,207	619,550	40,657
Contractual, materials and other	397,301	397,301	333,456	63,845
Total expenditures	<u>1,057,508</u>	<u>1,057,508</u>	<u>953,006</u>	<u>104,502</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>(147,508)</u>	<u>(147,508)</u>	<u>12,103</u>	<u>159,611</u>
OTHER FINANCING SOURCES:				
Transfers in	90,000	90,000	90,000	-
Total other financing sources	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(57,508)	(57,508)	102,103	159,611
Fund Balances, beginning of year	486,564	486,564	486,564	-
Encumbrances, end of year	-	-	5,800	5,800
Fund Balances, end of year	<u>\$ 429,056</u>	<u>\$ 429,056</u>	<u>\$ 594,467</u>	<u>\$ 165,411</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
MUNICIPAL INCOME TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Local taxes	\$ 11,021,925	\$ 11,021,925	\$ 10,825,688	\$ (196,237)
Miscellaneous receipts and reimbursements	85	85	887	802
Total revenues	<u>11,022,010</u>	<u>11,022,010</u>	<u>10,826,575</u>	<u>(195,435)</u>
EXPENDITURES:				
Current:				
General government				
Personal services	143,015	143,015	142,427	588
Contractual, materials and other	33,183	33,183	29,761	3,422
Total expenditures	<u>176,198</u>	<u>176,198</u>	<u>172,188</u>	<u>4,010</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>10,845,812</u>	<u>10,845,812</u>	<u>10,654,387</u>	<u>(191,425)</u>
OTHER FINANCING USES:				
Transfers out	<u>(10,950,000)</u>	<u>(10,950,000)</u>	<u>(10,654,190)</u>	<u>295,810</u>
Total other financing uses	<u>(10,950,000)</u>	<u>(10,950,000)</u>	<u>(10,654,190)</u>	<u>295,810</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(104,188)	(104,188)	197	104,385
Fund Balances, beginning of year	640,870	640,870	640,870	-
Encumbrances, end of year	-	-	2,012	2,012
Fund Balances, end of year	<u>\$ 536,682</u>	<u>\$ 536,682</u>	<u>\$ 643,079</u>	<u>\$ 106,397</u>

CITY OF SIDNEY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2002

Basis of Budgeting

Basis of budgeting refers to when revenues and expenditures or expenses are recognized in the accounts. The City of Sidney's budget for all funds is prepared on a cash-encumbrance basis by which transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. All annual appropriations lapse at year-end to the extent they have not been expended or lawfully encumbered. Fund balances shown are unencumbered cash balances. This basis is utilized for all interim financial statements issued during the year.

The basis of budgeting differs from the accounting principles generally accepted in the United States of America (GAAP) used for the City's year-end financial statements contained in the Comprehensive Annual Financial Report (CAFR). Under that basis of accounting, revenues are generally recognized when the obligation to the City arises; the budget basis, however, recognizes revenue only when cash has been received. In the CAFR, expenditures are generally recognized in the period in which they are incurred. Under the budget basis, expenditures are recognized when cash has been disbursed or when an encumbrance has been placed against an appropriation.

Unencumbered appropriations lapse at year end. State law provides that, generally, no contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Finance Officer first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract. (O.R.C. 5705.41)

Budget Process

The policy of the City is to have the annual operating and capital budgets approved prior to January 1 of each year.

The City follows procedures prescribed by State law and local policy in establishing its budgets as follows:

1. The City must submit a **tax budget** of estimated cash receipts and beginning-of-year cash fund balances for all funds to the County Budget Commission by July 20 of each year for the following year, January 1 through December 31. (O.R.C. 5705.28)
 - a. The County Budget Commission certifies its actions by September 1 and issues an Official Certificate of Estimated Resources, (the "Certificate") limiting the maximum amount the City may expend from a given fund during the year to the estimated resources available. (O.R.C. 5705.35)
 - b. About January 1, the Certificate is amended to reflect the actual unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the initial or amended Certificate. (O.R.C. 5705.36)
2. The **five-year financial plan** is updated on an annual basis, usually in September. The plan is prepared after receiving input from all departments. The plan shall include all major operating funds and all capital improvement funds of the City. The purpose of this plan is to:
 - a. identify major policy issues for City Council consideration prior to the preparation of the annual budget;
 - b. establish capital project priorities and make advance preparation for the funding of projects within the five-year horizon;

CITY OF SIDNEY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2002

- c. 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;
 - d. identify financial trends in advance or in the early stages so that timely corrective action can be taken, if needed;
 - e. communicate the City's intermediate plans to the public and provide an opportunity for the public to offer input.
3. The **operating budget** is recommended to Council based upon the City-Manager-approved requests submitted by each department. The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer input. The Council enacts the budget through passage of an ordinance. All funds of the City have annual budgets legally adopted by the City Council.
4. **Modifications to the budget** may be made from time to time during the budget year. The Statement of Financial Policy provides the permissible methods of amending the budget.

Reconciliation of Budget Basis to GAAP Basis

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

	<u>General Fund</u>	<u>Street Repair and Maintenance Fund</u>	<u>Municipal Income Tax Fund</u>
Net change in fund balance – GAAP Basis	\$ (262,090)	\$ 68,833	\$ 292,530
Increase / (decrease):			
Due to revenues	(22,329)	48,503	(289,662)
Due to expenditures	<u>(217,941)</u>	<u>(15,233)</u>	<u>(2,671)</u>
Excess/(deficiency) of revenues and other sources over/(under) expenditures and other uses – Budget Basis	<u>\$ (502,360)</u>	<u>\$ 102,103</u>	<u>\$ 197</u>

City of Sidney



Ohio



**SUPPLEMENTAL
SECTION**

CITY OF SIDNEY, OHIO
Fund Descriptions
December 31, 2002

GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Major special revenue funds:

Street Repair and Maintenance Fund. To account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Municipal Income Tax Fund. To account for the collection, collection costs and distribution of City-levied income tax.

Non-major special revenue funds:

State Highway Fund. To account for the portion of the state gasoline tax and motor vehicle registration fees designated for street maintenance and repair of state highways within the City.

County Auto License Fund. To account for county-levied motor vehicle registration fees designated for street construction, maintenance and repair.

Stormwater Management Fund. To account for the operation and maintenance of the stormwater system.

Cemetery Fund. To account for the operation and maintenance of the cemetery facilities.

Transportation Fund. To account for the operation and maintenance of the Dial-A-Ride service.

C.D.B.G. Fund. To account for state funds and federal funds passed through state agencies for community development activities.

C.D.B.G. Revolving Loan Fund. To account for loans and repayment of loans for businesses who qualify for low interest loans for economic development.

H.O.M.E. Program Income Fund. To account for income generated from HOME grant programs, primarily loans and repayments of loans made in HOME-funded housing projects. Funds must be used for grant-eligible activities.

Parking Meter and Off-Street Parking Fund. Accounts for the operation of the parking system and related expenditures. The operating expenditures and capital improvements are supported by fines, customer charges, and additional funding, as necessary, from the General Fund.

CITY OF SIDNEY, OHIO
Fund Descriptions
December 31, 2002

Probation Grant Fund. To account for funds received from the Ohio Department of Rehabilitation and Corrections for the operation of the Municipal Court's probation department.

Convention and Visitors' Bureau Fund. To account for 25% of the funds received from the 6% lodging tax for the operation of a convention and visitors' bureau. The remaining 75% of the tax proceeds are accounted for in the General Fund.

Health Department Building Lease Fund. To account for the operation and maintenance of the building that is leased to the county health department.

Separation Payment Fund. To account for the payment of eligible vacation and sick leave balances to employees at retirement, and the accumulation of resources for that purpose.

Insurance Fund. To account for funds received from insurance claims to repair or replace city assets.

Drug Law Enforcement Fund. To account for mandatory fines collected for drug offenses.

Law Enforcement Fund. To account for the proceeds from the confiscation of contraband.

Indigent Driver Alcohol Treatment Fund. To account for mandatory fines for DUI arrests that are used to treat drivers who cannot afford the rehabilitation.

Enforcement & Education Fund. To account for financial resources used to educate and treat persons with alcohol related problems and to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol.

OCJS Grant Fund. To account for the City's administration of a regional drug unit grant with funds provided by a grant from the Ohio Office of Criminal Justice Services and in-kind contributions from other participating agencies in the region.

Imprest Cash Fund. To account for funds held in cash for various funds to allow for operating cash supplies.

Fire Loss Security Fund. To account for the holding of a portion of insurance proceeds from fire loss of private property, held as security against the cost of removing, securing or repairing the damaged structure.

Cemetery Maintenance Fund. To account for that portion of cemetery sales revenue directed by City policy to be held for the perpetual care of Graceland Cemetery.

Mausoleum Maintenance Fund. To account for that portion of cemetery sales revenue directed by City policy to be held for the perpetual maintenance and repair of the mausoleum at Graceland Cemetery.

CITY OF SIDNEY, OHIO
Fund Descriptions
December 31, 2002

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities, other than those financed by proprietary funds and trust funds.

Major capital projects funds:

Capital Improvement Fund. To account for the income tax resources earmarked for capital improvements used for general improvement of all City facilities and operations.

Non-major capital projects funds:

Capital Investment Fund. To account for financial resources accumulated for the acquisition and construction of general fixed assets.

Special Assessment Construction Fund. To account for the financial resources used for the improvement of sidewalks and dangerous buildings within the City.

Monumental Building Renovation Fund. To account for the capital expenditures associated with the renovation of the Monumental Building into a new facility for the Municipal Court.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises for which 1) the intent of the government's legislative body is that goods or services provided to the general public on a continuing basis be financed or recovered primarily through user charges or 2) the government's legislative body has decided that periodic determination of net income is appropriate for accountability purposes.

Major enterprise funds:

Water Fund. Accounts for the operation of the waterworks distribution system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Sewer Fund. Accounts for the operation of the sanitary sewer collection and treatment system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Solid Waste Fund. Accounts for the operation of the solid waste collection system and related expenses, including capital improvements. The operations are financed through user charges and a subsidy from the General Fund.

CITY OF SIDNEY, OHIO
Fund Descriptions
December 31, 2002

Non-major enterprise funds:

Airport Fund. Accounts for the operation of the airport facility and related expenses, including capital improvement. The operating expenses and capital improvements are supported by customer charges and additional funding, as necessary, from the General Fund.

Swimming Pool Fund. Accounts for the operation of the public swimming pool and related expenses, including capital improvements. The operating expenses are financed through user charges while the capital improvements are subsidized by the General Fund.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Service Center Fund. To account for the operation of the Service Center building and the municipal garage. These activities are funded by charges to City departments that use these services.

Technology Fund. To account for the costs of purchasing and maintaining the City's computer and phone systems and the allocation of those costs to the using departments on a cost-reimbursement basis.

Self-Insurance Fund. To account for the employees' health insurance plan, including the payment of insurance premiums and claims. The fund is exclusively financed by premiums paid by City employees and from various operating funds of the City.

AGENCY FUNDS

Agency funds are used to account for assets held on behalf of other parties.

Municipal Court Fund. To account for assets received and disbursed by the Municipal Court as agent and custodian relative to civil or criminal court matters.

Medical Reimbursement Fund. To account for employee payroll withholdings designated for employees' medical reimbursement accounts established under a Section 125 Cafeteria Plan.

Port Jefferson Fund. To account for funds collected on behalf of the Village of Port Jefferson. These funds are collected with sewer bills from residents of the Village.

**CITY OF SIDNEY, OHIO
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2002**

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
ASSETS			
Pooled cash and investments	\$ 2,588,177	\$ 450,340	\$ 3,038,517
Receivables (net):			
Other taxes	3,671	-	3,671
Interest	13,582	4,315	17,897
Loans	107,284	-	107,284
Special assessments	-	12,901	12,901
Other	94,439	-	94,439
Due from agency fund	845	-	845
Receivables from other governments	44,090	-	44,090
Inventory	25,301	-	25,301
Prepaid items	616	-	616
	<u>2,878,005</u>	<u>467,556</u>	<u>3,345,561</u>
Total assets	<u>\$ 2,878,005</u>	<u>\$ 467,556</u>	<u>\$ 3,345,561</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 39,757	\$ -	\$ 39,757
Salaries and benefits payable	104,988	-	104,988
Due to other funds	8,387	-	8,387
Deferred revenue	93,456	15,111	108,567
	<u>246,588</u>	<u>15,111</u>	<u>261,699</u>
Total liabilities	<u>246,588</u>	<u>15,111</u>	<u>261,699</u>
Fund Balances:			
Reserved for:			
Inventory	25,301	-	25,301
Prepaid Items	616	-	616
Long-term loans receivable	107,284	-	107,284
Encumbrances	119,879	448	120,327
Unreserved	2,378,337	451,997	2,830,334
	<u>2,631,417</u>	<u>452,445</u>	<u>3,083,862</u>
Total fund balances	<u>2,631,417</u>	<u>452,445</u>	<u>3,083,862</u>
Total liabilities and fund balances	<u>\$ 2,878,005</u>	<u>\$ 467,556</u>	<u>\$ 3,345,561</u>

CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Special Revenue Funds	Capital Projects Funds	Total Non-major Governmental Funds
REVENUES:			
Local taxes	\$ 65,507	\$ -	\$ 65,507
Intergovernmental revenues	919,436	-	919,436
Special assessments	-	32,009	32,009
Charges for services	151,617	-	151,617
Fines, licenses and permits	81,851	-	81,851
Investment income	82,585	14,739	97,324
Miscellaneous receipts and reimbursements	<u>103,883</u>	<u>-</u>	<u>103,883</u>
Total revenues	<u>1,404,879</u>	<u>46,748</u>	<u>1,451,627</u>
EXPENDITURES:			
Current:			
General government	50,514	-	50,514
Security of persons & property	337,452	-	337,452
Health	167,656	-	167,656
Transportation	337,698	-	337,698
Community environment	197,028	-	197,028
Leisure time activities	25,389	-	25,389
Basic utility services	204,342	-	204,342
Capital outlay	585,312	58,249	643,561
Debt service:			
Principal	20,000	-	20,000
Interest	<u>4,572</u>	<u>-</u>	<u>4,572</u>
Total expenditures	<u>1,929,963</u>	<u>58,249</u>	<u>1,988,212</u>
Deficiency of revenues over (under) expenditures	<u>(525,084)</u>	<u>(11,501)</u>	<u>(536,585)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	544,125	-	544,125
Transfers out	<u>(113,180)</u>	<u>-</u>	<u>(113,180)</u>
Total other financing sources (uses)	<u>430,945</u>	<u>-</u>	<u>430,945</u>
Deficiency of revenues and other financing sources over / (under) expenditures and other financing uses	(94,139)	(11,501)	(105,640)
Fund balances, beginning of year, as restated	<u>2,725,556</u>	<u>463,946</u>	<u>3,189,502</u>
Fund balances, end of year	<u>\$ 2,631,417</u>	<u>\$ 452,445</u>	<u>\$ 3,083,862</u>

CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2002

(continued)

	State Highway	County Auto License	Stormwater Management	Cemetery	Transportation	C.D.B.G.	C.D.B.G. Revolving Loan	H.O.M.E. Program Income
ASSETS								
Pooled cash and investments	\$ 37,551	\$ 1	\$ 135,611	\$ 107,213	\$ 241,378	\$ 87,386	\$ 267,676	\$ 48,913
Receivables (net):								
Other taxes	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	1,681	3,627	436
Loans	-	-	-	-	-	-	107,284	-
Other	-	-	-	13,524	-	45,697	-	-
Due from agency fund	-	-	-	-	-	-	-	-
Receivables from other governments	44,090	-	-	-	-	-	-	-
Inventory	-	-	25,301	-	-	-	-	-
Prepaid items	-	-	-	241	-	-	-	-
Total assets	\$ 81,641	\$ 1	\$ 160,912	\$ 120,978	\$ 241,378	\$ 134,764	\$ 378,587	\$ 49,349
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 129	\$ 747	\$ 951	\$ 13,043	\$ 9,783	\$ 574
Salaries and benefits payable	-	-	10,395	11,661	15,101	-	-	-
Due to other funds	-	-	552	134	4,281	-	-	-
Deferred revenue	40,192	-	-	12,821	-	1,530	2,899	397
Total liabilities	40,192	-	11,076	25,363	20,333	14,573	12,682	971
Fund Balances:								
Reserved for:								
Inventory	-	-	25,301	-	-	-	-	-
Prepaid items	-	-	-	241	-	-	-	-
Long-term loans receivable	-	-	-	-	-	-	107,284	-
Encumbrances	-	-	4,006	2,591	1,540	56,724	39,505	6,009
Unreserved	41,449	1	120,529	92,783	219,505	63,467	219,116	42,369
Total fund balances	41,449	1	149,836	95,615	221,045	120,191	365,905	48,378
Total liabilities and fund balances	\$ 81,641	\$ 1	\$ 160,912	\$ 120,978	\$ 241,378	\$ 134,764	\$ 378,587	\$ 49,349

CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2002

(continued)

ASSETS	Parking Meter/ Off-Street Parking	Probation Grant	Convention and Visitors Bureau	Health Department Building Lease	Separation Payment	Insurance	Drug Law Enforcement	Law Enforcement
Pooled cash and investments	\$ 83,359	\$ 2,206	\$ 1,836	\$ 101,689	\$ 629,576	\$ 3,166	\$ 71,929	\$ 3,386
Receivables (net):								
Other taxes	-	-	3,671	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	10,594	835	-
Other	-	-	-	-	-	-	-	-
Due from agency fund	-	-	-	-	-	-	-	-
Receivables from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Prepaid items	375	-	-	-	-	-	-	-
Total assets	\$ 83,734	\$ 2,206	\$ 5,507	\$ 101,689	\$ 629,576	\$ 13,760	\$ 72,764	\$ 3,386

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	\$ 1,056	\$ 57	\$ -	\$ 58	\$ -	\$ 3,205	\$ -	\$ -
Salaries and benefits payable	1,707	3,797	-	-	62,327	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	9,516	-	-
Total liabilities	2,763	3,854	-	58	62,327	12,721	-	-

Fund Balances:

Reserved for:								
Inventory	-	-	-	-	-	-	-	-
Prepaid items	375	-	-	-	-	-	-	-
Long-term loans receivable	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	255	-	-	-	-
Unreserved	80,596	(1,648)	5,507	101,376	567,249	1,039	72,764	3,386
Total fund balances	80,971	(1,648)	5,507	101,631	567,249	1,039	72,764	3,386
Total liabilities and fund balances	\$ 83,734	\$ 2,206	\$ 5,507	\$ 101,689	\$ 629,576	\$ 13,760	\$ 72,764	\$ 3,386

CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2002

	Indigent Driver Alcohol Treatment	Enforcement & Education	OCJS Grant	Imprest Cash	Fire Loss Security	Cemetery Maintenance	Mausoleum Maintenance	Non-major Special Revenue Funds Totals
ASSETS								
Pooled cash and investments	\$ 87,584	\$ 12,086	\$ -	\$ 2,300	\$ 9,248	\$ 642,522	\$ 11,561	\$ 2,588,177
Receivables (net):								
Other taxes	-	-	-	-	-	-	-	3,671
Interest	-	-	-	-	-	7,709	129	13,582
Loans	-	-	-	-	-	-	-	107,284
Other	4,525	-	13,468	-	-	4,839	957	94,439
Due from agency fund	500	345	-	-	-	-	-	845
Receivables from other governments	-	-	-	-	-	-	-	44,090
Inventory	-	-	-	-	-	-	-	25,301
Prepaid items	-	-	-	-	-	-	-	616
Total assets	\$ 92,609	\$ 12,431	\$ 13,468	\$ 2,300	\$ 9,248	\$ 655,070	\$ 12,647	\$ 2,878,005
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	-	\$ 10,048	-	\$ -	\$ 106	-	\$ 39,757
Salaries and benefits payable	-	-	-	-	-	-	-	104,988
Due to other funds	-	-	3,420	-	-	-	-	8,387
Deferred revenue	-	-	13,468	-	-	11,694	939	93,456
Total liabilities	-	-	26,936	-	-	11,800	939	246,588
Fund Balances:								
Reserved for:								
Inventory	-	-	-	-	-	-	-	25,301
Prepaid items	-	-	-	-	-	-	-	616
Long-term loans receivable	-	-	-	-	-	-	-	107,284
Encumbrances	-	-	1	-	-	9,248	-	119,879
Unreserved	92,609	12,431	(13,469)	2,300	9,248	634,022	11,708	2,378,337
Total fund balances	92,609	12,431	(13,468)	2,300	9,248	643,270	11,708	2,631,417
Total liabilities and fund balances	\$ 92,609	\$ 12,431	\$ 13,468	\$ 2,300	\$ 9,248	\$ 655,070	\$ 12,647	\$ 2,878,005

CITY OF SIDNEY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

(continued)

	State Highway	County Auto License	Stormwater Management	Cemetery	Transportation	C.D.B.G.	C.D.B.G. Revolving Loan	H.O.M.E. Program Income
REVENUES:								
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	67,645	148,684	-	-	158,249	359,746	-	-
Charges for services	-	-	-	93,933	43,472	-	-	-
Fines, licenses and permits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	8,362	16,993	28,431
Miscellaneous receipts and reimbursements	-	-	377	370	608	-	-	-
Total revenues	67,645	148,684	377	94,303	202,329	368,108	16,993	28,431
EXPENDITURES:								
Current:								
General government	-	-	-	-	-	-	-	-
Security of persons & property	-	-	-	-	-	-	-	-
Health	-	-	-	161,121	-	-	-	-
Transportation	68,000	-	-	-	269,698	-	-	-
Community environment	-	-	-	-	-	73,960	32,620	574
Leisure time activities	-	-	-	-	-	-	-	-
Basic utility services	-	-	167,404	-	-	-	-	-
Capital outlay	-	162,683	-	1,082	8,259	394,929	-	17,659
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	68,000	162,683	167,404	162,203	277,957	468,889	32,620	18,233
Excess (deficiency) of revenues over (under) expenditures	(355)	(13,999)	(167,027)	(67,900)	(75,628)	(100,781)	(15,627)	10,198
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	180,000	80,000	80,000	65,000	-	38,180
Transfers out	-	-	-	-	-	(38,180)	(65,000)	-
Total other financing sources (uses)	-	-	180,000	80,000	80,000	26,820	(65,000)	38,180
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(355)	(13,999)	12,973	12,100	4,372	(73,961)	(80,627)	48,378
Fund balances, beginning of year, as restated	41,804	14,000	136,863	83,515	216,673	194,152	446,532	-
Fund balances, end of year	\$ 41,449	\$ 1	\$ 149,836	\$ 95,615	\$ 221,045	\$ 120,191	\$ 365,905	\$ 48,378

CITY OF SIDNEY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

(continued)

	Parking Meter/ Off-Street Parking	Probation Grant	Convention and Visitors Bureau	Health Department Building Lease	Separation Payment	Insurance	Drug Law Enforcement	Law Enforcement
REVENUES:								
Local taxes	\$ -	\$ -	\$ 65,507	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	49,908	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines, licenses and permits	39,435	-	-	-	-	-	16,874	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous receipts and reimbursements	2,377	123	-	75,358	-	6,810	-	-
Total revenues	41,812	49,908	65,507	75,358	-	6,810	16,874	-
EXPENDITURES:								
Current:								
General government	-	-	-	-	25,538	24,976	-	-
Security of persons & property	28,451	70,411	-	-	64,737	-	1,352	-
Health	-	-	-	6,237	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Community environment	-	-	60,000	-	29,874	-	-	-
Leisure time activities	-	-	-	-	25,389	-	-	-
Basic utility services	-	-	-	-	36,938	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	20,000	-	-	-	-
Interest	-	-	-	4,572	-	-	-	-
Total expenditures	28,451	70,411	60,000	30,809	182,476	24,976	1,352	-
Excess (deficiency) of revenues over (under) expenditures	13,361	(20,503)	5,507	44,549	(182,476)	(18,166)	15,522	-
OTHER FINANCING SOURCES (USES):								
Transfers in	-	7,945	-	-	76,000	17,000	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	7,945	-	-	76,000	17,000	-	-
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	13,361	(12,558)	5,507	44,549	(106,476)	(1,166)	15,522	-
Fund balances, beginning of year	67,610	10,910	-	57,082	673,725	2,205	57,242	3,386
Fund balances, end of year	\$ 80,971	\$ (1,648)	\$ 5,507	\$ 101,631	\$ 567,249	\$ 1,039	\$ 72,764	\$ 3,386

CITY OF SIDNEY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Indigent Driver Alcohol Treatment	Enforcement & Education	OCJS Grant	Imprest Cash	Fire Loss Security	Cemetery Maintenance	Mausoleum Maintenance	Non-major Special Revenue Funds Totals
REVENUES:								
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,507
Intergovernmental revenues	-	-	135,327	-	-	-	-	919,436
Charges for services	-	-	-	-	-	12,006	2,206	151,617
Fines, licenses and permits	21,597	3,945	-	-	-	-	-	81,851
Investment income	-	-	-	-	-	28,351	448	82,585
Miscellaneous receipts and reimbursements	-	-	-	-	17,860	-	-	103,883
Total revenues	<u>21,597</u>	<u>3,945</u>	<u>135,327</u>	<u>-</u>	<u>17,860</u>	<u>40,357</u>	<u>2,654</u>	<u>1,404,879</u>
EXPENDITURES:								
Current:								
General government	-	-	-	-	-	-	-	50,514
Security of persons & property	400	933	153,308	-	17,860	-	-	337,452
Health	-	-	-	-	-	298	-	167,656
Transportation	-	-	-	-	-	-	-	337,698
Community environment	-	-	-	-	-	-	-	197,028
Leisure time activities	-	-	-	-	-	-	-	25,389
Basic utility services	-	-	-	-	-	-	-	204,342
Capital outlay	-	-	-	-	700	-	-	585,312
Debt service:								
Principal	-	-	-	-	-	-	-	20,000
Interest	-	-	-	-	-	-	-	4,572
Total expenditures	<u>400</u>	<u>933</u>	<u>153,308</u>	<u>-</u>	<u>18,560</u>	<u>298</u>	<u>-</u>	<u>1,929,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,197</u>	<u>3,012</u>	<u>(17,981)</u>	<u>-</u>	<u>(700)</u>	<u>40,059</u>	<u>2,654</u>	<u>(525,084)</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	-	-	-	544,125
Transfers out	-	-	-	-	-	(10,000)	-	(113,180)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>430,945</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>21,197</u>	<u>3,012</u>	<u>(17,981)</u>	<u>-</u>	<u>(700)</u>	<u>30,059</u>	<u>2,654</u>	<u>(94,139)</u>
Fund balances, beginning of year	<u>71,412</u>	<u>9,419</u>	<u>4,513</u>	<u>2,300</u>	<u>9,948</u>	<u>613,211</u>	<u>9,054</u>	<u>2,725,556</u>
Fund balances, end of year	<u>\$ 92,609</u>	<u>\$ 12,431</u>	<u>\$ (13,468)</u>	<u>\$ 2,300</u>	<u>\$ 9,248</u>	<u>\$ 643,270</u>	<u>\$ 11,708</u>	<u>\$ 2,631,417</u>

**CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2002**

	<u>Capital Investment</u>	<u>Special Assessment Construction</u>	<u>Monumental Building Renovation</u>	<u>Non-major Capital Projects Funds Totals</u>
ASSETS				
Pooled cash and investments	\$ 359,520	\$ 70,783	\$ 20,037	\$ 450,340
Receivables (net):				
Interest	4,315	-	-	4,315
Special assessments	-	12,901	-	12,901
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 363,835</u>	<u>\$ 83,684</u>	<u>\$ 20,037</u>	<u>\$ 467,556</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred revenue	<u>\$ 3,929</u>	<u>\$ 11,182</u>	<u>\$ -</u>	<u>\$ 15,111</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,929</u>	<u>11,182</u>	<u>-</u>	<u>15,111</u>
 Fund Balances:				
Reserved for:				
Encumbrances	-	448	-	448
Unreserved	<u>359,906</u>	<u>72,054</u>	<u>20,037</u>	<u>451,997</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>359,906</u>	<u>72,502</u>	<u>20,037</u>	<u>452,445</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 363,835</u>	<u>\$ 83,684</u>	<u>\$ 20,037</u>	<u>\$ 467,556</u>

CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Capital Investment	Special Assessment Construction	Monumental Building Renovation	Non-major Capital Projects Funds Totals
REVENUES:				
Special assessments	\$ -	\$ 32,009	\$ -	\$ 32,009
Investment income	<u>14,739</u>	<u>-</u>	<u>-</u>	<u>14,739</u>
Total revenues	<u>14,739</u>	<u>32,009</u>	<u>-</u>	<u>46,748</u>
EXPENDITURES:				
Capital outlay	<u>-</u>	<u>56,249</u>	<u>2,000</u>	<u>58,249</u>
Total expenditures	<u>-</u>	<u>56,249</u>	<u>2,000</u>	<u>58,249</u>
Excess (deficiency) of revenues over (under) expenditures	14,739	(24,240)	(2,000)	(11,501)
Fund balances, beginning of year, as restated	<u>345,167</u>	<u>96,742</u>	<u>22,037</u>	<u>463,946</u>
Fund balances, end of year	<u>\$ 359,906</u>	<u>\$ 72,502</u>	<u>\$ 20,037</u>	<u>\$ 452,445</u>

**CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2002**

	<u>Airport</u>	<u>Swimming Pool</u>	<u>Non-major Enterprise Funds Totals</u>
ASSETS			
Current assets:			
Pooled cash and investments	\$ 60,879	\$ 23,575	\$ 84,454
Receivables (net):			
Accounts	18,363	-	18,363
Other	6,493	-	6,493
Inventory	15,127	-	15,127
Prepaid items	<u>1,274</u>	<u>-</u>	<u>1,274</u>
 Total current assets	 <u>102,136</u>	 <u>23,575</u>	 <u>125,711</u>
Noncurrent assets:			
Capital assets:			
Capital assets not subject to depreciation:			
Land	309,265	-	309,265
Capital assets net of accumulated depreciation	<u>663,788</u>	<u>1,026,698</u>	<u>1,690,486</u>
 Total noncurrent assets	 <u>973,053</u>	 <u>1,026,698</u>	 <u>1,999,751</u>
 Total assets	 <u>\$ 1,075,189</u>	 <u>\$ 1,050,273</u>	 <u>\$ 2,125,462</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 11,976	\$ 138	\$ 12,114
Salaries and benefits payable	-	376	376
Due to other funds	<u>23</u>	<u>-</u>	<u>23</u>
 Total current liabilities	 <u>11,999</u>	 <u>514</u>	 <u>12,513</u>
NET ASSETS			
Invested in capital assets, net of related debt	973,053	1,026,698	1,999,751
Unrestricted	<u>90,137</u>	<u>23,061</u>	<u>113,198</u>
 Total net assets	 <u>1,063,190</u>	 <u>1,049,759</u>	 <u>2,112,949</u>
 Total liabilities and net assets	 <u>\$ 1,075,189</u>	 <u>\$ 1,050,273</u>	 <u>\$ 2,125,462</u>

CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Airport</u>	<u>Swimming Pool</u>	<u>Non-major Enterprise Funds Totals</u>
OPERATING REVENUES:			
Charges for services	\$ 188,280	\$ 66,963	\$ 255,243
Other revenue	<u>14,685</u>	<u>160</u>	<u>14,845</u>
Total operating revenues	<u>202,965</u>	<u>67,123</u>	<u>270,088</u>
OPERATING EXPENSES:			
Personal services	-	68,066	68,066
Operations and maintenance	169,582	32,430	202,012
Depreciation	<u>28,592</u>	<u>26,908</u>	<u>55,500</u>
Total operating expenses	<u>198,174</u>	<u>127,404</u>	<u>325,578</u>
Operating income (loss)	<u>4,791</u>	<u>(60,281)</u>	<u>(55,490)</u>
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental	<u>11,327</u>	<u>-</u>	<u>11,327</u>
Total nonoperating revenues (expenses)	<u>11,327</u>	<u>-</u>	<u>11,327</u>
Income (loss) before contributions and transfers	<u>16,118</u>	<u>(60,281)</u>	<u>(44,163)</u>
Capital contributions	12,349	335,810	348,159
Transfers in	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Change in net assets	28,467	310,529	338,996
Net assets, beginning of year	<u>1,034,723</u>	<u>739,230</u>	<u>1,773,953</u>
Net assets, end of year	<u>\$ 1,063,190</u>	<u>\$ 1,049,759</u>	<u>\$ 2,112,949</u>

CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Airport</u>	<u>Swimming Pool</u>	<u>Non-major Enterprise Funds Totals</u>
Cash flows from operating activities:			
Operating income (loss)	\$ 4,791	\$ (60,281)	\$ (55,490)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	28,592	26,908	55,500
Change in assets and liabilities:			
Accounts receivable	(6,078)	-	(6,078)
Prepaid items	(49)	110	61
Inventory	1,281	-	1,281
Accounts payable	(4,979)	(24)	(5,003)
Salaries and benefits payable and compensated absences	-	(187)	(187)
Due to other funds	(19)	-	(19)
Deferred revenue	(6,493)	-	(6,493)
Net cash provided (used) by operating activities	<u>17,046</u>	<u>(33,474)</u>	<u>(16,428)</u>
Cash flows from noncapital financing activities:			
Transfers in	-	35,000	35,000
Intergovernmental	<u>11,327</u>	<u>-</u>	<u>11,327</u>
Net cash provided by noncapital financing activities	<u>11,327</u>	<u>35,000</u>	<u>46,327</u>
Net increase in pooled cash and investments	28,373	1,526	29,899
Pooled cash and investments, beginning of year	<u>32,506</u>	<u>22,049</u>	<u>54,555</u>
Pooled cash and investments, end of year	<u>\$ 60,879</u>	<u>\$ 23,575</u>	<u>\$ 84,454</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets from government	<u>\$ 12,349</u>	<u>\$ 335,810</u>	<u>\$ 348,159</u>

**CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2002**

	Service Center	Technology	Self- Insurance	Internal Service Totals
ASSETS				
Current assets:				
Pooled cash and investments	\$ 234,836	\$ 92,706	\$ 46,874	\$ 374,416
Receivables (net):				
Interest	-	-	339	339
Other	-	-	58,969	58,969
Inventory	26,633	4,881	-	31,514
Due from other funds	27,828	-	-	27,828
Prepaid items	2,899	8,304	17,460	28,663
	<u>292,196</u>	<u>105,891</u>	<u>123,642</u>	<u>521,729</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	<u>593,856</u>	<u>71,174</u>	<u>-</u>	<u>665,030</u>
	<u>593,856</u>	<u>71,174</u>	<u>-</u>	<u>665,030</u>
Total assets	<u>\$ 886,052</u>	<u>\$ 177,065</u>	<u>\$ 123,642</u>	<u>\$ 1,186,759</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 10,558	\$ 1,288	\$ 255,951	\$ 267,797
Salaries and benefits payable	26,873	14,174	-	41,047
Deferred revenue	<u>-</u>	<u>-</u>	<u>48,290</u>	<u>48,290</u>
	<u>37,431</u>	<u>15,462</u>	<u>304,241</u>	<u>357,134</u>
Noncurrent liabilities:				
Compensated absences	<u>52,819</u>	<u>-</u>	<u>-</u>	<u>52,819</u>
	<u>52,819</u>	<u>-</u>	<u>-</u>	<u>52,819</u>
Total liabilities	<u>90,250</u>	<u>15,462</u>	<u>304,241</u>	<u>409,953</u>
NET ASSETS				
Invested in capital assets, net of related debt	593,856	71,174	-	665,030
Unrestricted	<u>201,946</u>	<u>90,429</u>	<u>(180,599)</u>	<u>111,776</u>
	<u>795,802</u>	<u>161,603</u>	<u>(180,599)</u>	<u>776,806</u>
Total liabilities and net assets	<u>\$ 886,052</u>	<u>\$ 177,065</u>	<u>\$ 123,642</u>	<u>\$ 1,186,759</u>

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

	Service Center	Technology	Self- Insurance	Internal Service Totals
OPERATING REVENUES:				
Charges for services	\$ 551,836	\$ 274,642	\$ 1,312,610	\$ 2,139,088
Other revenue	<u>2,054</u>	<u>916</u>	<u>1,554</u>	<u>4,524</u>
Total operating revenues	<u>553,890</u>	<u>275,558</u>	<u>1,314,164</u>	<u>2,143,612</u>
OPERATING EXPENSES:				
Personal services	267,811	138,412	-	406,223
Operations and maintenance	301,754	100,512	1,654,646	2,056,912
Depreciation	<u>39,470</u>	<u>10,635</u>	<u>-</u>	<u>50,105</u>
Total operating expenses	<u>609,035</u>	<u>249,559</u>	<u>1,654,646</u>	<u>2,513,240</u>
Operating income (loss)	<u>(55,145)</u>	<u>25,999</u>	<u>(340,482)</u>	<u>(369,628)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	<u>-</u>	<u>-</u>	<u>9,063</u>	<u>9,063</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>9,063</u>	<u>9,063</u>
Income (loss) before contributions and transfers	(55,145)	25,999	(331,419)	(360,565)
Capital contributions	10,000	58,845	-	68,845
Transfers out	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Change in net assets	(47,145)	84,844	(331,419)	(293,720)
Net assets, beginning of year	<u>842,947</u>	<u>76,759</u>	<u>150,820</u>	<u>1,070,526</u>
Net assets, end of year	<u>\$ 795,802</u>	<u>\$ 161,603</u>	<u>\$ (180,599)</u>	<u>\$ 776,806</u>

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

	Service Center	Technology	Self- Insurance	Internal Service Totals
Cash flows from operating activities:				
Operating income (loss)	\$ (55,145)	\$ 25,999	\$ (340,482)	\$ (369,628)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	39,470	10,635	-	50,105
Change in assets and liabilities:				
Other receivables	-	-	(44,967)	(44,967)
Due from other funds	(19,155)	-	-	(19,155)
Prepaid items	22	1,098	(761)	359
Inventory	(8,407)	(1,561)	-	(9,968)
Accounts payable	3,000	(2,654)	(9,856)	(9,510)
Salaries and benefits payable and compensated absences	6,843	(6,483)	-	360
Due to other funds	(11)	(27)	-	(38)
Deferred revenue	-	-	29,445	29,445
Net cash provided (used) by operating activities	<u>(33,383)</u>	<u>27,007</u>	<u>(366,621)</u>	<u>(372,997)</u>
Cash flows from noncapital financing activities:				
Transfers out	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Net cash used by noncapital financing activities	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>(3,214)</u>	<u>(4,500)</u>	<u>-</u>	<u>(7,714)</u>
Net cash used in capital and related financing activities	<u>(3,214)</u>	<u>(4,500)</u>	<u>-</u>	<u>(7,714)</u>
Cash flows from investing activities:				
Interest on investments	-	-	16,656	16,656
Net unrealized gain on investments	<u>-</u>	<u>-</u>	<u>(1,571)</u>	<u>(1,571)</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>15,085</u>	<u>15,085</u>
Net increase in pooled cash and investments	(38,597)	22,507	(351,536)	(367,626)
Pooled cash and investments, beginning of year	<u>273,433</u>	<u>70,199</u>	<u>398,410</u>	<u>742,042</u>
Pooled cash and investments, end of year	<u>\$ 234,836</u>	<u>\$ 92,706</u>	<u>\$ 46,874</u>	<u>\$ 374,416</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets from government	<u>\$ 10,000</u>	<u>\$ 58,845</u>	<u>\$ -</u>	<u>\$ 68,845</u>

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

	Municipal Court	Medical Reimbursement	Port Jefferson	Agency Funds Totals
ASSETS				
Pooled cash and investments	\$ -	\$ 7,236	\$ 4,729	\$ 11,965
Municipal Court checking account	148,064	-	-	148,064
Accounts receivable	-	-	8,865	8,865
Due from other funds	-	-	1,829	1,829
	<u>-</u>	<u>-</u>	<u>1,829</u>	<u>1,829</u>
 Total assets	 <u>\$ 148,064</u>	 <u>\$ 7,236</u>	 <u>\$ 15,423</u>	 <u>\$ 170,723</u>
LIABILITIES				
Due to employees	\$ -	\$ 4,455	\$ -	\$ 4,455
Due to other funds	57,846	-	-	57,846
Due to other governments	55,019	-	5,393	60,412
Undistributed monies	35,199	2,781	10,030	48,010
	<u>35,199</u>	<u>2,781</u>	<u>10,030</u>	<u>48,010</u>
 Total liabilities	 <u>\$ 148,064</u>	 <u>\$ 7,236</u>	 <u>\$ 15,423</u>	 <u>\$ 170,723</u>

CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance at January 1, 2002	Additions	Deductions	Balance at December 31, 2002
<u>Municipal Court Fund</u>				
ASSETS				
Municipal Court checking account	\$ 118,773	\$ 1,883,404	\$ 1,854,113	\$ 148,064
LIABILITIES				
Due to other funds	\$ 52,434	\$ 693,625	\$ 688,213	\$ 57,846
Due to other governments	35,857	631,299	612,137	55,019
Undistributed monies	30,482	558,480	553,763	35,199
Total liabilities	\$ 118,773	\$ 1,883,404	\$ 1,854,113	\$ 148,064
<u>Medical Reimbursement Fund</u>				
ASSETS				
Pooled cash and investments	\$ 5,973	\$ 52,369	\$ 51,106	\$ 7,236
LIABILITIES				
Due to employees	\$ 865	\$ 52,369	\$ 48,779	\$ 4,455
Undistributed monies	5,108	-	2,327	2,781
Total liabilities	\$ 5,973	\$ 52,369	\$ 51,106	\$ 7,236
<u>Port Jefferson Fund</u>				
ASSETS				
Pooled cash and investments	\$ 1,093	\$ 59,921	\$ 56,285	\$ 4,729
Accounts receivable	6,498	8,865	6,498	8,865
Due from other funds	1,829	-	-	1,829
	\$ 9,420	\$ 68,786	\$ 62,783	\$ 15,423
LIABILITIES				
Due to other governments	\$ 9,420	\$ 68,786	\$ 62,783	\$ 15,423

City of Sidney



Ohio

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

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Intergovernmental revenues	\$ 67,459	\$ 67,459	\$ 68,401	\$ 942
Total revenues	<u>67,459</u>	<u>67,459</u>	<u>68,401</u>	<u>942</u>
EXPENDITURES:				
Current:				
Transportation				
Contractual, materials and other	<u>68,000</u>	<u>68,000</u>	<u>68,000</u>	<u>-</u>
Total expenditures	<u>68,000</u>	<u>68,000</u>	<u>68,000</u>	<u>-</u>
Excess (deficiency) of revenues over/ (under) expenditures	(541)	(541)	401	942
Fund Balances, beginning of year	37,150	37,150	37,150	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ 36,609</u>	<u>\$ 36,609</u>	<u>\$ 37,551</u>	<u>\$ 942</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
COUNTY AUTO LICENSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Intergovernmental revenue	\$ 144,000	\$ 162,684	\$ 148,684	\$ (14,000)
Total revenues	<u>144,000</u>	<u>162,684</u>	<u>148,684</u>	<u>(14,000)</u>
EXPENDITURES:				
Contractual, materials and other	<u>130,000</u>	<u>162,683</u>	<u>162,683</u>	<u>-</u>
Total expenditures	<u>130,000</u>	<u>162,683</u>	<u>162,683</u>	<u>-</u>
Excess (deficiency) of revenues over/ (under) expenditures	14,000	1	(13,999)	(14,000)
Fund Balances, beginning of year	14,000	14,000	14,000	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ 28,000</u>	<u>\$ 14,001</u>	<u>\$ 1</u>	<u>\$ (14,000)</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
STORMWATER MANAGEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Miscellaneous receipts and reimbursements	\$ -	\$ -	\$ 377	\$ 377
Total revenues	-	-	377	377
EXPENDITURES:				
Current:				
Basic utility services				
Personal services	143,635	145,800	145,339	(461)
Contractual, materials and other	40,432	38,267	32,502	(5,765)
Total expenditures	184,067	184,067	177,841	(6,226)
Excess (deficiency) of revenues over/ (under) expenditures	(184,067)	(184,067)	(177,464)	6,603
OTHER FINANCING SOURCES:				
Transfers in	180,000	180,000	180,000	-
Total other financing sources	180,000	180,000	180,000	-
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(4,067)	(4,067)	2,536	6,603
Fund Balances, beginning of year	129,069	129,069	129,069	-
Encumbrances, end of year	-	-	4,006	4,006
Fund Balances, end of year	<u>\$ 125,002</u>	<u>\$ 125,002</u>	<u>\$ 135,611</u>	<u>\$ 10,609</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Charges for services	\$ 77,500	\$ 77,500	\$ 89,281	\$ 11,781
Miscellaneous receipts and reimbursements	3,500	3,500	4,870	1,370
Total revenues	<u>81,000</u>	<u>81,000</u>	<u>94,151</u>	<u>13,151</u>
EXPENDITURES:				
Current:				
Health				
Personal services	136,490	139,490	137,072	2,418
Contractual, materials and other	29,706	26,706	24,421	2,285
Total expenditures	<u>166,196</u>	<u>166,196</u>	<u>161,493</u>	<u>4,703</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>(85,196)</u>	<u>(85,196)</u>	<u>(67,342)</u>	<u>17,854</u>
OTHER FINANCING SOURCES:				
Transfers in	80,000	80,000	80,000	-
Total other financing sources	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(5,196)	(5,196)	12,658	17,854
Fund Balances, beginning of year	91,963	91,963	91,963	-
Encumbrances, end of year	-	-	2,591	2,591
Fund Balances, end of year	<u>\$ 86,767</u>	<u>\$ 86,767</u>	<u>\$ 107,212</u>	<u>\$ 20,445</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
TRANSPORTATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Intergovernmental revenues	\$ 158,206	\$ 158,206	\$ 158,249	\$ 43
Charges for services	57,660	57,660	43,472	(14,188)
Miscellaneous receipts and reimbursements	-	-	608	608
Total revenues	<u>215,866</u>	<u>215,866</u>	<u>202,329</u>	<u>(13,537)</u>
EXPENDITURES:				
Current:				
Transportation				
Personal services	229,110	229,110	196,705	32,405
Contractual, materials and other	80,411	80,411	79,095	1,316
Total expenditures	<u>309,521</u>	<u>309,521</u>	<u>275,800</u>	<u>33,721</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>(93,655)</u>	<u>(93,655)</u>	<u>(73,471)</u>	<u>20,184</u>
OTHER FINANCING SOURCES:				
Transfers in	80,000	80,000	80,000	-
Total other financing sources	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>(13,655)</u>	<u>(13,655)</u>	<u>6,529</u>	<u>20,184</u>
Fund Balances, beginning of year	233,308	233,308	233,308	-
Encumbrances, end of year	-	-	1,540	1,540
Fund Balances, end of year	<u>\$ 219,653</u>	<u>\$ 219,653</u>	<u>\$ 241,377</u>	<u>\$ 21,724</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
C.D.B.G. FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Intergovernmental revenue	\$ 616,000	\$ 616,000	\$ 352,276	\$ (263,724)
Investment income	10,000	-	8,234	8,234
Miscellaneous receipts and reimbursements	-	-	-	-
Total revenues	<u>626,000</u>	<u>616,000</u>	<u>360,510</u>	<u>(255,490)</u>
EXPENDITURES:				
Current:				
Community environment				
Contractual, materials and other	<u>807,242</u>	<u>702,608</u>	<u>575,138</u>	<u>127,470</u>
Total expenditures	<u>807,242</u>	<u>702,608</u>	<u>575,138</u>	<u>127,470</u>
Excess (deficiency) of revenues over/ (under) expenditures	(181,242)	(86,608)	(214,628)	(128,020)
OTHER FINANCING SOURCES (USES):				
Transfers in	65,000	65,000	65,000	-
Transfers out	<u>-</u>	<u>(38,181)</u>	<u>(38,181)</u>	<u>-</u>
Total other financing sources (uses)	<u>65,000</u>	<u>26,819</u>	<u>26,819</u>	<u>-</u>
Deficiency of revenues and other financing sources over/(under) expenditures and other financing uses	(116,242)	(59,789)	(187,809)	(128,020)
Fund Balances, beginning of year	214,188	214,188	214,188	-
Encumbrances, end of year	<u>-</u>	<u>-</u>	<u>58,974</u>	<u>58,974</u>
Fund Balances, end of year	<u>\$ 97,946</u>	<u>\$ 154,399</u>	<u>\$ 85,353</u>	<u>\$ (69,046)</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
C.D.B.G. REVOLVING LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Investment income	\$ 23,500	\$ 23,500	\$ 29,681	\$ 6,181
Miscellaneous receipts and reimbursements	-	-	-	-
Total revenues	<u>23,500</u>	<u>23,500</u>	<u>29,681</u>	<u>6,181</u>
EXPENDITURES:				
Current:				
Community environment				
Contractual, materials and other	<u>275,776</u>	<u>275,776</u>	<u>62,868</u>	<u>212,908</u>
Total expenditures	<u>275,776</u>	<u>275,776</u>	<u>62,868</u>	<u>212,908</u>
Excess (deficiency) of revenues over/ (under) expenditures	(252,276)	(252,276)	(33,187)	219,089
OTHER FINANCING USES:				
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	-
Total other financing uses	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	-
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(317,276)	(317,276)	(98,187)	219,089
Fund Balances, beginning of year	322,381	322,381	322,381	-
Encumbrances, end of year	-	-	39,505	39,505
Fund Balances, end of year	<u>\$ 5,105</u>	<u>\$ 5,105</u>	<u>\$ 263,699</u>	<u>\$ 258,594</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
H.O.M.E. PROGRAM INCOME FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Investment income	\$ -	\$ -	\$ 1,568	\$ 1,568
Miscellaneous receipts and reimbursements	-	1,820	26,823	25,003
Total revenues	-	1,820	28,391	26,571
EXPENDITURES:				
Current:				
Community environment				
Contractual, materials and other	-	40,000	23,668	16,332
Total expenditures	-	40,000	23,668	16,332
Excess (deficiency) of revenues over/ (under) expenditures	-	(38,180)	4,723	42,903
OTHER FINANCING SOURCES:				
Transfers in	-	38,181	38,181	-
Total other financing sources	-	38,181	38,181	-
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	1	42,904	42,903
Fund Balances, beginning of year	-	-	-	-
Encumbrances, end of year	-	-	6,009	6,009
Fund Balances, end of year	\$ -	\$ 1	\$ 48,913	\$ 48,912

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
PARKING METER AND OFF-STREET PARKING FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Fines, licenses and permits	\$ 40,900	\$ 40,900	\$ 39,436	\$ (1,464)
Miscellaneous receipts and reimbursements	-	-	2,377	2,377
Total revenues	<u>40,900</u>	<u>40,900</u>	<u>41,813</u>	<u>913</u>
EXPENDITURES:				
Current:				
Security of persons & property				
Personal services	23,625	23,625	21,821	1,804
Contractual, materials and other	<u>10,725</u>	<u>10,725</u>	<u>8,805</u>	<u>1,920</u>
Total expenditures	<u>34,350</u>	<u>34,350</u>	<u>30,626</u>	<u>3,724</u>
Excess (deficiency) of revenues over/ (under) expenditures	6,550	6,550	11,187	4,637
Fund Balances, beginning of year	72,009	72,009	72,009	-
Encumbrances, end of year	-	-	163	163
Fund Balances, end of year	<u>\$ 78,559</u>	<u>\$ 78,559</u>	<u>\$ 83,359</u>	<u>\$ 4,800</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
PROBATION GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Intergovernmental revenues	\$ 49,700	\$ 49,700	\$ 49,785	\$ 85
Miscellaneous receipts and reimbursements	-	-	123	123
Total revenues	<u>49,700</u>	<u>49,700</u>	<u>49,908</u>	<u>208</u>
EXPENDITURES:				
Current:				
Security of persons & property				
Personal services	44,532	42,132	41,956	176
Contractual, materials and other	9,882	29,707	27,899	1,808
Total expenditures	<u>54,414</u>	<u>71,839</u>	<u>69,855</u>	<u>1,984</u>
Excess (deficiency) of revenues over/ (under) expenditures	(4,714)	(22,139)	(19,947)	2,192
OTHER FINANCING SOURCES:				
Transfers in	-	7,945	7,945	-
Total other financing sources	<u>-</u>	<u>7,945</u>	<u>7,945</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(4,714)	(14,194)	(12,002)	2,192
Fund Balances, beginning of year	14,208	14,208	14,208	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ 9,494</u>	<u>\$ 14</u>	<u>\$ 2,206</u>	<u>\$ 2,192</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
CONVENTION AND VISITORS' BUREAU FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Local taxes	\$ -	\$ 67,000	\$ 61,837	\$ (5,163)
Miscellaneous receipts and reimbursements	-	-	-	-
Total revenues	<u>-</u>	<u>67,000</u>	<u>61,837</u>	<u>(5,163)</u>
EXPENDITURES:				
Current:				
Community environment				
Contractual, materials and other	-	60,000	60,000	-
Total expenditures	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Excess (deficiency) of revenues over/ (under) expenditures	-	7,000	1,837	(5,163)
Fund Balances, beginning of year	-	-	-	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ 1,837</u>	<u>\$ (5,163)</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
HEALTH DEPARTMENT BUILDING LEASE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Miscellaneous receipts and reimbursements	\$ 40,040	\$ 40,040	\$ 68,031	\$ 27,991
Total revenues	<u>40,040</u>	<u>40,040</u>	<u>68,031</u>	<u>27,991</u>
EXPENDITURES:				
Current:				
Health				
Contractual, materials and other	38,836	39,836	32,295	7,541
Total expenditures	<u>38,836</u>	<u>39,836</u>	<u>32,295</u>	<u>7,541</u>
Excess (deficiency) of revenues over/ (under) expenditures	1,204	204	35,736	35,532
Fund Balances, beginning of year	65,698	65,698	65,698	-
Encumbrances, end of year	-	-	255	255
Fund Balances, end of year	<u>\$ 66,902</u>	<u>\$ 65,902</u>	<u>\$ 101,689</u>	<u>\$ 35,787</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
SEPARATION PAYMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
General government				
Personal services	144,000	144,000	120,149	23,851
Total expenditures	144,000	144,000	120,149	23,851
Excess (deficiency) of revenues over/ (under) expenditures	(144,000)	(144,000)	(120,149)	23,851
OTHER FINANCING SOURCES:				
Transfers in	76,000	76,000	76,000	-
Total Other Financing Sources	76,000	76,000	76,000	-
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(68,000)	(68,000)	(44,149)	23,851
Fund Balances, beginning of year	673,725	673,725	673,725	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	\$ 605,725	\$ 605,725	\$ 629,576	\$ 23,851

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Miscellaneous receipts and reimbursements	\$ 18,000	\$ 18,000	\$ 5,731	\$ (12,269)
Total revenues	18,000	18,000	5,731	(12,269)
EXPENDITURES:				
Current:				
General government				
Contractual, materials and other	32,000	32,000	24,181	7,819
Total expenditures	32,000	32,000	24,181	7,819
Excess (deficiency) of revenues over/ (under) expenditures	(14,000)	(14,000)	(18,450)	(4,450)
OTHER FINANCING SOURCES:				
Transfers in	12,000	12,000	17,000	5,000
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(2,000)	(2,000)	(1,450)	550
Fund Balances, beginning of year	4,616	4,616	4,616	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	\$ 2,616	\$ 2,616	\$ 3,166	\$ 550

**CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
DRUG LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Fines, licenses and permits	\$ 19,000	\$ 19,000	\$ 17,709	\$ (1,291)
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>17,709</u>	<u>(1,291)</u>
Expenditures:				
Current:				
Security of persons & property				
Contractual, materials and other	27,533	27,533	1,352	26,181
Total expenditures	<u>27,533</u>	<u>27,533</u>	<u>1,352</u>	<u>26,181</u>
Excess (deficiency) of revenues over/ (under) expenditures	(8,533)	(8,533)	16,357	24,890
Fund Balances, beginning of year	55,572	55,572	55,572	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ 47,039</u>	<u>\$ 47,039</u>	<u>\$ 71,929</u>	<u>\$ 24,890</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Fines, licenses and permits	\$ -	\$ -	\$ -	\$ -
Miscellaneous receipts and reimbursements	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Security of persons & property				
Contractual, materials and other	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over/ (under) expenditures	-	-	-	-
Fund Balances, beginning of year	3,386	3,386	3,386	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ 3,386</u>	<u>\$ 3,386</u>	<u>\$ 3,386</u>	<u>\$ -</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
INDIGENT DRIVER ALCOHOL TREATMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Fines, licenses and permits	\$ 16,500	\$ 16,500	\$ 16,970	\$ 470
Miscellaneous receipts and reimbursements	-	-	-	-
Total revenues	<u>16,500</u>	<u>16,500</u>	<u>16,970</u>	<u>470</u>
EXPENDITURES:				
Current:				
Security of persons & property				
Contractual, materials and other	25,000	25,000	400	24,600
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>400</u>	<u>24,600</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(8,500)	(8,500)	16,570	25,070
Fund Balances, beginning of year	71,014	71,014	71,014	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ 62,514</u>	<u>\$ 62,514</u>	<u>\$ 87,584</u>	<u>\$ 25,070</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
ENFORCEMENT & EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Fines, licenses and permits	\$ 4,500	\$ 4,500	\$ 3,765	\$ (735)
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>3,765</u>	<u>(735)</u>
EXPENDITURES:				
Current:				
Security of persons & property				
Personal services	3,750	3,750	-	3,750
Contractual, materials and other	4,000	4,000	1,069	2,931
Total expenditures	<u>7,750</u>	<u>7,750</u>	<u>1,069</u>	<u>6,681</u>
Excess (deficiency) of revenues over/ (under) expenditures	(3,250)	(3,250)	2,696	5,946
Fund Balances, beginning of year	9,390	9,390	9,390	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ 6,140</u>	<u>\$ 6,140</u>	<u>\$ 12,086</u>	<u>\$ 5,946</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
OCJS GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Miscellaneous receipts and reimbursements	\$ 173,600	\$ 173,600	\$ 135,327	\$ (38,273)
Total revenues	<u>173,600</u>	<u>173,600</u>	<u>135,327</u>	<u>(38,273)</u>
EXPENDITURES:				
Current:				
General government				
Contractual, materials and other	184,392	184,392	158,921	25,471
Total expenditures	<u>184,392</u>	<u>184,392</u>	<u>158,921</u>	<u>25,471</u>
Excess (deficiency) of revenues over/ (under) expenditures	(10,792)	(10,792)	(23,594)	(12,802)
Fund Balances, beginning of year	10,792	10,792	10,792	-
Encumbrances, end of year	-	-	9,382	9,382
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,420)</u>	<u>\$ (3,420)</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
IMPREST CASH FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over/ (under) expenditures	-	-	-	-
Fund Balances, beginning of year	2,300	2,300	2,300	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ -</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
FIRE LOSS SECURITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES	\$ -	\$ 17,860	\$ 17,860	\$ -
EXPENDITURES	9,948	27,808	27,808	-
Excess (deficiency) of revenues over/ (under) expenditures	(9,948)	(9,948)	(9,948)	-
Fund Balances, beginning of year	9,948	9,948	9,948	-
Encumbrances, end of year	-	-	9,248	9,248
Fund Balances, end of year	\$ -	\$ -	\$ 9,248	\$ 9,248

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
CEMETERY MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Charges for services	\$ 8,600	\$ 8,600	\$ 11,841	\$ 3,241
Investment income	26,400	26,400	27,124	724
Total revenues	35,000	35,000	38,965	3,965
EXPENDITURES:				
Current:				
Health				
Contractual, materials and other	11,000	11,000	297	10,703
Total expenditures	11,000	11,000	297	10,703
Excess (deficiency) of revenues over/ (under) expenditures	24,000	24,000	38,668	14,668
OTHER FINANCING USES:				
Transfers out	-	-	(10,000)	(10,000)
Total other financing uses	-	-	(10,000)	(10,000)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	24,000	24,000	28,668	4,668
Fund Balances, beginning of year	605,443	605,443	605,443	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	\$ 629,443	\$ 629,443	\$ 634,111	\$ 4,668

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
MAUSOLEUM MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Charges for services	\$ 1,000	\$ 1,000	\$ 2,070	\$ 1,070
Investment income	500	500	409	(91)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>2,479</u>	<u>979</u>
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over/ (under) expenditures	1,500	1,500	2,479	979
Fund Balances, beginning of year	8,943	8,943	8,943	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ 10,443</u>	<u>\$ 10,443</u>	<u>\$ 11,422</u>	<u>\$ 979</u>

City of Sidney



Ohio

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Intergovernmental revenues	\$ 116,300	\$ 116,300	\$ 122,010	\$ 5,710
Investment income	-	-		-
Miscellaneous receipts and reimbursements	-	-	-	-
Total revenues	<u>116,300</u>	<u>116,300</u>	<u>122,010</u>	<u>5,710</u>
EXPENDITURES:				
Contractual, materials and other	<u>3,505,736</u>	<u>3,663,056</u>	<u>3,085,635</u>	<u>577,421</u>
Total expenditures	<u>3,505,736</u>	<u>3,663,056</u>	<u>3,085,635</u>	<u>577,421</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>(3,389,436)</u>	<u>(3,546,756)</u>	<u>(2,963,625)</u>	<u>583,131</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>2,190,000</u>	<u>2,190,000</u>	<u>2,130,838</u>	<u>(59,162)</u>
Total other financing sources	<u>2,190,000</u>	<u>2,190,000</u>	<u>2,130,838</u>	<u>(59,162)</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(1,199,436)	(1,356,756)	(832,787)	523,969
Fund Balances, beginning of year	1,451,323	1,451,323	1,451,323	-
Encumbrances, end of year	-	-	<u>423,108</u>	<u>423,108</u>
Fund Balances, end of year	<u>\$ 251,887</u>	<u>\$ 94,567</u>	<u>\$ 1,041,644</u>	<u>\$ 947,077</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
CAPITAL INVESTMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Investment income	25,000	25,000	15,302	(9,698)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>15,302</u>	<u>(9,698)</u>
EXPENDITURES				
	-	-	-	-
Excess (deficiency) of revenues over/ (under) expenditures	<u>25,000</u>	<u>25,000</u>	<u>15,302</u>	<u>(9,698)</u>
Excess (deficiency) of revenues over (under) expenditures	25,000	25,000	15,302	(9,698)
Fund Balances, beginning of year	339,507	339,507	339,507	-
Encumbrances, end of year	-	-	-	-
Fund Balances, end of year	<u>\$ 364,507</u>	<u>\$ 364,507</u>	<u>\$ 354,809</u>	<u>\$ (9,698)</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
SPECIAL ASSESSMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Special assessments	\$ 42,000	\$ 42,000	\$ 30,290	\$ (11,710)
Total revenues	<u>42,000</u>	<u>42,000</u>	<u>30,290</u>	<u>(11,710)</u>
EXPENDITURES:				
Current:				
Community environment				
Contractual, materials and other	96,154	96,154	65,412	30,742
Total expenditures	<u>96,154</u>	<u>96,154</u>	<u>65,412</u>	<u>30,742</u>
Excess (deficiency) of revenues over/ (under) expenditures	(54,154)	(54,154)	(35,122)	19,032
Fund Balances, beginning of year	105,457	105,457	105,457	-
Encumbrances, end of year	-	-	448	448
Fund Balances, end of year	<u>\$ 51,303</u>	<u>\$ 51,303</u>	<u>\$ 70,783</u>	<u>\$ 19,480</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
MONUMENTAL BUILDING RENOVATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Miscellaneous receipts and reimbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Contractual, materials and other	<u>7,286</u>	<u>7,286</u>	<u>2,000</u>	<u>5,286</u>
Total expenditures	<u>7,286</u>	<u>7,286</u>	<u>2,000</u>	<u>5,286</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>(7,286)</u>	<u>(7,286)</u>	<u>(2,000)</u>	<u>5,286</u>
Fund Balances, beginning of year	22,036	22,036	22,036	-
Encumbrances, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 14,750</u>	<u>\$ 14,750</u>	<u>\$ 20,036</u>	<u>\$ 5,286</u>

City of Sidney



Ohio



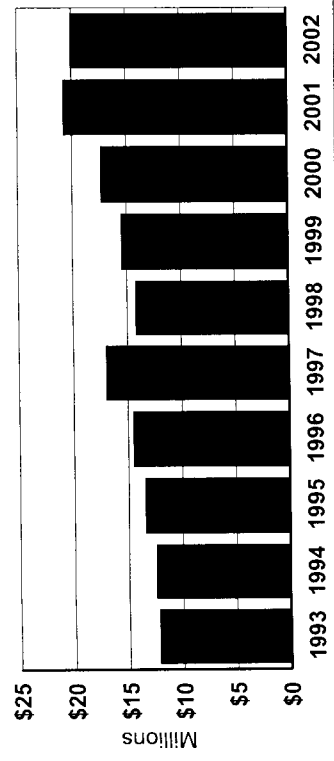
**STATISTICAL
SECTION**

Table 1

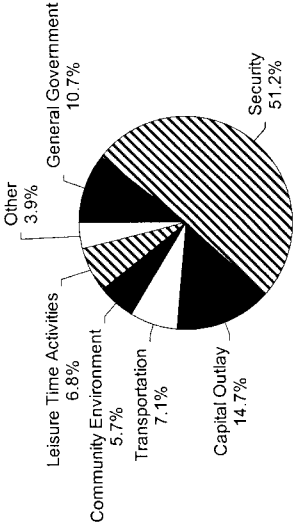
**CITY OF SIDNEY, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS**

Year	General Government	Security of Persons & Property	Health	Transportation	Community Environment	Leisure Time Activities	Basic Utility Service	Capital Outlay	Debt Service	Total
1993	\$2,743,448	\$4,933,599	\$120,653	\$881,632	\$174,925	\$593,204	\$103,986	\$2,886,267	\$7,504	\$12,445,218
1994	\$1,475,209	\$5,439,315	\$135,902	\$905,796	\$627,954	\$647,671	\$155,201	\$3,945,862	\$131,543	\$13,464,453
1995	\$2,011,526	\$5,800,408	\$128,330	\$1,155,363	\$1,158,666	\$726,389	\$230,884	\$3,189,055	\$127,517	\$14,528,138
1996	\$1,810,824	\$6,421,169	\$128,577	\$1,213,265	\$873,887	\$775,692	\$194,876	\$5,426,010	\$123,319	\$16,967,619
1997	\$2,001,523	\$6,905,528	\$112,848	\$1,268,129	\$777,725	\$856,820	\$160,497	\$2,106,280	\$18,803	\$14,208,153
1998	\$1,851,953	\$6,832,335	\$126,224	\$1,124,800	\$803,377	\$804,764	\$134,723	\$3,759,437	\$23,323	\$15,460,936
1999	\$2,063,421	\$7,794,337	\$147,127	\$1,309,352	\$749,486	\$941,694	\$137,337	\$3,937,626	\$249,181	\$17,329,561
2000	\$1,759,529	\$8,349,842	\$230,152	\$1,291,164	\$991,344	\$1,080,551	\$157,069	\$6,654,781	\$234,498	\$20,748,930
2001	\$1,965,157	\$9,120,432	\$242,231	\$1,221,388	\$915,690	\$1,044,188	\$159,406	\$5,128,957	\$242,219	\$20,039,668
2002	\$1,912,226	\$9,162,996	\$249,787	\$1,275,471	\$1,016,647	\$1,213,672	\$204,342	\$2,627,354	\$235,895	\$17,898,390

**General Governmental Expenditures
Last Ten Years**



**General Governmental Expenditures
2002 By Function**



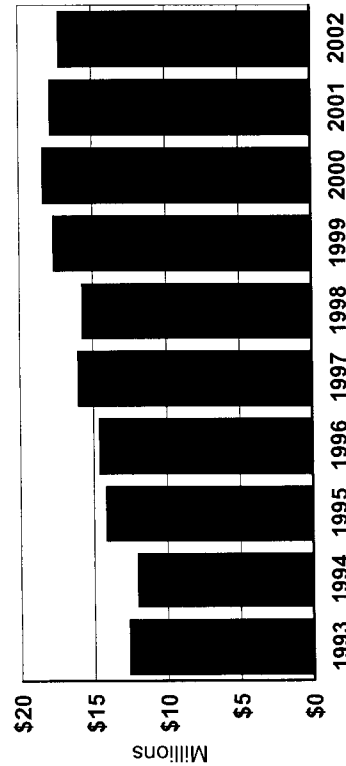
(1) Includes General Fund, Special Revenue Funds and Capital Projects Funds

Table 2

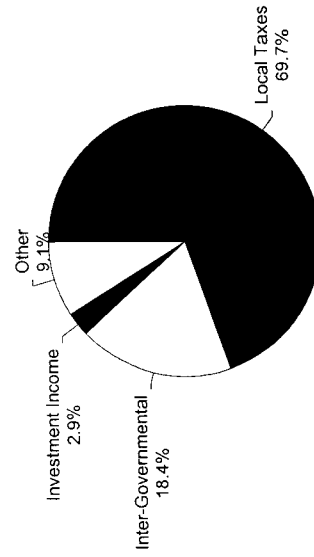
CITY OF SIDNEY, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS

Year	Local Taxes (2)	Inter-Governmental Revenue (2)	Special Assessments	Charges for Services	Fines, Licenses & Permits	Investment Income	Miscellaneous Receipts and Reimbursements	Total
1993	\$9,173,108	\$932,676	\$405,762	\$375,934	\$206,640	\$0	\$959,729	\$12,053,849
1994	\$10,153,241	\$1,955,048	\$253,750	\$76,927	\$550,366	\$0	\$1,201,304	\$14,190,636
1995	\$10,826,941	\$1,641,340	\$228,275	\$160,313	\$479,921	\$0	\$1,288,468	\$14,625,258
1996	\$12,101,226	\$1,685,832	\$228,694	\$180,823	\$493,128	\$0	\$1,367,231	\$16,056,934
1997	\$12,009,109	\$1,562,047	\$229,508	\$306,107	\$563,389	\$525,683	\$549,160	\$15,745,003
1998	\$12,973,054	\$2,246,126	\$255,468	\$344,186	\$596,304	\$678,184	\$601,241	\$17,694,563
1999	\$13,192,036	\$2,901,054	\$273,589	\$469,453	\$683,212	\$611,734	\$263,762	\$18,394,840
2000	\$11,703,628	\$3,267,850	\$263,167	\$716,325	\$404,054	\$948,322	\$568,047	\$17,871,393
2001	\$11,089,189	\$3,632,296	\$245,742	\$709,333	\$429,437	\$823,690	\$326,270	\$17,255,957
2002	\$12,714,069	\$3,353,670	\$241,912	\$768,098	\$317,800	\$522,063	\$326,443	\$18,244,055

General Governmental Revenues Last Ten Years



General Governmental Revenues 2002 By Source



(1) Includes General Fund, Special Revenue Funds and Capital Projects Funds

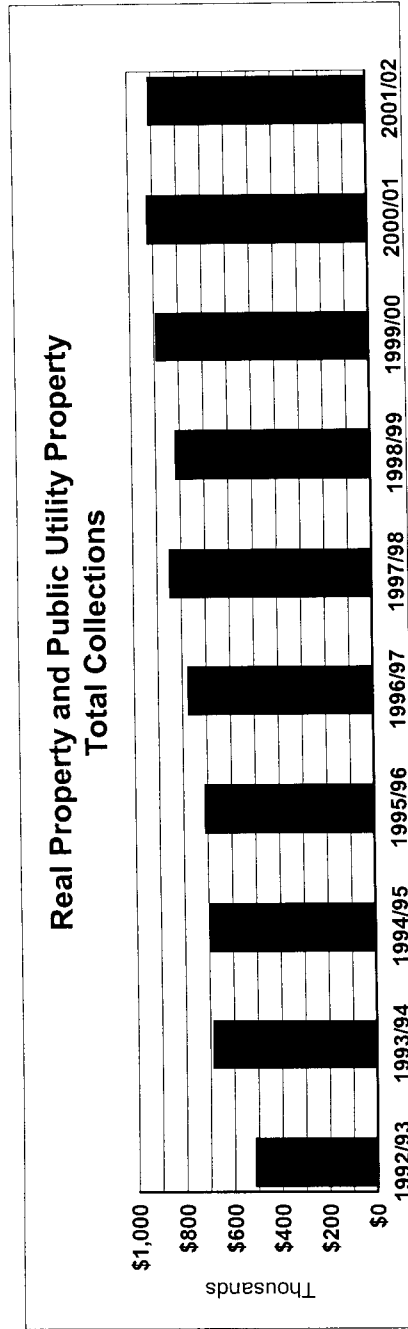
(2) Prior to 1999, gasoline taxes and auto license taxes were classified as Local Taxes. Effective in 1999, these sources are classified as

Intergovernmental revenue. Approximately \$990,000, \$889,000, \$888,000 and \$902,000 was received from these sources in 1999 through 2002, respectively

Table 3

**CITY OF SIDNEY, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
REAL PROPERTY AND PUBLIC UTILITY PROPERTY
LAST TEN YEARS**

Tax Year / Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collection	Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy
1992/1993	\$512,464	\$501,646	\$12,848	\$514,494	100.40%	\$23,512	4.59%
1993/1994	\$690,946	\$672,761	\$15,199	\$687,960	99.57%	\$26,498	3.84%
1994/1995	\$700,860	\$679,968	\$16,531	\$696,499	99.38%	\$21,506	3.07%
1995/1996	\$723,948	\$700,938	\$11,845	\$712,783	98.46%	\$22,705	3.14%
1996/1997	\$781,436	\$758,816	\$19,164	\$777,980	99.56%	\$18,419	2.36%
1997/1998	\$830,677	\$831,440	\$18,590	\$850,030	102.33%	\$19,845	2.39%
1998/1999	\$831,568	\$804,388	\$14,882	\$819,270	98.52%	\$16,255	1.95%
1999/2000	\$895,782	\$873,803	\$20,665	\$894,468	99.85%	\$10,448	1.17%
2000/2001	\$911,812	\$906,308	\$17,618	\$923,926	101.33%	\$16,910	1.85%
2001/2002	\$922,747	\$889,015	\$22,940	\$911,955	98.83%	\$13,077	1.42%

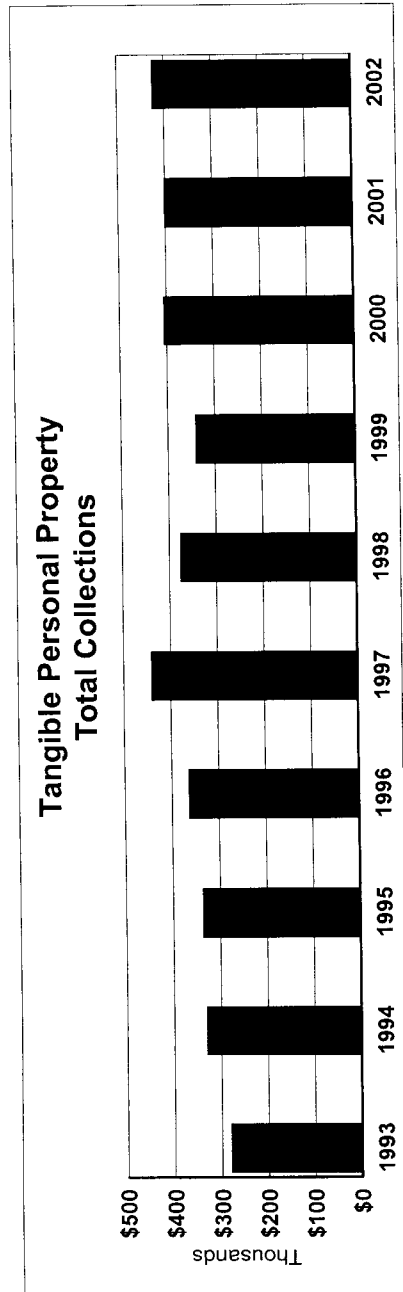


Source: Shelby County Auditor

Table 4

**CITY OF SIDNEY, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
TANGIBLE PERSONAL PROPERTY
LAST TEN YEARS**

Tax Year / Collection Year	Total Tax Levy	Total Tax Collections	Percentage of Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy
1993	\$292,421	\$280,905	96.06%	\$21,299	7.28%
1994	\$337,714	\$331,142	98.05%	\$29,675	8.79%
1995	\$348,987	\$337,102	96.59%	\$29,194	8.37%
1996	\$394,812	\$364,308	92.27%	\$22,514	5.70%
1997	\$459,113	\$441,239	96.11%	\$19,962	4.35%
1998	\$395,553	\$376,313	95.14%	\$20,466	5.17%
1999	\$358,141	\$341,048	95.23%	\$8,559	2.39%
2000	\$411,377	\$405,765	98.64%	\$20,508	4.99%
2001	\$381,588	\$402,028	105.36%	\$31,138	8.16%
2002	\$396,371	\$424,789	107.17%	\$30,327	7.65%

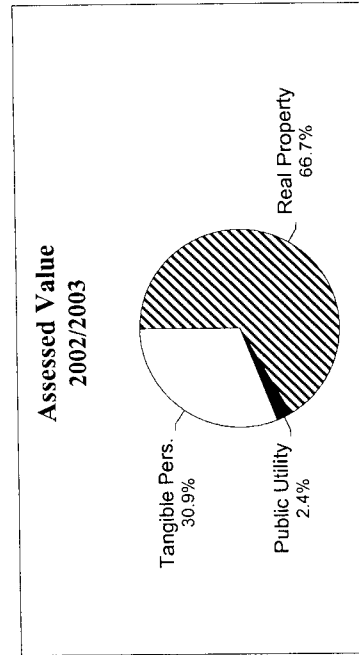
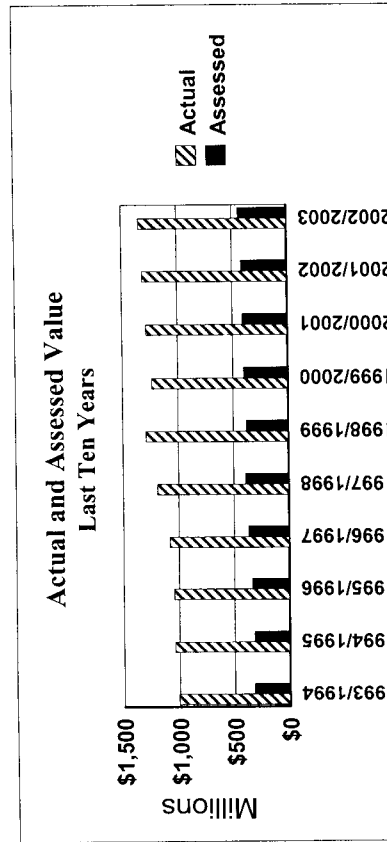


Source: Shelby County Auditor

Table 5

**CITY OF SIDNEY, OHIO
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS**

Tax Year / Collection Year	Real Property		Public Utility Personal		Personal Property		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	
1993/1994	\$201,111,260	\$574,603,600	\$14,809,400	\$42,312,571	\$106,334,757	\$425,339,028	\$322,255,417	\$1,042,255,199	\$1,042,255,199	30.92%	
1994/1995	\$203,578,030	\$581,651,514	\$15,441,020	\$44,117,200	\$104,598,231	\$418,392,924	\$323,617,281	\$1,044,161,638	\$1,044,161,638	30.99%	
1995/1996	\$210,955,600	\$602,730,287	\$15,278,320	\$43,652,343	\$109,058,424	\$436,233,696	\$335,292,344	\$1,082,616,326	\$1,082,616,326	30.97%	
1996/1997	\$227,946,790	\$651,276,543	\$16,251,910	\$46,434,029	\$123,378,686	\$493,514,744	\$367,577,386	\$1,191,225,316	\$1,191,225,316	30.86%	
1997/1998	\$234,452,750	\$669,865,000	\$16,160,120	\$46,171,771	\$143,472,879	\$573,891,516	\$394,085,749	\$1,289,928,287	\$1,289,928,287	30.55%	
1998/1999	\$242,887,700	\$693,964,857	\$16,977,310	\$48,506,600	\$123,610,199	\$494,440,796	\$383,475,209	\$1,236,912,253	\$1,236,912,253	31.00%	
1999/2000	\$264,460,510	\$755,601,457	\$17,250,640	\$49,287,543	\$120,188,137	\$480,752,548	\$401,899,287	\$1,285,641,548	\$1,285,641,548	31.26%	
2000/2001	\$269,611,110	\$770,317,457	\$15,127,230	\$43,220,657	\$125,415,765	\$501,663,060	\$410,154,105	\$1,315,201,174	\$1,315,201,174	31.19%	
2001/2002	\$278,222,630	\$794,921,800	\$10,441,350	\$29,832,429	\$129,893,184	\$519,572,736	\$418,557,164	\$1,344,326,965	\$1,344,326,965	31.14%	
2002/2003	\$293,656,620	\$839,018,914	\$10,722,070	\$30,634,486	\$136,165,650	\$544,662,600	\$441,008,000	\$1,414,316,000	\$1,414,316,000	31.18%	



Source: Shelby County Auditor

Table 6

CITY OF SIDNEY, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN YEARS

Tax Year/ Collection Year	City of Sidney		Sidney School District (1)	Shelby County (2)	Special Taxing Districts (3)	Total
	General Fund					
1992/1993	2.75		38.00	3.25	3.90	47.90
1993/1994	3.20		38.20	2.70	3.90	48.00
1994/1995	3.20		38.20	2.70	3.90	48.00
1995/1996	3.20		46.10	2.70	3.90	55.90
1996/1997	3.20		45.90	2.70	3.90	55.70
1997/1998	3.20		45.50	2.70	3.90	55.30
1998/1999	3.20		45.50	2.70	3.90	55.30
1999/2000	3.20		45.30	2.70	3.90	55.10
2000/2001	3.20		48.60	2.70	3.90	58.40
2001/2002	3.20		48.60	2.70	7.10	61.60

Source: Shelby County Auditor

(1) Includes the Joint Vocational School

(2) Includes health district

(3) Includes Shelby County Mental Retardations and Developmental Disabilities, Clinton Township and Tri-County Health

Table 7

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

Tax Year / Collection Year	Current Amount Billed	Delinquent Amount Billed	Amount Collected	Percent of Collections to Current Billings
1992 / 1993	\$213,152	\$36,928	\$206,449	96.86%
1993 / 1994	\$221,980	\$19,480	\$217,071	97.79%
1994 / 1995	\$224,192	\$18,710	\$223,822	99.83%
1995 / 1996	\$229,502	\$21,985	\$230,540	100.45%
1996 / 1997	\$222,824	\$18,025	\$221,976	99.62%
1997 / 1998	\$228,660	\$17,272	\$223,323	97.67%
1998 / 1999	\$227,795	\$10,485	\$230,301	101.10%
1999 / 2000	\$234,024	\$11,911	\$228,670	97.71%
2000 / 2001	\$221,186	\$14,572	\$227,519	102.86%
2001 / 2002	\$246,336	\$15,201	\$228,251	92.66%

Source : Shelby County Auditor

Table 8

**CITY OF SIDNEY, OHIO
COMPUTATION OF 5-1/2% LEGAL DEBT MARGIN FOR UNVOTED DEBT (1)
DECEMBER 31, 2002**

Assessed Value (2)	<u>\$441,008,000</u>
Unvoted Debt Limit : 5-1/2% Assessed Value	\$24,255,440
Total Unvoted Debt Outstanding at December 31, 2002	\$13,390,000
Less: Exempt Debt	
Self-supporting securities issued for water systems or facilities	(1,000,000)
Self-supporting securities issued for sanitary sewer systems or facilities	<u>(9,925,000)</u>
Subtotal	2,465,000
Less: Bond Retirement Fund Balance	<u>0</u>
Net Subject to 5-1/2% Limitation	<u>2,465,000</u>
Legal Debt Margin within 5-1/2% Limitation	<u>\$21,790,440</u>

(1) The Ohio Revised Code provides that the aggregate principal amount of unvoted "net indebtedness" may not exceed 5-1/2% of the assessed valuation.

(2) Source for Assessed Value data - Shelby County Auditor

Table 9

**CITY OF SIDNEY, OHIO
COMPUTATION OF 10-1/2% LEGAL DEBT MARGIN FOR VOTED AND UNVOTED DEBT (1)
DECEMBER 31, 2002**

Assessed Value (2)	<u>\$441,008,000</u>
Unvoted Debt Limit : 10-1/2% Assessed Value	\$46,305,840
Total Voted and Unvoted Debt Outstanding at December 31, 2002	\$13,390,000
Less: Exempt Debt	
Self-supporting securities issued for water systems or facilities	(1,000,000)
Self-supporting securities issued for sanitary sewer systems or facilities	<u>(9,925,000)</u>
Subtotal	2,465,000
Less: Bond Retirement Fund Balance	<u>0</u>
Net Subject to 10-1/2% Limitation	<u>2,465,000</u>
Legal Debt Margin within 10-1/2% Limitation	<u>\$43,840,840</u>



(1) The Ohio Revised Code provides that the aggregate principal amount of voted and unvoted "net indebtedness" may not exceed 10-1/2% of the assessed valuation.

(2) Source for Assessed Value data - Shelby County Auditor

Table 10

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

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt		Less: Payable from Enterprise Revenues (3)		Less: Debt Service Funds		Ratio of Net Bonded Debt to Assessed Valuation		Net Bonded Debt Per Capita
			Bonded Debt	Debt	Revenues (3)	Debt	Funds	Debt	Valuation		
1993	19,069 (a)	\$322,255,417	\$10,910,000	\$10,375,000	\$0	\$535,000	\$0	\$535,000	0.17%	\$28	
1994	19,118 (a)	\$323,617,281	\$10,150,000	\$9,725,000	\$0	\$425,000	\$0	\$425,000	0.13%	\$22	
1995	19,170 (a)	\$335,292,344	\$9,380,000	\$9,065,000	\$0	\$315,000	\$0	\$315,000	0.09%	\$16	
1996	19,145 (a)	\$367,577,386	\$8,595,000	\$8,390,000	\$0	\$205,000	\$0	\$205,000	0.06%	\$11	
1997	19,238 (a)	\$394,085,749	\$7,900,000	\$7,705,000	\$0	\$195,000	\$0	\$195,000	0.05%	\$10	
1998	19,197 (a)	\$383,475,209	\$9,950,000	\$7,005,000	\$0	\$2,945,000	\$0	\$2,945,000	0.77%	\$153	
1999	19,350 (a)	\$401,899,287	\$9,115,000	\$6,290,000	\$0	\$2,825,000	\$0	\$2,825,000	0.70%	\$146	
2000	20,211 (b)	\$410,154,105	\$8,260,000	\$5,555,000	\$0	\$2,705,000	\$0	\$2,705,000	0.66%	\$134	
2001	20,211 (b)	\$418,557,164	\$14,285,000	\$11,700,000	\$0	\$2,585,000	\$0	\$2,585,000	0.62%	\$128	
2002	20,211 (b)	\$441,008,000	\$13,390,000	\$10,925,000	\$0	\$2,465,000	\$0	\$2,465,000	0.56%	\$122	

(1) Source: (a) U.S. Bureau of the Census - Population Estimates Program; (b) U.S. Bureau of the Census - 2000 Federal Census

(2) Source: Shelby County Auditor

(3) General obligation debt that is being repaid from water and sewer fees.

Table 11

CITY OF SIDNEY, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT (1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS

Year	Debt Principal	Interest	Total Bonded Debt Service	(2) General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1993	\$5,000	\$2,504	\$7,504	\$12,445,218	0.06%
1994	\$110,000	\$21,543	\$131,543	\$13,464,453	0.98%
1995	\$110,000	\$17,517	\$127,517	\$14,528,138	0.88%
1996	\$110,000	\$13,319	\$123,319	\$16,967,619	0.73%
1997	\$10,000	\$8,803	\$18,803	\$14,208,153	0.13%
1998	\$15,000	\$8,323	\$23,323	\$15,460,936	0.15%
1999	\$120,000	\$129,181	\$249,181	\$17,329,561	1.44%
2000	\$120,000	\$114,498	\$234,498	\$20,748,930	1.13%
2001	\$120,000	\$122,219	\$242,219	\$20,039,668	1.21%
2002	\$120,000	\$115,894	\$235,894	\$17,898,390	1.32%

(1) General obligation bonds reported in the enterprise funds, and being repaid from enterprise fund (water and sewer) fees, have been excluded.

(2) Includes General, Special Revenue and Capital Projects funds.

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

	Net Debt Outstanding	Percentage Applicable to City of Sidney	Amount Applicable to City of Sidney
City of Sidney	\$2,465,000 (1)	100%	\$2,465,000
Sidney City School District (2)	\$0	N/A	\$0
Shelby County (2)	\$2,981,000	N/A	\$0

(1) Excludes general obligation debt that is being repaid from enterprise (water and sewer) fees.

(2) Source: Shelby County Auditor

Table 13

**CITY OF SIDNEY, OHIO
REVENUE BOND COVERAGE
SEWER REVENUE FUND (1)
LAST TEN YEARS
(amounts expressed in thousands)**

Year	Gross Revenues	(2) Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1993	\$2,106	\$827	\$1,279	\$150	\$284	\$434	2.95
1994 (3)	--	--	--	\$0	\$0	\$0	--
1995 (3)	--	--	--	\$0	\$0	\$0	--
1996 (3)	--	--	--	\$0	\$0	\$0	--
1997 (3)	--	--	--	\$0	\$0	\$0	--
1998 (3)	--	--	--	\$0	\$0	\$0	--
1999 (3)	--	--	--	\$0	\$0	\$0	--
2000 (3)	--	--	--	\$0	\$0	\$0	--
2001 (3)	--	--	--	\$0	\$0	\$0	--
2002 (3)	--	--	--	\$0	\$0	\$0	--

(1) Bond data reported on this schedule is for 1987 Sewer System first mortgage revenue bonds.

(2) Total operating expenses excluding depreciation

(3) On September 15, 1993, the City advance refunded the 1987 Sewer System mortgage revenue bond issue with new General Obligation bonds. Therefore, data subsequent to 1993 for this schedule is not applicable.

Table 14

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

Year	Population (1)	School Enrollment (2)	Unemployment Rate Shelby County (3)
1993	19,069 (1)(a)	4,080	7.3%
1994	19,118 (1)(a)	4,116	5.1%
1995	19,170 (1)(a)	4,028	4.4%
1996	19,145 (1)(a)	3,998	4.3%
1997	19,238 (1)(a)	4,056	4.3%
1998	19,197 (1)(a)	3,928	3.7%
1999	19,350 (1)(a)	3,953	4.1%
2000	20,211 (1)(b)	3,887	4.2%
2001	20,211 (1)(b)	3,896	4.0%
2002	20,211 (1)(b)	3,918	4.6%

(1) Source: (a) U.S. Bureau of the Census - Population Estimates Program, Population Division; (b) U.S. Bureau of the Census - 2000 Federal Census

(2) Source: Sidney City Schools Board of Education

(3) Source: Bureau of Labor Statistics, U.S. Dept. of Labor

Table 15

**CITY OF SIDNEY, OHIO
PROPERTY VALUE AND NEW CONSTRUCTION
LAST TEN YEARS**

Year	Real Property - Estimated Actual Value (1)	New Construction (2)	
		Building Permits	Construction Cost
1993	\$574,603,600	386	\$13,842,870
1994	\$581,651,514	383	\$12,607,522
1995	\$602,730,287	377	\$14,978,471
1996	\$651,276,543	348	\$27,472,884
1997	\$669,865,000	301	\$16,279,985
1998	\$693,964,857	312	\$23,626,525
1999	\$755,601,457	307	\$20,618,269
2000	\$770,317,457	352	\$26,992,862
2001	\$794,921,800	294	\$19,707,534
2002	\$839,018,914	330	\$38,674,625

(1) Source: Shelby County Auditor

(2) Source: City of Sidney, Building & Zoning division

Table 16

**CITY OF SIDNEY, OHIO
PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2002**

Taxpayer	Assessed Valuation (1) (Tax Duplicate)	Percentage of Total Assessed Valuation
1. Copeland Corporation	\$34,022,660	7.71%
2. NK Parts (2)	\$13,293,074	3.01%
3. Alcoa Bldg. Products/Stolle Corporation	\$11,180,810	2.54%
4. Bensar	\$10,514,258	2.38%
5. Color & Composite	\$10,420,191	2.36%
6. Cargill	\$9,402,810	2.13%
7. American Trim	\$9,124,940	2.07%
8. LeRoi International	\$6,748,759	1.53%
9. Playtex	\$5,540,270	1.26%
10. Ross Aluminum	\$4,073,720	0.92%
Subtotal	\$114,321,492	25.92%
All Others	\$326,686,508	74.08%
Total assessed valuation of city	\$441,008,000	100.00%

(1) Real property and public utility property assessed at 35 percent of fair market value, tangible personal property assessed at 25 percent of fair market value.

(2) Includes NK Parts, Honda Transmission, Honda of America Manufacturing, Matsushita Electric

Source: Shelby County Auditor

Table 17

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

Year of incorporation	1820	Municipal water department:	8,594
Form of government	Council / Manager	Number of consumers	3.376 Mil. Gal/day
Area	11.118 square miles	Average daily consumption	113.793
Miles of streets	95.89	Miles of water mains	
Number of street lights	1,382		
		Sewers:	
		Miles of storm sewers	69.314
		Miles of sanitary sewers	113.697
Fire protection and emergency rescue:			
Number of Stations	2		
Number of firefighters & EMS personnel	37		
		Parks and recreations:	
Police protection:		Number of:	
Number of stations	1	Parks	17
Number of Uniformed Officers	39	Park shelters	34
Police non-sworn personnel	17	Tennis courts	14
		Baseball diamonds	22
		Basketball courts	17
		Modular play structures	20
		Swimming pool	1 facility
		Soccer fields	12
Employees:		Acres of park land	380
Full-Time Equivalents (average)	216	Acres of public land	250
		Miles of bikeway	3.5

City of Sidney



Ohio



**Auditor of State
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CITY OF SIDNEY

SHELBY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 24, 2003**