

CITY OF SIDNEY, OHIO

**Independent Auditors' Reports on
Compliance and Internal Controls
and Schedule of Expenditure of Federal Awards**

December 31, 2007



Mary Taylor, CPA
Auditor of State

City Council
City of Sidney
201 West Poplar Street
Sidney, Ohio 45365

We have reviewed the *Independent Auditors' Report* of the City of Sidney, Shelby County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2007 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 11, 2008

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

City Council
City of Sidney
201 W Poplar Street
Sidney, Ohio 45365

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 18, 2008, wherein we noted the City changed two funds from governmental to proprietary. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs, 2007-001, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.


Compliance and Other Matters

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

We noted certain additional matters that we reported to management of the City in a separate letter dated June 18, 2008.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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



Springfield, Ohio
June 18, 2008



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

Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133

City Council
City of Sidney
201 West Poplar Street
Sidney, Ohio 45365

Compliance

We have audited the compliance of the City of Sidney, Ohio (the City) 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 programs for the year ended December 31, 2007. The City's major federal programs are 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 programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City 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'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all the deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2007, and have issued our report thereon date June 18, 2008. Our audit was performed for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Clark, Schaefer, Hachett & Co.

Sidney, Ohio
June 18, 2008

**CITY OF SIDNEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

(A)

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	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	\$ 8,885
Total U.S. Department of Agriculture			8,885
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE OFFICE OF HOUSING AND COMMUNITY PARTNERSHIPS			
Home Investment Partnerships Program	14.239	A-C-05-177-2	243,116
Community Development Block Grant/State's Program	14.228	A-C-05-177-1	41,356
Community Development Block Grant/State's Program	14.228	A-F-05-177-1	39,013
Community Development Block Grant/State's Program	14.228	A-F-06-177-1	78,479
Community Development Block Grant/State's Program	14.228	A-F-07-177-1	9,668
(B) Total Community Development Block Grant/State's Program			168,516
Total U.S. Department of Housing and Urban Development			411,632
U.S. DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	20.106	3-39-0071-0906	29,825
Ariport Improvement Program	20.106	3-39-0071-1007	88,265
Total Airport Improvement Program			118,090
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL TRANSIT ADMINISTRATION PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION			
Formula Grants for Other Than Urbanized Area	20.509	RPT-0075-026-073	24,806
Formula Grants for Other Than Urbanized Area	20.509	RPT-0075-026-072	16,486
Formula Grants for Other Than Urbanized Area	20.509	RPT-0075-025-071	253,153
Total U.S. Grant for Other Urbanized Areas			294,445
Total U.S. Department of Transportation			412,535
Total Federal Financial Assistance			\$ 833,052

(A) This schedule is prepared on the cash basis of accounting

(B) The City receipted in \$14,765 in repayment of revolving loan funds in the year ended December 31, 2007.

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

CITY OF SIDNEY
DECEMBER 31, 2007

1. SUMMARY OF AUDITORS' RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Was there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Was there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	<u>Program</u> <u>CFDA#</u> Formula Grants for Other than Urbanized Areas 20.509
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED
TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding Number	2007-001
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As disclosed in the Note 14 to the financial statements, the City restated net assets of the Capital Improvement Fund as of December 31, 2006. This restatement was necessary due to the fund financial statements recognizing bond issuance costs as a prepaid asset rather than an expense in the year incurred.

Management Response

The City agrees with this restatement and made the required adjustments.

3. FINDINGS RELATED TO THE CITY'S FEDERAL AWARDS

None reported.

SCHEDULE OF PRIOR AUDIT FINDINGS

CITY OF SIDNEY
DECEMBER 31, 2007

None reported.

City of Sidney, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2007



Prepared by:
Finance Department
Ginger S. Adams, CPA, Finance Officer

City of Sidney
Comprehensive Annual Financial Report
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For the Year Ended December 31, 2007

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**CITY OF SIDNEY, OHIO
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2007**

CITY COUNCIL MEMBERS

Michael Barhorst, Mayor

Terry Pellman, Vice-Mayor

Patrick Echemann

Steve Hamby

Frank Mariano

Thomas Miller

Martha Milligan

CITY MANAGER

Steve Stilwell

SENIOR DIRECTORS

Thomas L. Judy	Assistant City Manager
Ginger Adams	Finance Officer
R. Stanley Crosley	Fire Chief
Steven Wearly	Police Chief
William Gosciewski	Public Works Director
Chris Clark	Utilities Director
Michael Smith	Law Director
Robert New	Parks & Recreation Director
Barbara Dulworth	Planning Director
Jocele Fahnestock	City Clerk



City of Sidney

Letter of Transmittal for 2007 Comprehensive Annual Financial Report

June 18, 2008

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

The Comprehensive Annual Financial Report (CAFR) of the City of Sidney, Ohio for the year ended December 31, 2007, is hereby submitted for your review.

Ohio law requires that cities file their annual financial reports with the Ohio Auditor of State's office. Additionally, the Ohio Administrative Code requires that those reports be prepared pursuant to generally accepted accounting principles. The preparation of this CAFR represents the commitment of the City of Sidney to adhere to nationally recognized standards of excellence in financial reporting.

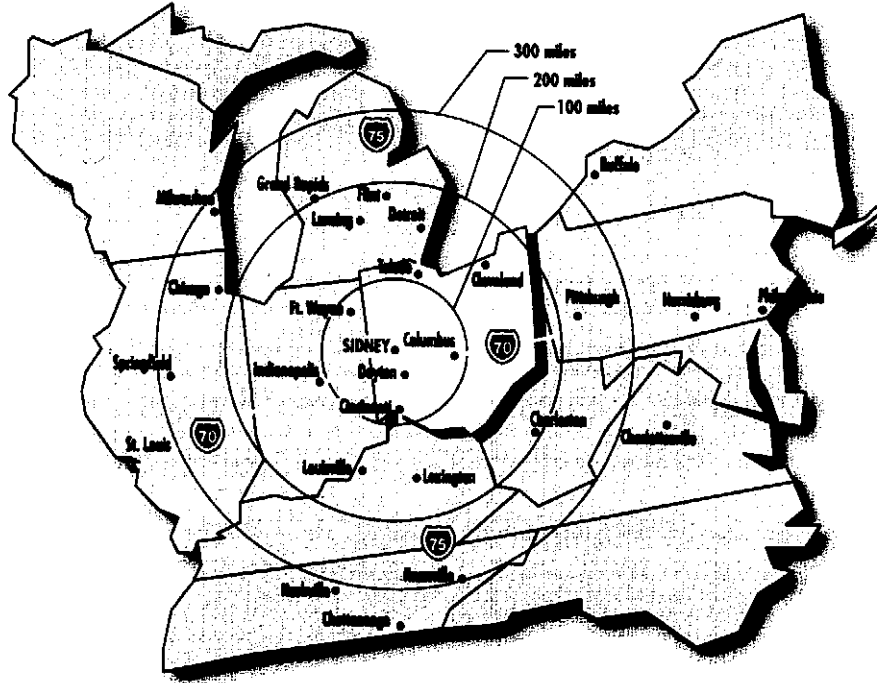
City of Sidney staff prepared all statements, schedules, and other presentations in this report. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that is established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

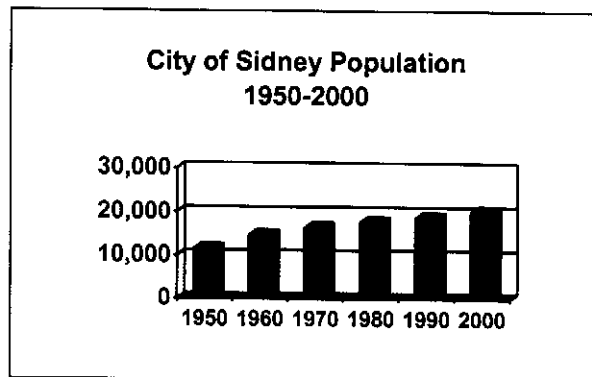
The independent accounting firm Clark, Schaefer Hackett & Co. audited the basic financial statements of the City of Sidney that are included in this report. The financial statements have received an unqualified ("clean") opinion. The independent auditor's report is located at the front of the financial section of this report. 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. The auditors' report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

THE CITY OF SIDNEY

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 of Sidney is the county seat of Shelby County and is the only city within the county.



The City's population growth trend averaged 12.2% per decade from 1950 to 2000. The 2000 Census reported a total population of 20,211, an increase of 8.0% over the 1990 census. During more recent years, the City's population has remained relatively constant. The most recent population estimate, as determined by the U.S. Census Bureau, was 20,139.



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 monitoring and management; street construction and maintenance; refuse / garbage collection and disposal; parks and recreation facilities and programs; operation and maintenance of a municipal cemetery; operation and maintenance of a municipal airport; and operation and maintenance of a county-wide transit system.

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.

Budgetary Controls

City Council adopts an annual budget for all funds and approves subsequent amendments to that budget as needed. The annual budget serves as the foundation for the City's financial planning and control. 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.

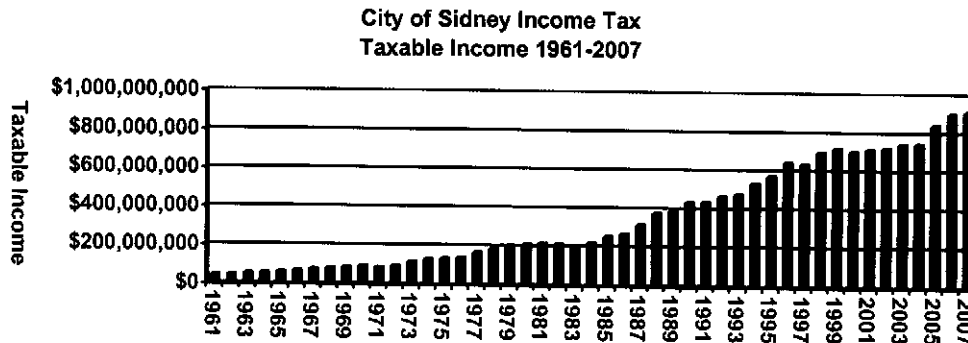
As a budgetary control, a purchasing control system is maintained which generally requires that an applicable appropriation be encumbered, or reserved, before a purchase may be made or a contract executed.

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. The need for labor to construct the canals provided an influx of settlers to the area. The opening of the canal in 1837 brought an increase in regional trade and the first significant period of economic growth in Sidney. 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. The rail system offered a more rapid and economical means of transport for goods and passengers, further enhancing growth in Sidney. Sidney is still served by these railroad lines today. The construction of I-75 through Sidney in 1962 was another major event in the City's development. Creating a transportation link between Michigan and Florida, the interstate sparked an inflow of automobile-related factories, as well as warehouse and distribution facilities. Today, 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.



After 1999, the City began to experience an economic slowdown. Average annual growth in the income tax base slowed to 0.8% from 1999 through 2004. During 2005, signs of a recovery were felt with taxable income increasing 12.2% from the prior year. While this was a considerable jump for a one year period, the average annual growth since 1999 remains at only 2.5%, far below historical averages. For 2007, the annual growth in taxable income was 1.1%. The 2005 increase in taxable income, and thus income tax collections, was primarily due to collections of taxes on businesses' net profits. By the nature of this net profits tax, it can be subject to more volatile swings. On the other hand, collections of amounts withheld by employers from employees' wages have shown moderate growth since 1999, indicating an apparently stable employment base.

Economic Environment – Today

The City of Sidney is an attractive location for industrial development. *Site Selection Magazine* (March 2008) ranked Sidney 62nd among all U.S. small towns for attracting new or expanded business development.

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 2007 were:

<u>Employer</u>	<u>Primary Business</u>	<u>Ave. no. of employees</u>
Emerson Climate Technologies (formerly Copeland Corporation)	Air compressor manufacturing	2,200
NK Parts Industries	Test, assemble, and ship auto parts	1,100
Wilson Memorial Hospital	Acute care facility	896
American Trim	Auto and appliance stampings	750
Ross Castings & Innovation LLC	Aluminum castings for automotive, aerospace, manufacturing & specialty industries	600
Augusta Sportswear	Sportswear and jackets	550
Norcold	Refrigerators for the RV, marine & truck industries	530
Sidney Board of Education	Public education	475
Advanced Composites	Colorized pellets for plastic automotive products.	450
Cargill, Inc.	Soybean refining, meal & oil	373

Source: West Ohio Development Council

In addition, a Honda of America Mfg., Inc. auto engine plant with approximately 2,700 employees is located just eight miles outside of the City. It 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.

2007 Economic Activity and Outlook for the Future

The City of Sidney's economy is fundamentally strong. The Sidney-Shelby County area has a very strong job market. According to Labor Department statistics, Shelby County realizes a net gain of 5,587 workers on a daily basis. While Sidney and Shelby County import a significant portion of their workers, surrounding counties export workers. Miami County sustains a net loss of 5,421 workers per day, Darke County loses 5,432 workers, and Auglaize County loses a net 2,123 workers each day. Shelby County continues to have one of the lowest unemployment rates in the State of Ohio with a 4.8% rate at the end of December 2007, sixteenth lowest of Ohio's 88 Counties. According to the West Ohio Development Council, nearly 457 new jobs were created in the Sidney and Shelby County area during 2007.

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. The WODC reports the following development activity during 2007:

- Ross Castings and Innovation LLC along with BENSAR Developments began construction of a new 120,000 square foot industrial building. The new facility will allow the company to consolidate current operations from Shelby County and Piqua. Approximately 250 jobs are being retained.
- Menard, Inc. constructed a new retail location that was opened in early 2007. This, as well as the front frontage that is being developed, will allow further commercial and retail growth in Sidney.
- Emerson Climate Technologies closed its Shelby, North Carolina plant and moved its production to the Sidney plant. In 2007, Emerson also constructed a new office addition to accommodate new growth and development.
- Although not located within City limits, Honda of America Mfg. invested \$75 million to construct an addition and to purchase machinery, equipment and inventory for its engine plant just north of Sidney. This expansion will allow it to produce more internal engine steel parts which currently are imported from Japan.

The City works to promote and encourage economic development. The City makes available a Municipal Job Creation Income Tax Credit program. This program will allow negotiation of income tax credits in order for the city to meet local support requirements of the State of Ohio's Job Creation Tax Credit Program.

In 2006, the City entered into its first tax incremental financing (TIF) arrangement to open up approximately 43 acres on the west end of the City for commercial development. The TIF arrangement is an economic development tool which, in this case, financed the elimination of the

sewer pump station at the corner of Vandemark Road and Fair Road and the construction of a 24" extension of the Southwest Sanitary Sewer Interceptor.

In 2007, the City arranged its second TIF arrangement to finance the construction of water and sewer infrastructure that will not only allow an area manufacturer to relocate its operations within the City, but also opens up an additional 290 acres for possible future industrial development. Where appropriate, the City will continue to utilize this economic development tool to help grow our community.

Focuses on Long –Term Planning and Financial Policies

The City Council and staff of the City of Sidney are committed to making financial decisions based on a long-term perspective and rooted in sound financial policies. City Council has adopted a comprehensive set of financial policies covering subjects such as fund balance reserves, debt, user charge coverage, and budget-balancing strategies. Council and staff review these policies each year. One very important such policy is that the City will maintain a long-term focus in its financial planning activities. Toward that end, City Council adopts an annual update to a five-year capital and operating financial plan. It is through this planning process that the City has been successful at early identification of financial trends and implementation of timely corrective action. This process has been instrumental in the City of Sidney's financial stability throughout the economic difficulties of the earlier part of this decade.

Major Initiatives

For the Year:

- The City resumed its additional funding of the Capital Improvement Fund. Until recent years, it was the practice of this community to devote more than 20% to capital. This was done by transferring additional funds each year from the General Fund to the Capital Improvement Fund. As a result, effectively 25% or more of income tax dollars were devoted to capital improvements. An additional transfer of \$600,000 from the General Fund to the Capital Improvement Fund was completed for 2007.
- Preliminary design and testing for a new potential water source were ongoing during the year.
- The funding of the new Water Source Reserve Fund began in 2007. A transfer of \$300,000 was made from the Water Fund to the Water Source Reserve Fund. The intent is to build a reserve that can then be used to fund the long-term new water source project.
- With the implementation of the stormwater utility fee, the Stormwater Fund will no longer be completely subsidized by income tax dollars. This saved the General Fund nearly \$276,000 in 2007. Stormwater capital projects continue to be supported by income tax collections.

Future Plans:

The City of Sidney's five-year capital and operating plan for 2008–2012 identified operating initiatives and scheduled several capital projects that will have a positive impact on the quality of life in the community and/or facilitate future growth.

- The City continued its additional funding of the Capital Improvement Fund to the tune of an additional \$850,000, effectively devoting 25% or more of income tax dollars to capital improvements, as opposed to the 20% required to be transferred.

- Widening of Russell Road from west of Vandemark Avenue to Sixth Avenue, including the bridge over Interstate 75 is currently slated for construction in 2009 and 2010. This will significantly improve the east-west flow of traffic in the City. Projected costs total \$3.5 million with grant funding of \$2.2 million expected from the State of Ohio.
- Testing of the potential new water source continues, with the next stage involving the drilling of additional borings and wells, and the continued modeling of the aquifer. The Ohio EPA requires this round of testing for well site approval. A new water source will meet a long term need for increased water quantity and improved water quality permitting the City continued growth. This long-term project of acquiring a new water source will be planned in coordination with making any necessary improvements to the water treatment and water distribution systems within the City. By the end of 2008, debt totaling \$650,000 is expected to be issued to finance the testing phase. If test results continue to be positive and the project is pursued, funding will likely be a combination of grant awards, if available, debt issuance and usage of the Water Source Reserve Fund (now with a balance of \$600,000). It may be necessary to increase water utility rates in the future in order to be able to pay the debt service requirements of such an extensive project.
- To increase the air traffic flow to and from Sidney, the extension of a runway and other improvements at the Sidney Municipal Airport are planned. These improvements are contingent on federal funding.
- Renovation of the first floor of City Hall completed in 2008 allows the space vacated by the police department when they moved to their new facility to be once again utilized. The renovation moved our utility billing and tax collections departments to this centrally-located, first floor location providing easier access for City residents and taxpayers.

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, 2006. 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 nine consecutive years. We believe that this comprehensive annual financial report for the year ended December 31, 2007 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.

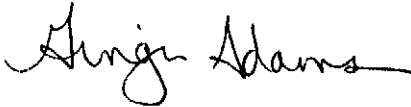
Distinguished Budget Presentation Award. The City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2008, the ninth consecutive year the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

ACKNOWLEDGEMENTS

The preparation of this report was made possible by the efforts of the Finance Department staff, including Jennifer Wagner, Accountant, and Lori Rittenhouse, Account Clerk. Special recognition is extended to Assistance Finance Officer Renee DuLaney, CPA, for her skillful preparation of the financial statements. Our sincere appreciation is extended to all members of the City of Sidney staff, whose efforts have made this report possible.

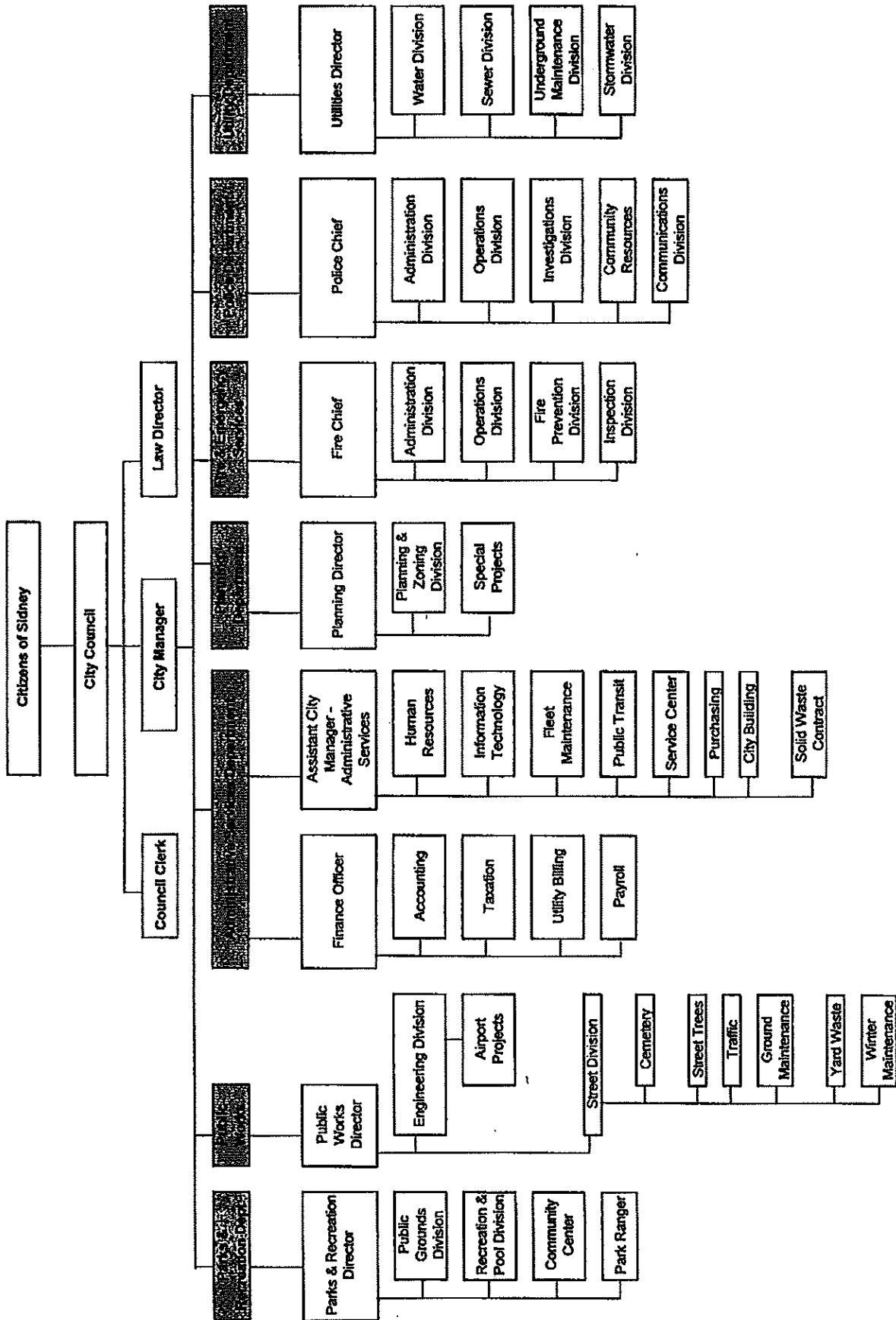
Finally, special thanks are extended to Mayor Michael Barhorst and all other members of City Council whose support enables the City of Sidney to strive for excellence in its financial reporting and to maintain high standards of financial integrity.

Respectfully submitted,

A handwritten signature in black ink that reads "Ginger Adams". The signature is written in a cursive style with a horizontal line at the end.

Ginger S. Adams, 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, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emmer

Executive Director

CITY OF SIDNEY



OHIO



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

Independent Auditors' Report

City Council
City of Sidney
201 West Poplar Street
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, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney, Ohio as of December 31, 2007, and the respective change 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.

As discussed in Note 14 to the financial statements, the City reclassified two funds from governmental funds to proprietary funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 14 and the budgetary comparison information on pages 49 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 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 18, 2008

CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2007
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, 2007. Readers should also review the basic financial statements on pages 16 – 26 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 information.

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 2007?" 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 16) reports all assets and liabilities of the City as of December 31, 2007. The difference between total assets and total liabilities is reported as "net assets". Over time, 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 17) 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, 2007. 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.

Both of the government-wide statements distinguish functions of the City of Sidney that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, judicial, street repair and maintenance, community development and parks. The business-type activities of the City include water, sewer, solid waste collection, stormwater, public transportation, airport and swimming pool.

CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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 & Maintenance Fund, Municipal Income Tax Fund, Capital Improvement Fund, Water Fund, Sewer Fund, Solid Waste Fund, and Stormwater Fund. The creation of some funds is mandated by law and others are created by management to demonstrate financial 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 19 - 21.

The City of Sidney maintains 32 separate governmental funds. The governmental fund financial statements on pages 18 through 21 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, Solid Waste and Stormwater Fund are all considered to be major funds and are displayed separately in the proprietary fund statements on pages 22 through 25. The City has three 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 four 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.

CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

- *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.

The City of Sidney's four fiduciary funds are combined into a single column in the fiduciary fund statement on page 26 of this report. Detailed financial data for those funds can be found in the combining statements in the supplementary information section of this report.

Other Information

Notes to the basic financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 27 – 48 of this report.

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 49 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, 2007 and 2006.

	Net Assets					
	December 31, 2007 and 2006					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006, as restated</u>	<u>2007</u>	<u>2006, as restated</u>	<u>2007</u>	<u>2006, as restated</u>
<u>Assets:</u>						
Current and other assets	\$ 20,714,051	\$ 19,836,867	\$ 6,510,083	\$ 5,264,631	\$ 27,224,134	\$ 25,101,498
Capital assets	<u>52,363,848</u>	<u>50,901,497</u>	<u>36,951,083</u>	<u>37,177,748</u>	<u>89,314,931</u>	<u>88,079,245</u>
Total assets	<u>73,077,899</u>	<u>70,738,364</u>	<u>43,461,166</u>	<u>42,442,379</u>	<u>116,539,065</u>	<u>113,180,743</u>
<u>Liabilities:</u>						
Long-term liabilities	10,154,496	10,078,954	7,853,670	7,071,865	18,008,166	17,150,819
Other liabilities	<u>3,183,802</u>	<u>3,529,937</u>	<u>919,440</u>	<u>2,059,750</u>	<u>4,103,242</u>	<u>5,589,687</u>
Total liabilities	<u>13,338,298</u>	<u>13,608,891</u>	<u>8,773,110</u>	<u>9,131,615</u>	<u>22,111,408</u>	<u>22,740,506</u>
<u>Net Assets:</u>						
Invested in capital assets, net of debt	43,858,848	41,944,422	29,300,583	29,250,922	73,159,431	71,195,344
Restricted	1,321,211	1,546,232	-	-	1,321,211	1,546,232
Unrestricted	<u>14,559,542</u>	<u>13,638,819</u>	<u>5,387,473</u>	<u>4,059,842</u>	<u>19,947,015</u>	<u>17,698,661</u>
Total net assets	<u>\$ 59,739,601</u>	<u>\$ 57,129,473</u>	<u>\$ 34,688,056</u>	<u>\$ 33,310,764</u>	<u>\$ 94,427,657</u>	<u>\$ 90,440,237</u>

CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

As noted earlier, over time net assets may be useful in determining whether or not a government's financial position has been improving. The City's assets were greater than its liabilities by \$94.4 million at the close of 2007, as compared to \$90.4 million at close of 2006.

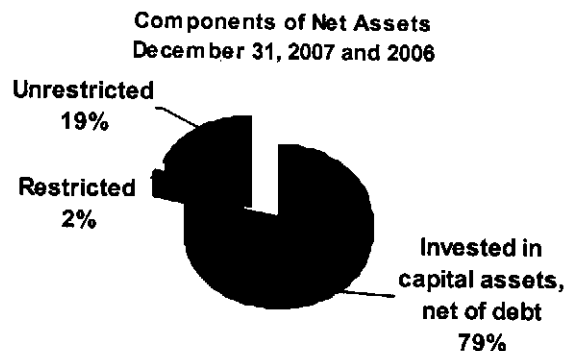
For both governmental and business-type activities, the net assets and capital assets at December 31, 2006 have been restated to reflect the retroactive reporting of the Transportation and Stormwater funds as proprietary funds (previously reported as governmental funds). This restatement decreased governmental net assets and increased business-type net assets by \$6,049,157.

In total, net assets increased \$4.0 million from \$90.4 million to \$94.4 million in 2007. Of this increase, \$2.0 million is from the component, "invested in capital assets, net of related debt" which increased from \$71.2 million at December 31, 2006 to \$73.2 million at December 31, 2007. Increases in this category of net assets generally means that the sum of capital asset additions and bond principal repayments were greater than the sum of depreciation expense and additional debt now associated with capital assets. Capital asset additions totaled \$5.5 million and bond principal repayments were approximately \$1.1 million. Depreciation expense was approximately \$4.2 million with additional debt proceeds of \$225,500.

Restricted net assets are subject to external restrictions as to their use. This category decreased approximately \$225,000 or 15% from \$1.5 million at December 31, 2006 to \$1.3 million at December 31, 2007. These restricted resources decreased mainly in street repair and maintenance because the City's restricted funds are being used to obtain capital assets for maintenance and repair of City streets.

Unrestricted net assets are available for future use as directed by City Council. Overall, this category increased \$2.2 million from \$17.7 million at December 31, 2006 to \$19.9 million at December 31, 2007. It is important to note that although the total unrestricted net assets are \$19.9 million, the unrestricted net assets of the City's business-type activities, \$5.4 million, may not be used to fund governmental activities. Unrestricted net assets of the City's governmental activities increased \$900,000, while unrestricted net assets of the business-type activities increased \$1.3 million. Generally, increases in unrestricted net assets indicate an improvement in financial position.

While the balances of the various components of net assets have changed from year-to-year, the proportion of the components has not changed. The majority of the City's net assets reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding plus any significant unspent bond proceeds. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.



CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The following table presents condensed information on the changes in net assets for the years ended December 31, 2007 and 2006.

	Changes in Net Assets					
	For the Years Ended December 31, 2007 and 2006					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006, as restated</u>	<u>2007</u>	<u>2006, as restated</u>	<u>2007</u>	<u>2006, as restated</u>
Revenues:						
Program revenues:						
Charges for services	2,369,925	1,993,710	9,884,910	8,214,145	12,254,835	10,207,855
Operating grants and contributions	1,379,325	1,688,092	425,636	348,878	1,804,961	2,036,970
Capital grants and contributions	1,657,404	2,293,771	570,879	506,463	2,228,283	2,800,234
General revenues:						
Income taxes	13,417,106	13,261,167	-	-	13,417,106	13,261,167
Property taxes	1,481,916	1,492,187	-	-	1,481,916	1,492,187
Other taxes	819,030	507,960	-	-	819,030	507,960
Grants and other contributions not restricted to specific programs	1,610,680	1,183,356	-	-	1,610,680	1,183,356
Investment income	894,963	545,906	219,224	118,884	1,114,187	664,790
Gain (loss) on sale of capital assets	-	24,248	-	7,352	-	31,600
Miscellaneous	573,924	46,216	-	-	573,924	46,216
Total revenues	24,204,273	23,036,613	11,100,649	9,195,722	35,304,922	32,232,335
Expenses:						
General government	1,726,929	1,741,846	-	-	1,726,929	1,741,846
Police	6,167,426	5,796,813	-	-	6,167,426	5,796,813
Fire	4,372,436	4,120,953	-	-	4,372,436	4,120,953
Judicial	1,686,848	1,517,325	-	-	1,686,848	1,517,325
Health	227,045	214,883	-	-	227,045	214,883
Street repair & maintenance	3,163,599	2,692,044	-	-	3,163,599	2,692,044
Community development	326,902	453,261	-	-	326,902	453,261
Community environment	1,291,112	973,205	-	-	1,291,112	973,205
Parks and recreation	1,628,824	1,461,172	-	-	1,628,824	1,461,172
Basic utility services	54,531	-	-	-	54,531	-
Interest on long-term debt	392,921	411,424	-	-	392,921	411,424
Water	-	-	3,908,385	3,253,577	3,908,385	3,253,577
Sewer	-	-	3,720,157	3,464,976	3,720,157	3,464,976
Solid waste	-	-	1,086,908	1,126,873	1,086,908	1,126,873
Stormwater	-	-	567,091	644,140	567,091	644,140
Transportation	-	-	688,761	652,739	688,761	652,739
Airport	-	-	139,540	261,630	139,540	261,630
Swimming pool	-	-	168,087	181,544	168,087	181,544
Total expenses	21,038,573	19,382,926	10,278,929	9,585,479	31,317,502	28,968,405
Excess before transfers	3,165,700	3,653,687	821,720	(389,757)	3,987,420	3,263,930
Transfers	(555,572)	(190,440)	555,572	190,440	-	-
Change in net assets	2,610,128	3,463,247	1,377,292	(199,317)	3,987,420	3,263,930
Net assets, beginning of year	57,129,473	53,666,226	33,310,764	33,510,081	90,440,237	87,176,307
Net assets, end of year	\$ 59,739,601	\$ 57,129,473	\$ 34,688,056	\$ 33,310,764	\$ 94,427,657	\$ 90,440,237

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The City's net assets increased \$4.0 million for the year ended December 31, 2007 as compared to an increase of \$3.3 million for the prior year.

Total revenues increased nearly \$3.1 million, or 9.5%. The greatest fluctuation was the line item "charges for services" which increased approximately \$2.0 million from 2006 to 2007. This represented a 20.0% increase in charges for services during 2007 compared to a 3.2% decrease for the year ended December 31, 2006. During 2007, several items contributed to this increase:

- A stormwater utility fee became effective January 1, 2007 which resulted in nearly \$276,000 of additional revenue to support the stormwater management and monitoring operations as mandated by the Ohio Environmental Protection Agency.
- Although Honda of America Mfg. auto engine plant is located outside of the City limits, the City has contracted with Honda to transport and process its wastewater. During 2007, the contract was renegotiated. As a result, Honda paid an additional \$325,000 to increase the capacity of what the City will process for them.
- Another large manufacturer in the City dramatically increased its production, thus dramatically increasing its water usage and wastewater discharge. As a result, fees from this manufacturer alone increased over \$400,000 for both water and sewer utilities.
- EMS fee revenues increased nearly \$140,000 as a result of improved collection efforts.

Miscellaneous revenues increased approximately \$528,000 which is a result of liquidating the self insurance fund. After the City changed its employees' health insurance coverage from a self-funded one to a fully insured one, the fund's remaining net assets were reimbursed to the operating departments within the city. These revenue increases were offset by a \$572,000 decrease in capital grants and contributions. When private developers donate streets to the City, the value of the streets is reported as capital grants revenue in the Street Repair & Maintenance governmental activities. The decrease in area of these donated streets from 2006 to 2007 is the primary reason for the decrease in capital grants and contributions. Such income is susceptible to year to year swings.

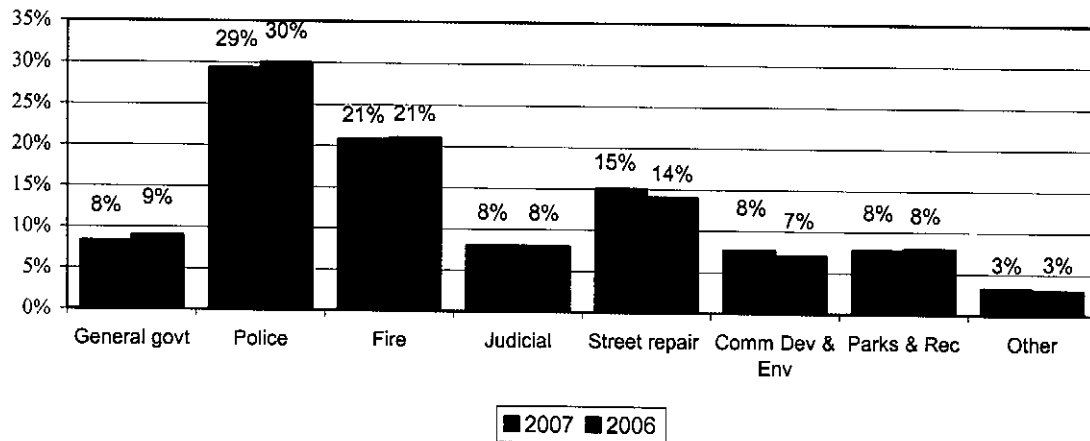
Total expenses increased approximately \$2.3 million, or 8.1%. Water expenses increased from \$3.3 million in 2006 to \$3.9 million in 2007, primarily because of expenses for a potential new water source. Street Repair & Maintenance expenses increased from \$2.7 million during 2006 to \$3.2 million during 2007. The majority of this increase was due to the street fund incurring additional expenses on non capitalized assets as well as an increase in depreciation expense for 2007.

Governmental activities

Governmental net assets increased \$2.6 million, or 4.6%, from \$57.1 million to \$59.7 million. Net assets invested in capital assets, net of related debt, increased about \$1.9 million, or 4.6%. Restricted net assets decreased \$225,000 during the year. Unrestricted net assets increased about \$900,000, or 6.8%. Increases in unrestricted net assets generally indicate an improved financial position. The components of governmental activities' expenses are as follows:

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Governmental Expenses by Program



The composition of expenses by program remained stable from 2006 to 2007. The two largest components of governmental expenses are public safety -- police and fire. Police makes up 29% to 30% of the total, while fire contributes another 21%. Judicial - consisting mainly of municipal court activities - comprises about 8% of governmental activities' expenses. Street repair and maintenance (which includes winter street clean-up) accounts for about 14% to 15% of expenses. The community development and environment program, which includes such activities as community planning, engineering, building inspection and code enforcement, makes up about 7% to 8% of expenses. The parks and recreation program is responsible for 8% of governmental expenses.

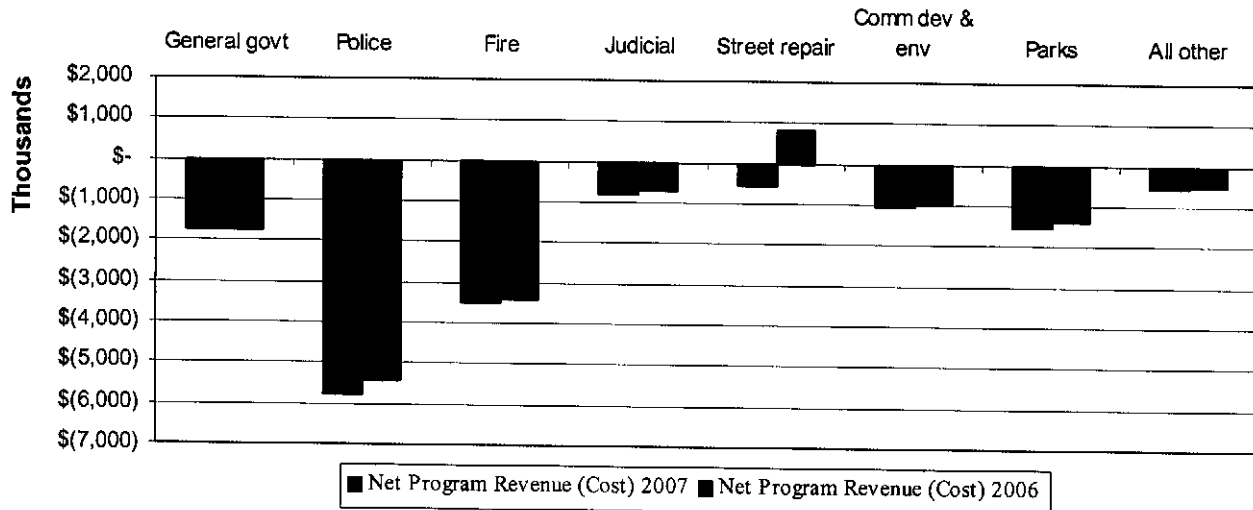
The Statement of Activities reports the expenses of each of the governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a particular program exceeds its program revenue represents the extent to which that program must be 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:

Expenses and Program Revenues - Governmental Activities

	<u>Year Ended December 31, 2007</u>			<u>Year Ended December 31, 2006 Restated</u>		
	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Revenue (Cost)</u>	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Revenue (Cost)</u>
General government	\$ 1,726,929	\$ 5,801	\$ (1,721,128)	\$ 1,741,846	\$ -	\$ (1,741,846)
Police	6,167,426	388,020	(5,779,406)	5,796,813	368,777	(5,428,036)
Fire	4,372,436	853,487	(3,518,949)	4,120,953	687,561	(3,433,392)
Judicial	1,686,848	867,714	(819,134)	1,517,325	800,751	(716,574)
Street repair & maintenance	3,163,599	2,516,499	(647,100)	2,692,044	3,505,690	813,646
Community development	326,902	507,213	180,311	453,261	334,276	(118,985)
Community environment	1,291,112	82,830	(1,208,282)	973,205	76,179	(897,026)
Parks & recreation	1,628,824	64,939	(1,563,885)	1,461,172	72,453	(1,388,719)
All others	674,497	120,151	(554,346)	626,307	129,886	(496,421)
Total net assets	\$21,038,573	\$5,406,654	\$(15,631,919)	\$19,382,926	\$5,975,573	\$(13,407,353)

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Net Program Revenue (Cost) - Governmental Activities



Overall, the net program cost of governmental activities increased by \$2.2 million or 17%. The largest change in net program cost was in Street Repair & Maintenance program going from net program revenue of \$814,000 in 2006 to a \$647,000 net cost in 2007. Its program revenue decreased almost \$1.0 million primarily due to the change in area of private developers' donated streets. The value of this donated asset was \$1.7 million in 2006 and \$763,000 in 2007. Further Street Repair & Maintenance expenses increased approximately \$472,000 because of an increase in depreciation expense for capital assets and an increase in non capitalized assets for 2007.

Business-type activities

Business-type activities' net assets increased \$1.4 million from \$33.3 million to \$34.7 million. While the category, "invested in capital assets, net of debt" increased only \$50,000, the unrestricted category increased \$1.3 million.

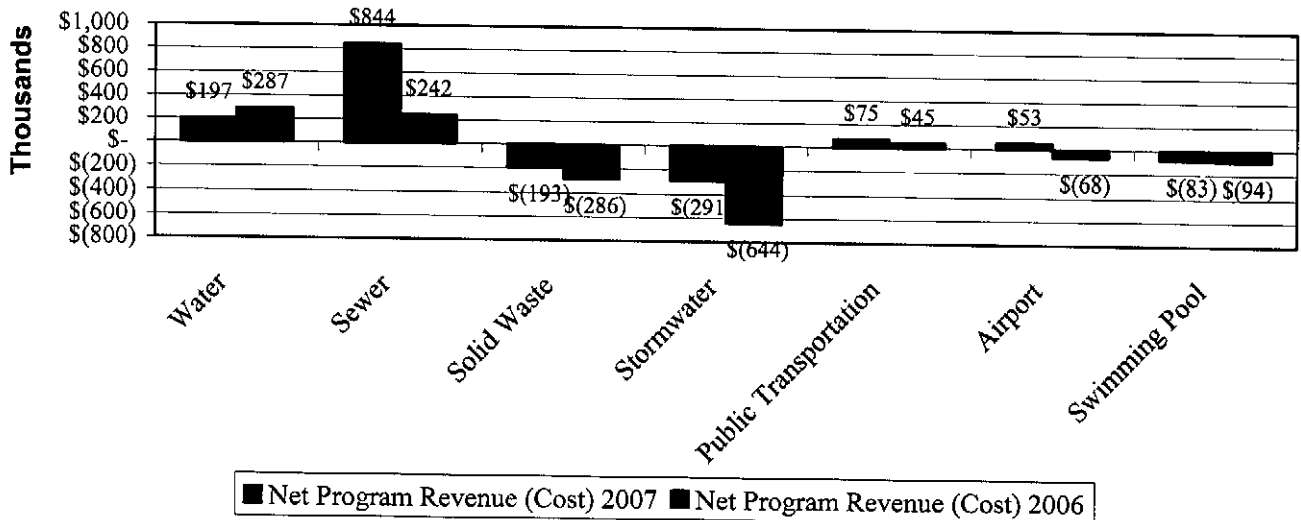
It is the City's policy that revenues of some of the City's business-type activities (water, sewer and residential curbside waste pickup in the Solid Waste Fund) are expected to cover all program costs over the long term. The revenues of other business-type activities cover specified portions of program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

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Management's Discussion and Analysis
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Expenses and Program Revenues - Business-Type Activities

	<u>Year Ended December 31, 2007</u>			<u>Year Ended December 31, 2006</u>		
	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Revenue (Cost)</u>	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Revenue (Cost)</u>
Water	\$ 3,908,385	\$ 4,105,837	\$ 197,452	\$ 3,253,577	\$ 3,540,699	\$ 287,122
Sewer	3,720,157	4,564,326	844,169	3,464,976	3,706,858	241,882
Solid Waste	1,086,908	893,935	(192,973)	1,126,873	841,242	(285,631)
Stormwater	567,091	275,893	(291,198)	644,140	-	(644,140)
Public Transportation	688,761	764,105	75,344	652,739	697,374	44,635
Airport	139,540	192,259	52,719	261,630	194,092	(67,538)
Swimming Pool	168,087	85,070	(83,017)	181,544	87,384	(94,160)
Total business-type activities	<u>\$ 10,278,929</u>	<u>\$ 10,881,425</u>	<u>\$ 602,496</u>	<u>\$ 9,585,479</u>	<u>\$ 9,067,649</u>	<u>\$ (517,830)</u>

Net Program Revenue (Cost) - Business-Type Activities



Program revenue for business-type activities increased \$1.8 million or 20%, while program expenses increased \$700,000, or 7%. Key components of the changes in net program cost for each program are as follows:

- ✓ A Stormwater utility fee which began in January 2007 as a result of the Ohio EPA's mandate that the City participate in the stormwater NPDES Phase II program generated \$276,000 of program revenue.
- ✓ Water program revenues increased nearly \$565,000 primarily due to the product line expansion of a local manufacturer approximately (\$200,000), the settlement of a lawsuit (\$160,000) and liquidation of the self-insurance fund (\$80,000). However, more than offsetting those revenue increases, water program expenses increased nearly \$650,000 mainly as a result of the expenses involved with the testing of a potential new water source.

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- ✓ The sewer program's net program revenue exhibited the largest fluctuation going from net program revenue of \$242,000 in 2006 to \$844,000 in 2007. Sewer program revenues increased approximately \$850,000 mainly due to a \$325,000 payment received from a large manufacturer located outside the City limits who contracted to increase its wastewater treatment capacity and the product line expansion of a local manufacturer. This revenue increase was offset by a \$255,000 increase in program expenses.
- ✓ The operating deficit in the Solid Waste program was primarily created because there is no user fee for yard waste pickup. A cash subsidy of \$114,000, from the General Fund, covered the cost of the yard waste program for 2007.
- ✓ During mid-2006, the City changed its airport operations to a fixed based operator. The drop in airport program expenses is reflective of operating the airport as a fixed based operator for an entire year in 2007 versus only a partial year in 2006.

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 measures net resources available for spending at the end of the fiscal year, subject to any stated restrictions on their use.

The combined fund balance of the City's governmental funds at December 31, 2007 was \$13.0 million. Approximately 88% of this total amount constitutes unreserved fund balances available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending. Approximately \$1,314,000 of this reserved fund balance has already been committed to liquidate purchase orders of the prior period.

Total fund balances of the City's governmental funds increased approximately \$340,000 from \$12.6 at December 31, 2006 to \$13.0 million at December 31, 2007. (See the governmental funds' balance sheets on pages 18 – 19.)

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 increased \$1.2 million for the year ended December 31, 2007. Charges for services increased approximately 18% primarily due to the increase in EMS fees collected. The 16% growth in funds invested during 2007 is the primary factor in the increase in investment income. The liquidation of the self-insurance fund increased miscellaneous revenues in the general fund by approximately \$500,000. 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. Increased tax revenues during 2007 led to transfers to the General Fund totaling \$10.7 million compared to \$10.4 million during 2006. Expenses for the General Fund increased about \$950,000 or 6.8%.

The Capital Improvement Fund also realized the benefits of the increased income tax collections as discussed above. Twenty percent of the net proceeds after collection are transferred in from the Municipal Income Tax Fund. Transfers in increased from \$2.9 million in 2006 to \$3.3 million in 2007. Capital outlays for the Capital Improvement Fund increased from \$2.2 million in 2006 to \$3.1 million in 2007 to continually improve and develop the City's infrastructure. As a result, its fund balance declined from \$2.0 million to \$1.6 million.

The Street Repair & Maintenance Fund, used to account for the state-levied gasoline tax and motor vehicle registration fees, is restricted by law for street maintenance and repair activities. Revenues remained constant during 2007 compared to 2006 showing only a .4% increase.

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Management's Discussion and Analysis
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Expenditures increased about \$500,000 or 5% resulting from street resurfacing expenses being paid out of the Street Fund instead of the Capital Improvement Fund. As a result, the fund balance decreased by \$180,000.

The collection of the City's income tax is recorded in the Municipal Income Tax Fund. Income tax revenues, on the fund's financial statement, increased 1.0% from \$13.1 million to \$13.2 million. Transfers out increased from \$13.0 to \$13.3 million to reflect income tax allocated to the General and Capital Improvement funds. As a result, its fund balance declined from \$2.0 million to \$1.8 million.

The City of Sidney's proprietary fund statements (found on pages 22-23) provide the same type of information found in the government-wide financial statements, but in more detail.

Budget variations

A significant variation in the General Fund of actual results compared to budget was that transfers in were \$10,993,762 compared to a budgeted amount of \$10,527,360 a variance of \$466,000. Amounts received from the City's income tax are transferred to the General Fund based on 80% of the net proceeds after collection. The budget had projected an increase in the income tax transfer to the General Fund in 2007 of about 2.6% over 2006 actual. However, the actual amount transferred increased 7.3% due to increased income tax collection.

Capital asset and debt administration

Capital asset activity

Significant capital activity for the year included:

- ✓ Developers donated streets to the City with a total estimated cost of \$763,000.
- ✓ The third phase of a multiple year State of Ohio project to overlay asphalt on the state routes within the City limits was continued during 2007. The State is directly funding 80% of these costs.
- ✓ At a cost of \$800,000, the sewer pump station at the corner of Vandemark Road and Fair Road was eliminated and the construction of a 24" extension of the Southwest Sanitary Sewer Interceptor was completed in 2007 which opened up approximately 43 acres on the west end of the City for commercial development and increased the capacity to handle flows from the City's industrial customers.
- ✓ Foraker Sanitary Sewer was installed on the south end of the City at a cost of \$211,000.
- ✓ Construction was begun on the Riverwalk bikeway from Westlake to the Cemetery during 2007. It is expected to be 80% grant funded.

Additional detail on the capital asset activity for the year ended December 31, 2007 is presented in the Notes to the Basic Financial Statements in note 5 on pages 38 – 40.

Debt

Bond anticipation notes (BANs) originally issued in 2006 to finance the southwest sanitary sewer project were refinanced in 2007. The original issue of \$600,000 plus accrued interest of \$25,500 were re-issued for another one-year period. The BANs will eventually be rolled over into long-term bonds payable. The funds to pay for the bonds' debt service will come from the City's first tax increment financing (TIF) arrangement.

An additional \$200,000 of general obligation BANs were issued during 2007 to pay for well field testing of a potential new water source for the City. Specifically, the \$200,000 was used to fund the City's required match for a grant awarded by the Army Corp of Engineers.

CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
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Finally, BANs totaling \$240,000 were issued in 2007 to pay for water and sewer improvements to be made along Kuther Road. As opposed to being sold to outside investors, these BANs were purchased internally by the Water and Sewer Funds. Accordingly, these are recorded as interfund receivables in the Water and Sewer Funds and an interfund payable in the TIF-Kuther Road Fund (a non-major governmental fund). The funds to pay for the bonds' debt service will come from the City's second tax increment financing (TIF) arrangement.

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. At December 31, 2007, that debt ceiling was \$21.7 million. 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 \$8.5 million of net indebtedness as of December 31, 2007, leaving a legal debt margin for unvoted debt of approximately \$13.2 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 \$41.5 million, leaving a total debt margin of approximately \$33.0 million.

A summary of debt outstanding at December 31, 2007 and 2006 is as follows:

	<u>General Obligation Bonds</u>	
	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Governmental activities	\$ 8,505,000	\$ 8,950,000
Business-type activities	<u>7,650,500</u>	<u>8,105,000</u>
Total	<u>\$ 16,155,500</u>	<u>\$ 17,055,000</u>

Additional detailed data for all debt of the City of Sidney is presented in the Notes to the Basic Financial Statements in note 9 on pages 43 - 45 and in Schedules 7 and 8 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

**CITY OF SIDNEY, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash	\$ 2,078,581	\$ 689,443	\$ 2,768,024
Restricted cash and investments	250,602	-	250,602
Cash held by outside agent	17,970	-	17,970
Pooled investments	10,630,363	3,757,853	14,388,216
Receivables:			
Income taxes	3,420,847	-	3,420,847
Property taxes	1,622,149	-	1,622,149
Other taxes	147,171	-	147,171
Accounts	-	1,361,376	1,361,376
Interest	110,873	30,993	141,866
Loans	40,301	12,667	52,968
Special assessments	127,691	-	127,691
Grants	32,698	-	32,698
Other	701,664	194,506	896,170
Internal balances	(78,054)	78,054	-
Receivables from other governments	1,349,697	90,056	1,439,753
Inventory	135,107	231,917	367,024
Prepaid items	49,061	27,186	76,247
Bond issuance costs	77,330	36,032	113,362
Capital assets:			
Capital assets not subject to depreciation:			
Land	7,514,688	582,164	8,096,852
Construction in progress	805,980	134,717	940,697
Capital assets net of accumulated depreciation	<u>44,043,180</u>	<u>36,234,202</u>	<u>80,277,382</u>
Total assets	<u>\$ 73,077,899</u>	<u>\$ 43,461,166</u>	<u>\$ 116,539,065</u>
LIABILITIES			
Accounts payable	\$ 757,342	\$ 332,661	\$ 1,090,003
Salaries and benefits payable	902,067	343,808	1,245,875
Unearned revenue	1,495,223	73,203	1,568,426
Accrued interest payable	29,170	38,955	68,125
Refundable deposits	-	130,813	130,813
Noncurrent liabilities:			
Due within one year	512,300	1,165,500	1,677,800
Due in more than one year	<u>9,642,196</u>	<u>6,688,170</u>	<u>16,330,366</u>
Total liabilities	<u>13,338,298</u>	<u>8,773,110</u>	<u>22,111,408</u>
NET ASSETS			
Invested in capital assets, net of related debt	43,858,848	29,300,583	73,159,431
Restricted for:			
Capital projects	10,602	-	10,602
Street repair and maintenance	562,214	-	562,214
Community development projects	557,529	-	557,529
Other purposes - externally imposed restrictions	190,866	-	190,866
Unrestricted	<u>14,559,542</u>	<u>5,387,473</u>	<u>19,947,015</u>
Total net assets	<u>59,739,601</u>	<u>34,688,056</u>	<u>94,427,657</u>
Total liabilities and net assets	<u>\$ 73,077,899</u>	<u>\$ 43,461,166</u>	<u>\$ 116,539,065</u>

See Notes to the Basic Financial Statements.

CITY OF SIDNEY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

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	\$ 1,726,929	\$ -	\$ 5,801	\$ -	\$ (1,721,128)		\$ (1,721,128)
Police	6,167,426	381,264	6,756	-	(5,779,406)		(5,779,406)
Fire	4,372,436	852,947	540	-	(3,518,949)		(3,518,949)
Judicial	1,686,848	817,307	50,407	-	(819,134)		(819,134)
Health	227,045	120,151	-	-	(106,894)		(106,894)
Street repair and maintenance	3,163,599	54,260	1,305,436	1,156,803	(647,100)		(647,100)
Community development	326,902	16,667	1,500	489,046	180,311		180,311
Community environment	1,291,112	82,830	-	-	(1,208,282)		(1,208,282)
Parks and recreation	1,628,824	44,499	8,885	11,555	(1,563,885)		(1,563,885)
Basic utility services	54,531	-	-	-	(54,531)		(54,531)
Interest on long-term debt	392,921	-	-	-	(392,921)		(392,921)
Total governmental activities	21,038,573	2,369,925	1,379,325	1,657,404	(15,631,919)		(15,631,919)
Business-type activities:							
Water	3,908,385	3,905,837	-	200,000		\$ 197,452	197,452
Sewer	3,720,157	4,446,775	-	117,551		844,169	844,169
Solid Waste	1,086,908	893,935	-	-		(192,973)	(192,973)
Stormwater	567,091	275,893	-	-		(291,198)	(291,198)
Public transportation	688,761	244,831	425,636	93,638		75,344	75,344
Airport	139,540	32,569	-	159,690		52,719	52,719
Swimming Pool	168,087	85,070	-	-		(83,017)	(83,017)
Total business-type activities	10,278,929	9,884,910	425,636	570,879		602,496	602,496
Total	\$ 31,317,502	\$ 12,254,835	\$ 1,804,961	\$ 2,228,283	(15,631,919)	602,496	(15,029,423)
General revenues:							
Taxes:							
Income taxes					13,417,106	-	13,417,106
Property taxes					1,481,916	-	1,481,916
Other taxes					819,030	-	819,030
Grants and contributions not restricted to specific programs					1,610,680	-	1,610,680
Investment earnings					894,963	219,224	1,114,187
Miscellaneous					573,924	-	573,924
Transfers					(555,572)	555,572	-
Total general revenues and transfers					18,242,047	774,796	19,016,843
Change in net assets					2,610,128	1,377,292	3,987,420
Net assets - beginning - restated					57,129,473	33,310,764	90,440,237
Net assets - ending					\$ 59,739,601	\$ 34,688,056	\$ 94,427,657

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General Fund</u>	<u>Street Repair & Maintenance Fund</u>	<u>Municipal Income Tax Fund</u>	<u>Capital Improvement Fund</u>	<u>Non-major Governmental Funds</u>
ASSETS					
Pooled cash	\$ 1,094,970	\$ 75,240	\$ 138,164	\$ 297,488	\$ 460,263
Restricted cash and investments	-	-	-	10,602	240,000
Cash held by outside agent	-	-	-	-	17,970
Pooled investments	5,670,855	384,754	693,521	1,493,256	2,325,455
Receivables:					
Income taxes	-	-	3,420,847	-	-
Property taxes	1,544,696	-	-	-	77,453
Other taxes	143,198	-	-	-	3,973
Interest	92,739	3,769	-	-	14,365
Loans	-	-	-	-	40,301
Special assessments	126,949	-	-	-	742
Grants	-	-	-	-	32,698
Other	621,635	15,742	-	22,038	42,249
Due from other funds	151,848	-	-	36,337	2,820
Receivables from other governments	522,848	754,584	-	-	72,265
Inventory	49,255	52,740	-	-	-
Prepaid items	21,576	416	202	-	724
Total assets	<u>\$ 10,040,569</u>	<u>\$ 1,287,245</u>	<u>\$ 4,252,734</u>	<u>\$ 1,859,721</u>	<u>\$ 3,331,278</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 145,220	\$ 32,083	\$ 224,865	\$ 300,774	\$ 30,950
Salaries and benefits payable	801,694	42,705	10,669	-	14,813
Due to other funds	-	-	181,685	-	249,320
Deferred revenue	2,838,866	681,717	2,050,490	-	206,718
Total liabilities	<u>3,785,780</u>	<u>756,505</u>	<u>2,467,709</u>	<u>300,774</u>	<u>501,801</u>
Fund Balances:					
Reserved for:					
Inventory	49,255	52,740	-	-	-
Prepaid items	21,576	416	202	-	724
Long-term loans receivable	-	-	-	-	40,301
Encumbrances	104,072	26,202	1,207	947,528	235,414
Unreserved, reported in:					
General fund	6,079,886	-	-	-	-
Special revenue funds	-	451,382	1,783,616	-	2,547,782
Capital projects funds	-	-	-	611,419	5,256
Total fund balances	<u>6,254,789</u>	<u>530,740</u>	<u>1,785,025</u>	<u>1,558,947</u>	<u>2,829,477</u>
Total liabilities and fund balances	<u>\$ 10,040,569</u>	<u>\$ 1,287,245</u>	<u>\$ 4,252,734</u>	<u>\$ 1,859,721</u>	<u>\$ 3,331,278</u>

**CITY OF SIDNEY, OHIO
RECONCILIATION OF TOTAL
GOVERNMENTAL FUND BALANCES TO NET
ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007**

<p>Total Governmental Funds</p> <hr/> <p>\$ 2,066,125 250,602 17,970 10,567,841</p> <p>3,420,847 1,622,149 147,171 110,873 40,301 127,691 32,698 701,664 191,005 1,349,697 101,995 22,918</p> <hr/> <p>\$ 20,771,547</p> <p>\$ 733,892 869,881 431,005</p> <hr/> <p>5,777,791</p> <hr/> <p>7,812,569</p> <p>101,995 22,918 40,301 1,314,423</p> <p>6,079,886 4,782,780 616,675</p> <hr/> <p>12,958,978</p> <hr/> <p>\$ 20,771,547</p>	<p>Total governmental fund balances \$ 12,958,978</p> <p><i>Amounts reported for governmental activities in the statement of net assets are different because:</i></p> <p>Some assets used in governmental activities are not financial resources and therefore are not reported in the funds:</p> <p style="padding-left: 40px;">Capital Assets 51,700,664 Unamortized bond costs 77,330</p> <p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:</p> <p style="padding-left: 40px;">Income taxes receivable 2,050,490 Other taxes and intergovernmental receivables 1,257,302 Other receivables 974,776</p> <p>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. 903,727</p> <p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds:</p> <p style="padding-left: 40px;">Bonds payable (8,505,000) Compensated absences (1,300,296) Unfunded police and fire pension liability (349,200) Accrued interest on long-term debt (29,170)</p> <hr/> <p>Net assets of governmental activities \$ 59,739,601</p> <hr/>
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CITY OF SIDNEY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund	Street Repair & Maintenance Fund	Municipal Income Tax Fund	Capital Improvement Fund	Non-major Governmental Funds
REVENUES:					
Local taxes	\$ 1,696,030	\$ -	\$ 13,222,130	\$ -	\$ 69,952
Intergovernmental revenues	1,448,088	1,211,737	-	388,325	740,256
Special assessments	253,667	-	-	-	5,199
Charges for services	1,537,945	53,714	-	15,000	130,982
Fines, licenses and permits	144,604	-	-	-	122,903
Investment income	736,597	32,779	-	498	110,832
Miscellaneous receipts and reimbursements	575,440	119,335	7,126	15,525	79,585
Total revenues	<u>6,392,371</u>	<u>1,417,565</u>	<u>13,229,256</u>	<u>419,348</u>	<u>1,259,709</u>
EXPENDITURES:					
Current:					
General government	1,398,540	-	210,194	-	20,683
Police	5,556,193	-	-	-	115,624
Fire	4,025,170	-	-	-	47,857
Judicial	1,307,564	-	-	-	131,246
Health	-	-	-	-	209,334
Street repair and maintenance	-	1,307,067	-	-	117,145
Community development	119,622	-	-	-	201,953
Community environment	981,994	-	-	-	6,611
Parks and recreation	1,366,273	-	-	-	-
Basic utility services	-	-	-	-	45,593
Capital outlay	21,836	285,755	-	3,112,504	468,602
Debt service:					
Principal	-	-	-	425,000	20,000
Interest	-	-	-	387,785	735
Total expenditures	<u>14,777,192</u>	<u>1,592,822</u>	<u>210,194</u>	<u>3,925,289</u>	<u>1,385,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,384,821)</u>	<u>(175,257)</u>	<u>13,019,062</u>	<u>(3,505,941)</u>	<u>(125,674)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	10,654,278	-	-	3,283,570	251,600
Sale of capital assets	-	-	-	74,328	-
Transfers out	<u>(1,111,884)</u>	<u>(5,000)</u>	<u>(13,317,848)</u>	<u>(282,573)</u>	<u>(30,000)</u>
Total other financing sources (uses)	<u>9,542,394</u>	<u>(5,000)</u>	<u>(13,317,848)</u>	<u>3,075,325</u>	<u>221,600</u>
Net change in fund balances	1,157,573	(180,257)	(298,786)	(430,616)	95,926
Fund balances, beginning of year - restated	<u>5,097,216</u>	<u>710,997</u>	<u>2,083,811</u>	<u>1,989,563</u>	<u>2,733,551</u>
Fund balances, end of year	<u>\$ 6,254,789</u>	<u>\$ 530,740</u>	<u>\$ 1,785,025</u>	<u>\$ 1,558,947</u>	<u>\$ 2,829,477</u>

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

Net change in fund balances - total governmental funds \$ 343,840

Total
Governmental
Funds

Amounts reported for governmental activities in the Statement of Activities are different because:

\$ 14,988,112
3,788,406
258,866
1,737,641
267,507
880,706
797,011
22,718,249

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

Capital asset additions 3,344,415
Current year depreciation (2,503,269)

Governmental funds report the sale of assets only to the extent proceeds are received. In the Statement of Activities, gains are reported in General revenues and losses are included in Expenses of Governmental Activities.

Proceeds from sale of assets (74,328)
Net book value of assets sold at a loss (10,237)

Governmental funds do not report transfers of capital assets to or from proprietary funds. In the Statement of Activities, these are reported as transfers.

Net book value of transfers:
From proprietary funds to governmental funds 2,322
From governmental funds to proprietary funds (5,343)
From governmental funds to internal service funds (98,656)

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

Income taxes 194,976
Investment income 19,932
Other revenue 570,160
Contribution of capital assets 763,278

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

445,000

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

Vacation and sick leave benefits (5,860)
Interest payable 1,637
Unfunded pension liability 6,619
Unamortized bond issuance costs (6,038)

Internal service funds are used by management to charge the costs of certain activities, such as the central garage, to individual funds. The net revenue (expense) of the internal service funds related to governmental activities is reported with governmental activities.

(378,320)

1,629,417
5,671,817
4,073,027
1,438,810
209,334
1,424,212
321,575
988,605
1,366,273
45,593
3,888,697
445,000
388,520
21,890,880

827,369
14,189,448
74,328
(14,747,305)

(483,529)
343,840
12,615,138

\$ 12,958,978

Change in net assets of governmental activities

\$ 2,610,128

**CITY OF SIDNEY, OHIO
BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2007**

	Business-type Activities					Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Stormwater	Non-major Enterprise Funds		
ASSETS							
Current assets:							
Cash	\$ 360,084	\$ 246,962	\$ 42,662	\$ 16,624	\$ 23,111	\$ 689,443	\$ 12,456
Pooled investments	1,910,135	1,434,121	214,144	83,446	116,007	3,757,853	62,522
Receivables:							
Accounts	627,697	566,335	78,927	46,388	42,029	1,361,376	-
Interest	16,277	14,716	-	-	-	30,993	-
Loans	-	12,667	-	-	-	12,667	-
Other	6,200	111,153	-	-	77,153	194,506	-
Receivables from other governments	-	-	-	-	90,056	90,056	-
Inventory	164,277	52,553	-	15,087	-	231,917	33,112
Due from other funds	112,000	128,000	-	-	-	240,000	-
Prepaid items	14,248	47,007	-	294	1,669	63,218	26,143
Total current assets	3,210,918	2,613,514	335,733	161,839	350,025	6,672,029	134,233
Noncurrent assets:							
Capital assets:							
Capital assets not subject to depreciation:							
Land	143,179	62,820	11,340	-	364,825	582,164	-
Construction in progress	14,329	38,953	-	-	81,435	134,717	78,615
Capital assets net of accumulated depreciation							
	<u>7,211,708</u>	<u>20,791,276</u>	<u>38,029</u>	<u>5,720,575</u>	<u>2,472,614</u>	<u>36,234,202</u>	<u>584,569</u>
Total noncurrent assets	<u>7,369,216</u>	<u>20,893,049</u>	<u>49,369</u>	<u>5,720,575</u>	<u>2,918,874</u>	<u>36,951,083</u>	<u>663,184</u>
Total assets	\$ 10,580,134	\$ 23,506,563	\$ 385,102	\$ 5,882,414	\$ 3,268,899	\$ 43,623,112	\$ 797,417
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 29,811	\$ 97,851	\$ 162,700	\$ 6,733	\$ 35,566	\$ 332,661	\$ 23,450
Salaries and benefits payable	179,239	96,810	-	25,189	42,570	343,808	32,186
Bonds Payable	200,000	625,500	-	-	-	825,500	-
Current portion of long term debt	-	340,000	-	-	-	340,000	-
Deferred revenue	-	-	73,203	-	-	73,203	-
Refundable deposits	130,813	-	-	-	-	130,813	-
Accrued interest payable	3,237	35,718	-	-	-	38,955	-
	<u>543,100</u>	<u>1,195,879</u>	<u>235,903</u>	<u>31,922</u>	<u>78,136</u>	<u>2,084,940</u>	<u>55,636</u>
Noncurrent liabilities:							
Noncurrent portion of long term debt	-	6,485,000	-	-	-	6,485,000	-
Compensated absences	131,233	35,354	-	21,662	14,921	203,170	-
Total noncurrent liabilities	<u>131,233</u>	<u>6,520,354</u>	<u>-</u>	<u>21,662</u>	<u>14,921</u>	<u>6,688,170</u>	<u>-</u>
Total liabilities	<u>674,333</u>	<u>7,716,233</u>	<u>235,903</u>	<u>53,584</u>	<u>93,057</u>	<u>8,773,110</u>	<u>55,636</u>
NET ASSETS							
Invested in capital assets, net of related debt	7,169,216	13,442,549	49,369	5,720,575	2,918,874	29,300,583	663,184
Unrestricted	2,736,585	2,347,781	99,830	108,255	256,968	5,549,419	78,597
Total net assets	<u>9,905,801</u>	<u>15,790,330</u>	<u>149,199</u>	<u>5,828,830</u>	<u>3,175,842</u>	<u>34,850,002</u>	<u>741,781</u>
Total liabilities and net assets	\$ 10,580,134	\$ 23,506,563	\$ 385,102	\$ 5,882,414	\$ 3,268,899	\$ 43,623,112	\$ 797,417
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(161,946)	
Total net assets from above						<u>34,850,002</u>	
Net assets of business-type activities						<u>\$ 34,688,056</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, 2007

	Business-type Activities					Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Stormwater	Non-major Enterprise Funds		
OPERATING REVENUES:							
Charges for services	\$ 3,453,658	\$ 4,019,003	\$ 893,935	\$ 264,459	\$ 303,097	\$ 8,934,152	\$ 1,190,756
Other revenue	452,179	427,772	-	11,434	59,373	950,758	17,092
Total operating revenues	3,905,837	4,446,775	893,935	275,893	362,470	9,884,910	1,207,848
OPERATING EXPENSES:							
Personal services	1,484,048	1,083,573	-	244,486	504,074	3,316,181	410,886
Operations and maintenance	2,006,440	1,356,504	1,085,143	124,177	292,269	4,864,533	1,346,373
Depreciation	341,520	896,035	8,610	190,959	189,528	1,626,652	80,873
Total operating expenses	3,832,008	3,336,112	1,093,753	559,622	985,871	9,807,366	1,838,132
Operating income (loss)	73,829	1,110,663	(199,818)	(283,729)	(623,401)	77,544	(630,284)
NONOPERATING REVENUES (EXPENSES):							
Investment income	115,365	103,859	-	-	-	219,224	4,671
Intergovernmental	200,000	117,551	-	-	678,965	996,516	-
Gain (loss) on disposal of assets	-	(7,144)	9,800	-	-	2,656	-
Interest expense	(3,237)	(327,652)	-	-	-	(330,889)	-
Total nonoperating revenues (expenses)	312,128	(113,386)	9,800	-	678,965	887,507	4,671
Income (loss) before contributions and transfers	385,957	997,277	(190,018)	(283,729)	55,564	965,051	(625,613)
Capital contributions	-	5,343	-	-	-	5,343	98,656
Transfers out	(31,000)	(8,573)	-	(7,628)	(1,100)	(48,301)	(37,186)
Transfers in	5,073	-	105,000	308,000	180,457	598,530	42,492
Change in net assets	360,030	994,047	(85,018)	16,643	234,921	1,520,623	(521,651)
Total net assets - beginning of year - restated	9,545,771	14,796,283	234,217	5,812,187	2,940,921		1,263,432
Total net assets - end of year	\$ 9,905,801	\$ 15,790,330	\$ 149,199	\$ 5,828,830	\$ 3,175,842		\$ 741,781
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(143,331)	
Change in net assets of business-type activities						\$ 1,377,292	

See Notes to the Basic Financial Statements.

CITY OF SIDNEY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities					Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Stormwater	Non-major Enterprise Funds		
Cash flows from operating activities:							
Receipts from customers and users	\$3,908,595	\$4,425,688	\$ 927,064	\$ 176,174	\$ 243,593	\$ 9,681,114	\$ -
Receipts from interfund services	99,203	4,941	-	55,543	1,789	161,476	1,210,519
Payments to suppliers	(1,624,138)	(883,158)	(986,504)	(87,824)	(273,424)	(3,855,048)	(696,990)
Payments to employees	(1,503,281)	(1,076,173)	(154)	(237,419)	(499,110)	(3,316,137)	(405,540)
Payments or reimbursements for interfund services used or provided	<u>(449,731)</u>	<u>(440,991)</u>	<u>(96,256)</u>	<u>(36,699)</u>	<u>(121,673)</u>	<u>(1,145,350)</u>	<u>(791,939)</u>
Net cash provided by (used for) operating activities	<u>430,648</u>	<u>2,030,307</u>	<u>(155,850)</u>	<u>(130,225)</u>	<u>(648,825)</u>	<u>1,526,055</u>	<u>(683,950)</u>
Cash flows from noncapital financing activities:							
Transfers in	-	-	105,000	308,000	180,457	593,457	-
Transfers out	(31,000)	(3,500)	-	(7,628)	(1,100)	(43,228)	(12,893)
Intergovernmental	<u>200,000</u>	<u>117,551</u>	<u>-</u>	<u>-</u>	<u>678,965</u>	<u>996,516</u>	<u>12,893</u>
Net cash provided by (used for) noncapital financing activities	<u>169,000</u>	<u>114,051</u>	<u>105,000</u>	<u>300,372</u>	<u>858,322</u>	<u>1,546,745</u>	<u>-</u>
Cash flows from capital and related financing activities:							
Acquisition of capital assets	(117,206)	(872,089)	-	(135,451)	(201,059)	(1,325,805)	(21,081)
Proceeds from sale of capital assets	-	-	9,800	-	-	9,800	-
Bond Proceeds	200,000	625,500	-	-	-	825,500	-
Principal paid on capital debt	-	(1,280,000)	-	-	-	(1,280,000)	-
Interest paid on capital debt	-	(332,586)	-	-	-	(332,586)	-
Net cash provided by (used for) capital and related financing activities	<u>82,794</u>	<u>(1,859,175)</u>	<u>9,800</u>	<u>(135,451)</u>	<u>(201,059)</u>	<u>(2,103,091)</u>	<u>(21,081)</u>
Cash flows from investing activities:							
Proceeds from sales and maturities of investments	1,249,411	495,708	33,514	105,787	74,266	1,958,686	115,874
Purchase of investments	(1,712,020)	(679,250)	(45,923)	(144,956)	(101,763)	(2,683,912)	(158,779)
Interest on investments	<u>71,591</u>	<u>65,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,444</u>	<u>4,671</u>
Net cash provided by investing activities	<u>(391,018)</u>	<u>(117,689)</u>	<u>(12,409)</u>	<u>(39,169)</u>	<u>(27,497)</u>	<u>(587,782)</u>	<u>(38,234)</u>
Net increase (decrease) in cash and cash equivalents	291,424	167,494	(53,459)	(4,473)	(19,059)	381,927	(743,265)
Cash and cash equivalents, beginning of year - restated	<u>68,660</u>	<u>79,468</u>	<u>96,121</u>	<u>21,097</u>	<u>42,170</u>	<u>307,516</u>	<u>755,721</u>
Cash and cash equivalents, end of year	<u>\$ 360,084</u>	<u>\$ 246,962</u>	<u>\$ 42,662</u>	<u>\$ 16,624</u>	<u>\$ 23,111</u>	<u>\$ 689,443</u>	<u>\$ 12,456</u>

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

(continued)

	Business-type Activities					Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Stormwater	Non-major Enterprise Funds		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 73,829	\$1,110,663	\$ (199,818)	\$ (283,728)	\$ (623,401)	\$ 77,545	\$ (630,284)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	341,520	896,035	8,610	190,959	189,528	1,626,652	80,873
Change in assets and liabilities:							
Accounts receivable	72,862	176,090	123,256	(46,389)	(41,724)	284,095	-
Other receivables	(5,431)	(75,630)	-	-	(167,209)	(248,270)	-
Due from other funds	(96,283)	(116,607)	-	2,212	1,892	(208,786)	2,671
Prepaid items	(849)	23,760	-	35	92	23,038	(4,713)
Inventory	(18,465)	9,670	-	1,007	-	(7,788)	16,845
Accounts payable	(48,115)	(1,074)	2,384	(1,388)	(13,352)	(61,545)	(9,308)
Salaries and benefits payable and compensated absences	(19,233)	7,400	(154)	7,067	5,349	429	5,346
Due to other funds	-	-	-	-	-	-	(145,380)
Refundable deposits	130,813	-	-	-	-	130,813	-
Deferred revenue	-	-	(90,128)	-	-	(90,128)	-
Net cash provided (used) by operating activities	<u>\$ 430,648</u>	<u>\$2,030,307</u>	<u>\$ (155,850)</u>	<u>\$ (130,225)</u>	<u>\$ (648,825)</u>	<u>\$ 1,526,055</u>	<u>\$ (683,950)</u>
Noncash Investing, capital and financing activities:							
Purchase of equipment on account	\$ 1,182	\$ 50,604	\$ -	\$ -	\$ 26,565	\$ 78,351	\$ -
Contributions of capital assets from governmental funds	\$ -	\$ 43,789	\$ -	\$ -	\$ -	\$ 43,789	\$ 98,656
Net book value of equipment transferred to governmental funds	\$ 5,073	\$ (5,073)	\$ -	\$ -	\$ -	\$ -	\$ 5,306

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2007**

	<u>Agency Funds</u>
ASSETS	
Pooled cash	\$ 4,727
Pooled investments	23,724
Municipal Court checking account	149,014
Accounts receivable	<u>6,317</u>
Total assets	<u>\$ 183,782</u>
LIABILITIES	
Due to employees	\$ 3,057
Due to other governments	127,327
Undistributed monies	<u>53,398</u>
Total liabilities	<u>\$ 183,782</u>

See Notes to the Basic Financial Statements

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2007

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 transportation, 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 criteria established in Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39. Under the provisions of GASB Statement No. 14 (as amended), the City of Sidney is the primary government, since it is a general 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, 2007.

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. As a general rule the effect

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of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water, sewer, and solid waste function as well as the liquidation of the self insurance fund, and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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 enterprise 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 enterprise 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

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contractual provisions.

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 & 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.

Stormwater Fund - Accounts for the operation and maintenance of the stormwater system, and related expenses, including capital improvement. 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, service center operations and health insurance, provided to other departments of the City on a cost-reimbursement basis.

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Fiduciary funds – Generally are used to account for assets held in a fiduciary capacity on behalf of others. The City holds assets in agency funds for four other entities: (1) municipal court, (2) City employees' medical reimbursement plan, (3) Village of Port Jefferson's sewer bills, and (4) the Great Miami River Watershed Protection Project.

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

Those revenues susceptible to accrual are property taxes, income 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 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

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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.

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 County Budget Commission has suspended the requirement to prepare a tax budget. In lieu of the tax budget, about January 1 of each year, the City will submit to the Budget Commission a report of estimated revenue and actual unencumbered cash balances by fund. Thereafter, the County Budget Commission will issue an Official Certificate of Estimated Resources (OCER).
- (2) Unencumbered appropriations lapse at year-end. 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.
- (3) 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 the legal level of control, 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 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

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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.
- An outside agency, Shelby County, is holding cash deposits for the County Auto License Fund.
- Proceeds in the TIF-Kuther Road Fund resulting from an interfund payable are being held separately.
- Escrow deposit is being held for the Ohio Department of Transportation (ODOT).

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" on the balance sheet.

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 restricted cash are considered to be cash equivalents. The beginning cash balance on the cash flows has been restated to reflect the cash balance without investment activity with a maturity of greater than three months.

F. Pooled Investments

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. Interest earnings from investments are allocated to the General Fund except for funds derived from contract, trust agreement, grant terms or City policy which require crediting otherwise.

During the year, the City invested in STAROhio, an investment pool managed by the State Treasurer's Office. STAROhio, which allows governments within the State to pool their funds for investment purposes, is not registered with the Securities Exchange Commission (SEC) as an

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investment company, but does operate in a manner similar to Rule 2a-7 of the Investments Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2007.

G. 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, 2007 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.

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 \$5,000 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 incurred during the construction phase of capital assets of business-type activities and proprietary funds is capitalized.

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

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. 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

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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, 2007 amounted to \$113,362 net of accumulated amortization of \$209,642. These costs are included in the accompanying government-wide 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 financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences" in the separation pay fund.

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.

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. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are

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reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

O. Financial Disclosure

Private-sector standards of accounting and reporting issued 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.

P. 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.
- Loan proceeds between the TIF-Kuther Road fund and the Water and Sewer funds represent interfund debt being held separately. These proceeds are being used to pay for the water and sanitary sewer improvements on a Kuther Road project.
- An outside agency, Shelby County, is holding cash deposits for the County Auto License Fund.
- Escrow deposit is being held for the Ohio Department of Transportation (ODOT). The deposit will be used for 20% of a road resurfacing project. The work has been completed, but the deposit has not yet been withdrawn.

At December 31, 2007 the carrying amount of the City's deposits was \$2,179,680 and the bank balance was \$2,566,838. Of the bank balance:

1. \$300,000 was covered by federal depository insurance;
2. \$2,266,838 was covered by single financial institution collateralized pools held in the financial institution's name as specified by Section 135.181 of the ORC.

3. Pooled Investments:

Each fund's share of investments is shown separately on the combined balance sheet as "pooled investments." Income accrued on investments is shown collectively by fund on the balance sheet as "accrued interest receivable."

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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.

All investments are reported at fair value which is based on quoted market prices.

The City's Pooled investments consisted of the following at December 31, 2007:

	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>	<u>% of Total Pool</u>
U.S. agencies and government-sponsored Corporations	14,097,384	2.11	91.4%
Star Ohio	1,010,661	N/A	6.6%
Certificates of deposit	<u>314,552</u>	0.00	<u>2.0%</u>
Total pooled investments	<u>\$ 15,422,597</u>		<u>100.0%</u>

Portfolio weighted average maturity 2.11

Interest Rate Risk. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. In accordance with its investment policy, the City manages its exposure to declines in fair values by not directly investing in securities maturing more than 5 years from the date of purchase unless matched to a specific cash flow requirement.

Credit Risk. As of December 31, 2007, the City's investments in U.S. agencies (not explicitly guaranteed by the U.S. government) and government-sponsored corporations were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The City's investment policy is silent regarding credit risk of investments.

Custodial Credit Risk. 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, notes issued by United States agencies and government-sponsored corporations, bankers' acceptances and commercial paper of the highest rating. The above legislative investment policy applies to all funds and fund types. All deposits are made to authorized public depositories and contracts with such institutions that are in accordance with the ORC and the City's charter.

Concentration of Credit Risk. To avoid over-concentration in securities from a specific issuer or business sector (excluding securities of the U.S. Treasury, U.S. government-sponsored agencies, and U.S. government-sponsored corporations), the City has established the following maximum allocations based on investments valued at cost:

Certificates of Deposit	40%
Commercial Paper and Banker Acceptances	25%
Repurchase agreements, money market funds, STAR Ohio, and NOW accounts	50%

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Investments in any one issuer that represent 5% or more of the total investments (excluding cash and cash equivalents) at December 31, 2007 include:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
U.S. Government-Sponsored Corporations:		
Federal Farm Credit	\$ 999,250	6.93%
Federal Home Loan Bank	\$ 10,556,463	60.0%
Federal Home Loan Mortgage Corporation	\$ 1,942,325	16.5%

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.

Real property and public utility taxes collected during 2007 were levied on December 31, 2006 on assessed values listed as of January 1, 2006, the lien date. One-half of these taxes were due on February 14, 2007, with the remaining balance due on July 20, 2007.

Tangible personal property taxes collected during 2007 had a levy date of December 31, 2006. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out – the assessment percentage for property, including inventory, is 12.5% for 2007. This percentage will be reduced to 6.25% for 2008 and zero for 2009. One-half of these taxes were due between February 14, 2007, and April 30, 2007, with the remaining balance due on October 20, 2007.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone, and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010,

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the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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 2005. 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 2006 upon which the 2007 levy was based was approximately \$428,275,580. The assessed value for 2007 upon which the 2008 levy will be based is approximately \$395,352,640.

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, 2007 was as follows:

Governmental activities:

	Beginning Balance, as restated	Additions	Disposals	Net Transfers	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 7,298,824	\$ 215,864	\$ -	\$ -	\$ 7,514,688
Construction in progress	144,783	661,198	-	-	805,981
Subtotal	<u>7,443,607</u>	<u>877,062</u>	<u>-</u>	<u>-</u>	<u>8,320,669</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	16,647,858	99,519	-	-	16,747,377
Machinery and equipment	8,793,918	1,255,072	(1,492,263)	89,041	8,645,768
General infrastructure	37,787,537	1,899,405	-	-	39,686,942
Subtotal	<u>63,229,313</u>	<u>3,253,996</u>	<u>(1,492,263)</u>	<u>89,041</u>	<u>65,080,087</u>
Totals at historical cost	<u>70,672,920</u>	<u>4,131,057</u>	<u>(1,492,263)</u>	<u>89,041</u>	<u>73,400,756</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	3,186,435	403,732	-	-	3,590,167
Machinery and equipment	5,924,584	689,251	(1,407,698)	89,041	5,295,177
General infrastructure	10,660,403	1,491,161	-	-	12,151,564
Total accumulated depreciation	<u>19,771,422</u>	<u>2,584,143</u>	<u>(1,407,698)</u>	<u>89,041</u>	<u>21,036,908</u>
Net capital assets	<u>\$ 50,901,498</u>	<u>\$ 1,546,914</u>	<u>\$ (84,565)</u>	<u>\$ -</u>	<u>\$ 52,363,848</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 87,985
Police	340,866
Fire	239,951
Judicial	122,810
Health	12,163
Street repairs and maintenance	1,557,175
Community development	4,126

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Community environment	34,873
Parks and recreation	<u>164,542</u>

Total governmental activities depreciation expense \$ 2,564,491

Portion of internal service funds' depreciation allocable to business-type activities 19,651

Total additions to accumulated depreciation of governmental activities \$ 2,584,142

Business-type activities:

	Beginning Balance, as Restated	Additions	Disposals	Net Transfers	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 526,604	\$ 42,628	\$ -	\$ 12,932	\$ 582,164
Construction in progress	<u>597,019</u>	<u>134,717</u>	<u>-</u>	<u>(597,019)</u>	<u>134,717</u>
Subtotal	<u>1,123,623</u>	<u>177,345</u>	<u>-</u>	<u>(584,087)</u>	<u>716,881</u>
<i>Capital assets being depreciated:</i>					
Buildings, Improvements and infrastructure	50,368,458	851,314	(92,454)	584,087	51,711,405
Machinery and equipment	<u>8,854,311</u>	<u>393,978</u>	<u>(186,265)</u>	<u>(89,041)</u>	<u>8,972,983</u>
Subtotal	<u>59,222,769</u>	<u>1,245,292</u>	<u>(278,719)</u>	<u>495,046</u>	<u>60,684,388</u>
Totals at historical cost	<u>60,346,392</u>	<u>1,422,637</u>	<u>(278,719)</u>	<u>(89,041)</u>	<u>61,401,269</u>
<i>Less accumulated depreciation for:</i>					
Buildings, improvements and infrastructure	16,956,472	1,182,440	(71,771)	-	18,067,141
Machinery and equipment	<u>6,212,175</u>	<u>444,212</u>	<u>(184,301)</u>	<u>(89,041)</u>	<u>6,383,045</u>
Total accumulated depreciation	<u>23,168,647</u>	<u>1,626,652</u>	<u>(256,072)</u>	<u>(89,041)</u>	<u>24,450,186</u>
Net capital assets	<u>\$ 37,177,745</u>	<u>\$ (204,015)</u>	<u>\$ (22,647)</u>	<u>\$ -</u>	<u>\$ 36,951,083</u>

Depreciation was charged to business-type activities as follows:

Water	\$ 341,520
Sewer	896,035
Transportation	103,544
Stormwater	190,959
Solid waste	8,610
Airport	54,685
Swimming Pool	<u>31,299</u>
Total additions to accumulated depreciation of business-type activities	<u>\$ 1,626,652</u>

Beginning balances have been restated to account for the Stormwater and Transportation funds reclassification from governmental funds to proprietary funds. See Note 14 for additional disclosures.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2007

6. Pension Plans:

Both the Ohio Police and Fire Pension Fund and the Ohio Public Employees Retirement System 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 plans, namely, the Ohio Police and Fire Pension Fund or the Ohio Public Employees Retirement System.

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007, the member and employer contribution rates were consistent across all three plans. The 2007 member contribution rates were 9.5%.

The 2007 employer contribution rate was 13.85% of covered payroll. The City's contributions, representing 100% of employer's contributions for the years ended December 31, 2007, 2006, and 2005 were \$1,001,171, \$983,890, and \$902,595, 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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. 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 OF SIDNEY, OHIO
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December 31, 2007

City's contributions to OP&F for the years ended December 31, 2007, 2006 and 2005 were \$1,092,279, \$1,073,562, and \$1,032,231, 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, 2007, the unfunded liability is payable, including principal and interest, in annual installments of \$21,672 through the year 2035. The principal balance of \$349,200 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 OPERS was established.

7. Post Employment Benefits:

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For 2007, the rate was 13.85% of covered payroll, and 5% was used to fund health care for the year January 1 through June 30, 2007 and 6% from July 1 through December 31, 2007.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

Actuarial Review: The assumptions and calculations below were based on OPERS' latest Actuarial Review performed as of December 31, 2006.

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

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2007

investment assets, not to exceed a 12% corridor.

Investment Return: The investment assumption rate for 2006 was 6.5%.

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 number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.5% to 6.3%.

Health Care: Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 5% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

The OPEB's are advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 374,979 active contributing participants at December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. The portion of the City's contributions for 2007 that were used to fund post employment benefits was \$433,707. \$12 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006. The Actuarial Valuation as of December 31, 2006 reported the actuarially accrued liability and the unfunded actuarial accrued liability for OPEB, based on the actuarial cost method used, at \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, and January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides access to postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 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 Post Employment Benefit (OPEB) as described in GASB Statement No. 45. 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. The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to offer health coverage to all eligible individuals.

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 6.75% of covered payroll in 2007 and 7.75% of covered payroll in 2006. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2007

monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2006, the date of the last actuarial valuation available, was 14,120 for police and 10,563 for firefighters. The City's annual contribution for 2006 that were used to fund post-employment benefits was \$179,001 for police and \$161,556 for firefighters. OP&F's total health care expense for the year ended December 31, 2006 was \$120,373,722, which was net of members' contributions of \$58,532,848.

8. Self Insurance:

Effective December 31, 2005, the City changed its employees' health insurance plan from a self-funded one to a fully insured one. The City's plan was accounted for as an internal service fund where assets were set aside for claim settlements. All claims were paid as of December 31, 2006. This fund was fully liquidated in 2007.

9. Noncurrent Liabilities:

The following is a summary of changes for noncurrent liabilities of the City for the year ended December 31, 2007:

	Balance January 1, 2007 as restated	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Governmental activities:					
Capital improvement fund:					
<i>G.O. bonds, 1998-2018, 3.25% to 5.0%, Monumental Bldg renovation</i>	\$ 1,915,000	\$ -	\$ 125,000	\$ 1,790,000	\$ 130,000
<i>G.O. bonds, 2005-2024, 4.0% to 4.7%, Police Facility Construction</i>	7,015,000	-	300,000	6,715,000	305,000
Health department building lease fund:					
<i>G.O. bonds, 1993-2007, 2.5% to 4.9% Paid in full in 2007</i>	20,000	-	20,000	-	-
Accrued vacation and sick leave	1,294,435	931,639	925,778	1,300,296	70,500
Unfunded police/fire pension obligation	<u>355,819</u>	<u>-</u>	<u>6,619</u>	<u>349,200</u>	<u>6,800</u>
Total Governmental Activities Noncurrent Liabilities	<u>\$10,657,703</u>	<u>\$931,639</u>	<u>\$ 1,377,397</u>	<u>\$ 10,154,496</u>	<u>\$ 512,300</u>

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2007

	Balance January 1, 2007 as restated	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Business-type activities:					
Water fund:					
<i>G.O. Bond Anticipation Notes, matures Aug 2008, 4.25%</i>					
	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Sewer fund:					
<i>G.O. bonds, advanced refunding, 1993-2007, 2.5% to 4.9% Paid in full in 2007</i>					
	665,000	-	665,000	-	-
<i>G.O. Bond Anticipation Notes, matures Aug 2007, 4.25%</i>					
	600,000	-	600,000	-	-
<i>G.O. Bond Anticipation Notes, matures Aug 2008, 4.25%</i>					
	-	625,500	-	625,500	625,500
<i>G.O. bonds, 2001-2022, 4.0% to 4.625%</i>					
	6,840,000	-	15,000	6,825,000	340,000
Accrued vacation and sick leave					
	246,865	283,989	166,018	364,836	5,112
Total	<u>\$ 8,351,865</u>	<u>\$ 1,109,489</u>	<u>\$ 1,446,018</u>	<u>\$ 8,015,336</u>	<u>\$ 1,170,612</u>

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 will be paid with sewer revenues generated from sewer rates.

The general obligation bond anticipation notes (BANs) totaling \$600,000, originally issued in 2006, matured in August 2007. At that time, these notes, along with accrued interest of \$25,500, were re-issued for another one-year period. The proceeds from these BANs were used to pay for the southwest sanitary sewer improvements. The BANs will eventually be rolled over into long-term bonds payable. The funds to pay for the bonds' debt service will come from the City's first tax incremental financing (TIF) arrangement.

The general obligation BANs issued during 2007 totaling \$200,000 was used to pay for well field testing of a potential new water source for the City. Specifically, the \$200,000 was used to fund the City's required match for a grant awarded by the Army Corp of Engineers.

Annual requirements to pay principal and interest on long-term debt at December 31, 2007 are:

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2007

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	435,000	369,535	340,000	307,486
2009	445,000	350,835	350,000	292,611
2010	460,000	332,360	365,000	277,299
2011	475,000	313,260	375,000	261,330
2012	490,000	293,510	390,000	244,830
2013-2017	2,730,000	1,144,560	2,220,000	948,945
2018-2022	2,435,000	561,935	2,785,000	398,044
2023-2025	<u>1,035,000</u>	<u>73,555</u>	-	-
Total	<u>\$ 8,505,000</u>	<u>\$ 3,439,550</u>	<u>\$ 6,825,000</u>	<u>\$ 2,730,545</u>

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.

11. Interfund Receivables and Payables:

Interfund balances in the basic financial statements at December 31, 2007 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 151,848	\$ -
Municipal income tax	-	181,685
Capital improvement	36,337	-
Non-major governmental funds	2,820	249,320
Sewer	128,000	-
Water	<u>112,000</u>	<u>-</u>
	<u>\$ 431,005</u>	<u>\$ 431,005</u>

Bond anticipation notes (BAN's) were originally issued in 2007 to fund the water and sewer improvements necessary for the City's second tax increment financing (TIF) arrangement. As opposed to being sold to outside investors, these BAN's were purchased internally by the Water and Sewer Funds. As such, the \$128,000 interfund receivable in the Sewer Fund, the \$112,000 interfund receivable in the Water Fund and \$240,000 of the interfund payable in a non-major governmental fund were recorded and are outstanding as of December 31, 2007. These BAN's are expected to be refinanced and sold to outside investors. See Note 15 for additional information.

All other interfund balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2007

the accounting system, and (3) payments between funds are made.

12. Interfund Transfers:

Interfund transfers in the basic financial statements for the year ended December 31, 2007 were:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 10,654,278	\$ 1,111,884
Street repair and maintenance	-	5,000
Municipal income tax	-	13,317,848
Capital improvement	3,283,570	282,573
Non-major governmental funds	251,600	30,000
Internal service fund	42,492	37,186
Water	5,073	31,000
Sewer	-	8,573
Solid waste	105,000	-
Stormwater	308,000	7,628
Non-major enterprise funds	<u>180,457</u>	<u>1,100</u>
	<u>\$ 14,830,470</u>	<u>\$ 14,832,792</u>
Net book value of internal service and enterprise capital		
Capital assets transferred to governmental activities		<u>(2,322)</u>
		<u>\$ 14,830,470</u>

All interfund transfers are routine in nature and are to subsidize the operations of the applicable funds. These transfers are in compliance with Ohio Revised Code sections 5705.14-5705.16 and the City's charter and ordinances.

13. 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), a joint insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability.

The City pays an annual premium to MVRMA for this coverage. The agreement provides that the MVRMA 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 2007, the Association's per-occurrence retention limit for property was \$200,000, 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 \$1,000,000. After the retention limits are reached, excess insurance will cover up to the limits stated below.

General Liability (including law enforcement)	\$10,000,000 per occurrence
Automobile Liability	\$10,000,000 per occurrence
Public Officials Liability	\$10,000,000 per occurrence
Boiler and Machinery	BLANKET COVERAGE
Property	BLANKET COVERAGE
Earthquake	\$25,000,000 per occurrence
Flood	\$25,000,000 per occurrence

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2007

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.

14. Prior Year Restatements:

Reclassification of funds from governmental fund to proprietary (business-type) fund:

During 2007, the Stormwater and Transportation funds were reclassified from governmental funds to proprietary funds. Therefore, the beginning balances for these funds have been restated to reflect change in measurement focus and basis of accounting to the flow of economic resources measurement focus and the accrual basis of accounting. The cost and accumulated depreciation of these capital assets and compensated absences for vacation and sick leave at January 1, 2007 were as follows:

	<u>Stormwater</u>	<u>Transportation</u>	<u>Total</u>
Proprietary fund machinery & equipment, at cost	\$ 162,692	\$ 416,084	\$ 578,276
Proprietary fund infrastructure, at cost	7,183,418	-	7,183,418
Accumulated depreciation	<u>(1,570,027)</u>	<u>(215,825)</u>	<u>(1,785,853)</u>
Net capital assets	<u>\$ 5,776,083</u>	<u>\$ 200,259</u>	<u>\$ 5,976,341</u>
Compensated absences	<u>\$ (28,420)</u>	<u>\$ (29,029)</u>	<u>\$ (57,449)</u>

Beginning balance restatement for the Stormwater and Transportation funds are as follows:

	<u>Stormwater</u>	<u>Transportation</u>	<u>Total</u>
Net assets at the beginning of the year as previously reported	\$ 64,524	\$ 65,740	\$ 130,264
Change in accounting principle in reporting entity as a proprietary fund			
Infrastructure and machinery & equipment	5,776,083	200,259	5,976,341
Compensated absences	<u>(28,420)</u>	<u>(29,029)</u>	<u>(57,449)</u>
Net assets at the beginning of the year, as restated	<u>\$ 5,812,187</u>	<u>\$ 236,970</u>	<u>\$ 6,049,157</u>

Correction of error:

In the past, bond issuance costs have been recorded on the fund financial statements as a prepaid item and have been recognized as an expense ratably over the life of the bonds. It was determined in 2007 that these expenses should have been expensed during the year incurred. As a result, the beginning fund balance of the Capital Improvement Fund has been restated as follows:

	<u>Capital Improvement Fund</u>
Fund balance at the beginning of the year, as previously reported	\$ 2,072,930
Correction of error, elimination of remaining prepaid item	<u>\$ (83,367)</u>
Fund balance at the beginning of the year, as restated	<u>\$ 1,989,563</u>

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2007

There was no change to the government-wide financial statements as a result of this correction.

15. Subsequent Event:

Subsequent to year-end, the City is expected to issue various purpose general obligation bond anticipation notes (BANs) totaling \$1,546,000. The portions comprising this consolidated issuance will be as follows:

<u>Purpose</u>	<u>Amount</u>
Repay the \$200,000 general obligation BANs originally issued in 2007 and maturing in August 2008. Issue an additional \$450,000 of debt to complete well field testing on the potential new water source for the City.	\$650,000
Repay the \$625,500 general obligation BANs originally issued in 2006, now due to mature in August 2008. Original proceeds were used to pay for the southwest sanitary sewer system improvements. Debt service will come from the City's first tax incremental financing (TIF) arrangement.	\$650,000
Repay the general obligation BANs originally issued in 2007 to fund the water and sewer improvements on Kuther Road. Such improvements were necessary for the City's second TIF arrangement. Since these BANs were originally purchased internally by the Water and Sewer Funds, the related interfund receivables and interfund payable will be liquidated. Ultimate debt service from this issuance will come from the City's second TIF arrangement.	<u>\$246,000</u>
Total Bond Anticipation Note (BAN) issuance	<u>\$1,546,000</u>

These notes are expected to be issued on June 26, 2008.

**CITY OF SIDNEY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Local taxes	\$ 1,632,179	\$ 1,632,179	\$ 1,703,451	\$ 71,272
Intergovernmental revenues	1,364,723	1,364,723	1,440,218	75,495
Special assessments	219,550	219,550	253,667	34,117
Charges for services	1,525,502	1,525,502	1,523,059	(2,443)
Fines, licenses and permits	160,720	160,720	145,032	(15,688)
Investment income	415,725	415,725	505,431	89,706
Miscellaneous receipts and reimbursements	-	-	-	-
	<u>1,337,595</u>	<u>1,337,595</u>	<u>1,375,604</u>	<u>38,009</u>
Total revenues	<u>6,655,994</u>	<u>6,655,994</u>	<u>6,946,462</u>	<u>290,468</u>
EXPENDITURES:				
Current:				
General government	2,240,434	2,314,609	2,227,092	87,517
Police	5,696,963	5,714,763	5,556,236	158,527
Fire	4,112,560	4,124,771	4,008,974	115,797
Judicial	1,343,194	1,343,194	1,305,097	38,097
Community development	120,306	120,651	118,160	2,491
Community environment	990,694	990,694	974,973	15,721
Parks and recreation	1,399,423	1,413,211	1,367,751	45,460
Capital outlay	20,029	20,029	20,029	-
	<u>15,923,603</u>	<u>16,041,922</u>	<u>15,578,312</u>	<u>463,610</u>
Total expenditures	<u>15,923,603</u>	<u>16,041,922</u>	<u>15,578,312</u>	<u>463,610</u>
Deficiency of revenues under expenditures	<u>(9,267,609)</u>	<u>(9,385,928)</u>	<u>(8,631,850)</u>	<u>754,078</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	10,527,362	10,527,362	10,993,762	466,400
Sales of capital assets	20,000	20,000	-	(20,000)
Transfers out	<u>(1,111,884)</u>	<u>(1,111,884)</u>	<u>(1,111,884)</u>	<u>-</u>
Total other financing sources	<u>9,435,478</u>	<u>9,435,478</u>	<u>9,881,878</u>	<u>446,400</u>
Net change in fund balance	167,869	49,550	1,250,028	1,200,478
Fund Balances, beginning of year	4,983,267	4,983,267	4,983,267	-
Prior Year Encumbrances	<u>177,308</u>	<u>177,308</u>	<u>177,308</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 5,328,444</u>	<u>\$ 5,210,125</u>	<u>\$ 6,410,603</u>	<u>\$ 1,200,478</u>

**CITY OF SIDNEY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
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, 2007**

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Intergovernmental revenues	\$ 1,199,950	\$ 1,199,950	\$ 1,228,965	\$ 29,015
Miscellaneous receipts and reimbursements	<u>143,395</u>	<u>143,395</u>	<u>143,371</u>	<u>(24)</u>
Total revenues	<u>1,343,345</u>	<u>1,343,345</u>	<u>1,372,336</u>	<u>28,991</u>
EXPENDITURES:				
Current:				
Street repair & maintenance	1,022,015	1,310,677	1,300,205	10,472
Capital Outlay	<u>285,755</u>	<u>285,755</u>	<u>285,755</u>	<u>-</u>
Total expenditures	<u>1,307,770</u>	<u>1,596,432</u>	<u>1,585,960</u>	<u>10,472</u>
Excess of revenues over expenditures	<u>35,575</u>	<u>(253,087)</u>	<u>(213,624)</u>	<u>39,463</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(5,000)	(5,000)	(5,000)	-
Sales of capital assets	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Total other financing uses	<u>(4,800)</u>	<u>(4,800)</u>	<u>(5,000)</u>	<u>(200)</u>
Net change in fund balance	30,775	(257,887)	(218,624)	39,263
Fund Balances, beginning of year	578,504	578,504	578,504	-
Prior Year Encumbrances	<u>48,043</u>	<u>48,043</u>	<u>48,043</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 657,322</u>	<u>\$ 368,660</u>	<u>\$ 407,923</u>	<u>\$ 39,263</u>

**CITY OF SIDNEY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:				
Local taxes	\$ 13,132,427	\$ 13,132,427	\$ 13,516,419	\$ 383,992
Miscellaneous receipts and reimbursements	<u>7,174</u>	<u>7,174</u>	<u>7,126</u>	<u>(48)</u>
Total revenues	<u>13,139,601</u>	<u>13,139,601</u>	<u>13,523,545</u>	<u>383,944</u>
EXPENDITURES:				
Current:				
General government	<u>217,075</u>	<u>217,075</u>	<u>208,507</u>	<u>8,568</u>
Total expenditures	<u>217,075</u>	<u>217,075</u>	<u>208,507</u>	<u>8,568</u>
Excess of revenues over expenditures	<u>12,922,526</u>	<u>12,922,526</u>	<u>13,315,038</u>	<u>392,512</u>
OTHER FINANCING USES:				
Transfers out	<u>(13,159,203)</u>	<u>(13,742,203)</u>	<u>(13,742,203)</u>	<u>-</u>
Total other financing uses	<u>(13,159,203)</u>	<u>(13,742,203)</u>	<u>(13,742,203)</u>	<u>-</u>
Net change in fund balance	(236,677)	(819,677)	(427,165)	392,512
Fund Balances, beginning of year	1,253,701	1,253,701	1,253,701	-
Prior Year Encumbrances	<u>2,339</u>	<u>2,339</u>	<u>2,339</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 1,019,363</u>	<u>\$ 436,363</u>	<u>\$ 828,875</u>	<u>\$ 392,512</u>

CITY OF SIDNEY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2007

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. About January 1, the City must submit to the County Budget Commission a statement, classified by fund, of estimated cash receipts for the year and beginning-of-year unencumbered fund balances. The County Budget Commission certifies these estimates 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. The City may, from time to time throughout the year, request an amended Certificate to reflect updated resource estimates.
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;

CITY OF SIDNEY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2007

- b. establish capital project priorities and make advance preparation for the funding of projects within the five-year horizon;
 - 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 Policies 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, 2007, from the GAAP basis to the budget basis are as follows:

	<u>General Fund</u>	<u>Street Repair & Maintenance Fund</u>	<u>Municipal Income Tax Fund</u>
Net change in fund balance - <i>GAAP Basis</i>	\$ 1,157,573	\$ (180,257)	\$ (298,786)
Increase / (decrease):			
Due to revenues	554,091	(45,229)	294,289
Due to expenditures	(801,120)	6,862	1,687
Due to other financing sources and uses	339,484	-	(424,355)
Excess/(deficiency) of revenues and other sources over/(under) expenditures and other uses - Budget Basis	<u>\$ 1,250,028</u>	<u>\$ (218,624)</u>	<u>\$ (427,165)</u>

City of Sidney



Ohio

CITY OF SIDNEY, OHIO
Fund Descriptions

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:

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

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

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.

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

TIF – Kuther Road Fund. To account for the financial resources and expenditures related to the development of the water and sewer infrastructure along Kuther Road.

TIF – Menards Fund. To account for the financial resources and expenditures related to the development of the southwest sanitary sewer.

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.

C.D.B.G. Program Income Fund. To account for the income generated from C.D.B.G. grant programs. Funds must be used for grant-eligible activities.

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/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.

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.

CITY OF SIDNEY, OHIO
Fund Descriptions

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.

F.E.M.A. Grant Fund. To account for funds received from Federal Emergency Management Association (FEMA).

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.

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.

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

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.

Municipal Court Computer Fund. To account for additional court fees levied in accordance with Ohio Revised Code for the sole purpose of procuring and maintaining computer systems for the office of the clerk of courts.

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.

CITY OF SIDNEY, OHIO
Fund Descriptions

Non-major capital projects fund:

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

Walkway Grant Fund. To account for the financial resources used for the construction of the Canal Path Walkway.

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.

Stormwater Management Fund. Accounts for the operation and maintenance of the stormwater system, and related expenses, including capital improvement. The operating expenses are financed through user charges, and as necessary, a subsidy from the General Fund. The Capital Improvements are subsidized by the General Fund.

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 a subsidy, as necessary, from the General Fund.

Transportation Fund. Accounts for the operation and maintenance of the Shelby Public Transit (formerly Dial-A-Ride) service, and related expenses, including capital improvement. The operating expenses and capital improvements are supported by customer charges and governmental grants. Any remaining funding is split 65% subsidy from the General Fund and 35% subsidy from Shelby County.

CITY OF SIDNEY, OHIO
Fund Descriptions

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 Building Fund. To account for the operation of the Service Center building. This activity is funded by charges to City departments that use this services.

Garage/Fleet Operation Fund. To account for the operation of the municipal garage. This activity is funded by charges to City departments that use this service.

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. This fund was liquidated during 2007.

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.

River Clean Up Fund. To account for funds collected and disbursed on behalf of the Upper Great Miami River Watershed Protection Project.

**CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2007**

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Pooled cash	\$ 458,104	\$ 2,159	\$ 460,263
Restricted cash and investments	240,000	-	240,000
Cash held by outside agent	17,970	-	17,970
Pooled investments	2,314,618	10,837	2,325,455
Receivables:			
Property taxes	77,453	-	77,453
Other taxes	3,973	-	3,973
Interest	14,365	-	14,365
Loans	40,301	-	40,301
Special assessments	-	742	742
Grants	32,698	-	32,698
Other	42,249	-	42,249
Due from other funds	2,820	-	2,820
Receivables from other governments	72,265	-	72,265
Prepaid items	<u>724</u>	<u>-</u>	<u>724</u>
 Total assets	 <u>\$ 3,317,540</u>	 <u>\$ 13,738</u>	 <u>\$ 3,331,278</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 30,950	\$ -	\$ 30,950
Salaries and benefits payable	14,813	-	14,813
Due to other funds	249,320	-	249,320
Deferred revenue	<u>205,976</u>	<u>742</u>	<u>206,718</u>
 Total liabilities	 <u>501,059</u>	 <u>742</u>	 <u>501,801</u>
 Fund Balances:			
Reserved for:			
Prepaid items	724	-	724
Long-term loans receivable	40,301	-	40,301
Encumbrances	227,674	7,740	235,414
Unreserved	<u>2,547,782</u>	<u>5,256</u>	<u>2,553,038</u>
 Total fund balances	 <u>2,816,481</u>	 <u>12,996</u>	 <u>2,829,477</u>
 Total liabilities and fund balances	 <u>\$ 3,317,540</u>	 <u>\$ 13,738</u>	 <u>\$ 3,331,278</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, 2007

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
REVENUES:			
Local taxes	\$ 69,952	\$ -	\$ 69,952
Intergovernmental revenues	740,256	-	740,256
Special assessments	-	5,199	5,199
Charges for services	130,982	-	130,982
Fines, licenses and permits	122,903	-	122,903
Investment income	110,832	-	110,832
Miscellaneous receipts and reimbursements	79,585	-	79,585
	<u>1,254,510</u>	<u>5,199</u>	<u>1,259,709</u>
EXPENDITURES:			
Current:			
General government	20,683	-	20,683
Police	115,624	-	115,624
Fire	47,857	-	47,857
Judicial	131,246	-	131,246
Health	209,334	-	209,334
Street repairs and maintenance	117,145	-	117,145
Community development	201,953	-	201,953
Community environment	-	6,611	6,611
Basic utility services	45,593	-	45,593
Capital outlay	468,602	-	468,602
Debt service:			
Principal	20,000	-	20,000
Interest	735	-	735
	<u>1,378,772</u>	<u>6,611</u>	<u>1,385,383</u>
Deficiency of revenues under expenditures	<u>(124,262)</u>	<u>(1,412)</u>	<u>(125,674)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	251,600	-	251,600
Transfers out	<u>(10,000)</u>	<u>(20,000)</u>	<u>(30,000)</u>
	<u>241,600</u>	<u>(20,000)</u>	<u>221,600</u>
Net change in fund balance	117,338	(21,412)	95,926
Fund balances, beginning of year - restated	<u>2,699,143</u>	<u>34,408</u>	<u>2,733,551</u>
Fund balances, end of year	<u>\$ 2,816,481</u>	<u>\$ 12,996</u>	<u>\$ 2,829,477</u>

CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2007

(continued)

	State Highway	County Auto License	Cemetery	ITF - Kautber Rd	ITF - Memands	C.D.B.G.	C.D.B.G. Revolving Loan	C.D.B.G. Program Income	H.O.M.E. Program Income
ASSETS									
Pooled cash	\$ 4,014	\$ 80	\$ 10,275	\$ -	\$ -	\$ 23,379	\$ 48,270	\$ 921	\$ 9,614
Cash held by outside agent	-	17,970	-	-	-	-	-	-	-
Restricted cash and investments	-	-	-	240,000	-	-	-	-	-
Pooled investments	20,529	403	51,576	-	-	119,552	246,838	4,708	49,162
Receivables:									
Property taxes	-	-	-	-	77,453	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Interest	202	-	-	-	-	1,171	2,586	45	482
Loans	-	-	-	-	-	-	40,301	-	-
Grants	-	-	-	-	-	32,698	-	-	-
Other	-	-	21,100	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Receivables from other governments	72,265	-	-	-	-	-	-	-	-
Prepaid items	-	-	349	-	-	-	-	-	-
Total assets	\$ 97,010	\$ 18,453	\$ 83,300	\$ 240,000	\$ 77,453	\$ 176,800	\$ 337,995	\$ 5,674	\$ 59,258
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 1,911	\$ -	\$ -	\$ 11,715	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	9,581	-	-	-	-	-	-
Due to other funds	-	-	-	240,000	-	6,500	-	-	-
Deferred revenue	66,019	17,970	20,776	-	77,453	1,133	2,340	44	466
Total liabilities	66,019	17,970	32,268	240,000	77,453	19,348	2,340	44	466
Fund Balances:									
Reserved for:									
Prepaid items	-	-	349	-	-	-	-	-	-
Long-term loans receivable	-	-	-	-	-	-	40,301	-	-
Encumbrances	-	-	3,010	-	-	6,891	212,956	-	-
Unreserved	30,991	483	47,673	-	-	150,561	82,398	5,630	58,792
Total fund balances	30,991	483	51,032	-	-	157,452	335,655	5,630	58,792
Total liabilities and fund balances	\$ 97,010	\$ 18,453	\$ 83,300	\$ 240,000	\$ 77,453	\$ 176,800	\$ 337,995	\$ 5,674	\$ 59,258

CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2007

(continued)

	Parking Meter/ Off-Street Parking	Probation Grant	Convention and Visitors Bureau	Health Department Building Lease	FEMA Grant	Separation Payment	Insurance	Drug Law Enforcement	Law Enforcement
ASSETS									
Pooled cash	\$ 17,348	\$ 685	\$ 1,738	\$ 22,718	\$ 1	\$ 81,563	\$ 3,047	\$ 3,992	\$ 8,194
Cash held by outside agent	-	-	-	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	-
Pooled investments	\$7,679	3,438	8,723	114,033	\$	409,409	15,294	20,041	41,129
Receivables:									
Property taxes	-	-	-	-	-	-	-	-	-
Other taxes	-	-	3,973	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Other	2,649	-	-	-	-	-	1,578	697	-
Due from other funds	-	-	-	-	-	-	-	-	2,820
Receivables from other governments	-	-	-	-	-	-	-	-	-
Prepaid items	375	-	-	-	-	-	-	-	-
Total assets	\$ 107,451	\$ 4,123	\$ 14,434	\$ 136,751	\$ 9	\$ 490,972	\$ 19,919	\$ 24,730	\$ 52,143
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 10,461	\$ -	\$ -	\$ -	\$ 5,600	\$ 280	\$ -
Salaries and benefits payable	1,952	3,280	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	2,820	-
Deferred revenue	180	-	-	-	-	-	-	-	-
Total liabilities	2,132	3,280	10,461	-	-	-	5,600	3,100	-
Fund Balances:									
Reserved for:									
Prepaid items	375	-	-	-	-	-	-	-	-
Long-term loans receivable	1,180	-	-	300	-	-	2,997	-	340
Encumbrances	103,764	843	3,973	136,451	9	490,972	11,322	21,630	51,803
Unreserved	-	-	-	-	-	-	-	-	-
Total fund balances	105,319	843	3,973	136,751	9	490,972	14,319	21,630	52,143
Total liabilities and fund balances	\$ 107,451	\$ 4,123	\$ 14,434	\$ 136,751	\$ 9	\$ 490,972	\$ 19,919	\$ 24,730	\$ 52,143

CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2007

	Indigent Driver Alcohol Treatment	Enforcement & Education	Imprest Cash	Fire Loss Security	Capital Investment	Cemetery Maintenance	Museum Maintenance	Municipal Court Computer	Non-major Special Revenue Funds Totals
ASSETS									
Pooled cash	\$ 15,203	\$ 3,350	\$ 2,300	-	\$ 70,380	\$ 121,238	\$ 3,561	\$ 4,253	\$ 458,104
Cash held by outside agent	-	-	-	-	-	-	-	-	17,970
Restricted cash and investments	-	-	-	-	-	-	-	-	240,000
Pooled investments	76,314	16,718	-	-	359,902	690,201	18,210	21,251	2,314,618
Receivables:									
Property taxes	-	-	-	-	-	-	-	-	77,453
Other taxes	-	-	-	-	-	-	-	-	3,973
Interest	-	-	-	-	3,526	6,175	178	-	14,365
Loans	-	-	-	-	-	-	-	-	40,301
Grants	-	-	-	-	-	-	-	-	32,698
Other	6,008	676	-	-	-	4,683	373	4,485	42,249
Due from other funds	-	-	-	-	-	-	-	-	2,820
Receivables from other governments	-	-	-	-	-	-	-	-	72,265
Prepaid items	-	-	-	-	-	-	-	-	724
Total assets	\$ 97,525	\$ 20,724	\$ 2,300	\$ -	\$ 433,808	\$ 764,297	\$ 22,322	\$ 30,089	\$ 3,317,540

LIABILITIES AND FUND BALANCES

Liabilities:									
Accounts payable	\$ 629	\$ 240	\$ -	\$ -	\$ -	\$ 114	\$ -	\$ -	\$ 30,950
Salaries and benefits payable	-	-	-	-	-	-	-	-	14,813
Due to other funds	-	-	-	-	-	-	-	-	249,320
Deferred revenue	5,112	-	-	-	3,412	10,526	545	-	205,976
Total liabilities	5,741	240	-	-	3,412	10,640	545	-	501,059
Fund Balances:									
Reserved for:									
Prepaid items	-	-	-	-	-	-	-	-	724
Long-term loans receivable	-	-	-	-	-	-	-	-	40,301
Encumbrances	-	-	-	-	-	-	-	-	227,674
Unreserved	91,784	20,484	2,300	-	430,396	753,657	21,777	30,089	2,547,782
Total fund balances	91,784	20,484	2,300	-	430,396	753,657	21,777	30,089	2,816,481
Total liabilities and fund balances	\$ 97,525	\$ 20,724	\$ 2,300	\$ -	\$ 433,808	\$ 764,297	\$ 22,322	\$ 30,089	\$ 3,317,540

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, 2007

(continued)

REVENUES:	State Highway	County Auto License	Cemetery	TIF - Kauter Rd.	TIF - Memrds	C.D.B.G.	C.D.B.G. Revolving Loan	C.D.B.G. Program Income	H.O.M.E. Program Income
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	98,249	97,980	4,574	-	-	489,046	-	-	-
Charges for services	-	-	69,441	-	-	-	-	-	-
Fines, licenses and permits	-	-	-	-	-	-	-	-	-
Investment income	2,574	-	-	-	-	8,094	20,344	379	6,610
Miscellaneous receipts and reimbursements	-	-	625	-	-	-	-	98	-
Total revenues	<u>100,823</u>	<u>97,980</u>	<u>74,640</u>	<u>-</u>	<u>-</u>	<u>497,140</u>	<u>20,344</u>	<u>425</u>	<u>6,610</u>

EXPENDITURES:

Current:	General government	Police	Fire	Judicial	Health	Street repairs and maintenance	Community development	Basic utility services	Capital outlay	Debt service:	Principal	Interest	Total expenditures
General government	-	-	-	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	200,059	-	-	-	-	-	-	-	-
Street repairs and maintenance	95,000	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	117,262	-	-	-	-	-	844
Basic utility services	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	127,000	-	-	-	-	-	-	9,853	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>95,000</u>	<u>127,000</u>	<u>200,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,627</u>	<u>21,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>844</u>

Excess (deficiency) of revenues over
(under) expenditures

	<u>5,823</u>	<u>(29,020)</u>	<u>(125,419)</u>	<u>-</u>	<u>-</u>	<u>71,513</u>	<u>(1,186)</u>	<u>425</u>	<u>5,766</u>
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OTHER FINANCING SOURCES (USES):

Transfers in	-	-	125,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	5,823	(29,020)	(419)	-	-	71,513	(1,186)	425	5,766
Fund balances, beginning of year - restated	<u>25,168</u>	<u>29,503</u>	<u>51,451</u>	<u>-</u>	<u>-</u>	<u>85,939</u>	<u>336,841</u>	<u>5,205</u>	<u>51,026</u>
Fund balances, end of year	<u>\$ 30,991</u>	<u>\$ 483</u>	<u>\$ 51,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,452</u>	<u>\$ 335,655</u>	<u>\$ 5,630</u>	<u>\$ 58,792</u>

(continued)

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, 2007

	Parking Meter/ Off-Street Parking	Probation Grant	Convention and Visitors Bureau	Health Department Building Lease	FEMA Grant	Separation Payment	Insurance	Drug Law Enforcement	Law Enforcement
REVENUES:									
Local taxes	\$ -	\$ -	69,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	50,407	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines, licenses and permits	42,687	-	-	-	-	-	-	10,023	44,684
Investment income	-	-	-	-	-	-	-	-	-
Miscellaneous receipts and reimbursements	-	-	-	32,392	-	-	18,272	-	-
Total revenues	42,687	50,407	69,952	32,392	-	-	18,272	10,023	44,684
EXPENDITURES:									
Current:									
General government	-	-	-	-	-	-	20,683	-	-
Police	38,326	-	-	-	-	25,382	-	30,862	14,540
Fire	-	-	-	-	-	19,657	-	-	-
Judicial	-	56,863	-	-	-	-	-	-	-
Health	-	-	-	8,947	-	-	-	-	-
Street repairs and maintenance	-	-	-	-	-	22,145	-	-	-
Community development	-	-	72,170	-	-	-	-	-	-
Basic utility services	-	-	-	-	-	45,593	-	-	-
Capital outlay	-	397	-	-	-	-	-	13,322	-
Debt service:									
Principal	-	-	-	20,000	-	-	-	-	-
Interest	-	-	-	735	-	-	-	-	-
Total expenditures	38,326	57,260	72,170	29,682	-	113,277	20,683	44,184	14,540
Excess (deficiency) of revenues over (under) expenditures	4,361	(6,853)	(2,218)	2,710	-	(113,277)	(2,411)	(34,161)	30,144
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	-	-	-	101,600	25,000	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	101,600	25,000	-	-
Net change in fund balance	4,361	(6,853)	(2,218)	2,710	-	(11,677)	22,589	(34,161)	30,144
Fund balances, beginning of year	100,938	7,696	6,191	134,041	9	502,649	(8,270)	55,791	21,999
Fund balances, end of year	\$ 105,319	\$ 843	\$ 3,973	\$ 136,751	\$ 9	\$ 490,972	\$ 14,319	\$ 21,630	\$ 52,143

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, 2007

	Indigent Driver Alcohol Treatment	Enforcement & Education	Imprest Cash	Fire Loss Security	Capital Investment	Cemetery Maintenance	Mausoleum Maintenance	Municipal Court Computer	Non-major Special Revenue Funds Totals
REVENUES:									
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,952
Intergovernmental revenues	-	-	-	-	-	-	-	-	740,256
Charges for services	-	-	-	7,477	-	-	327	53,737	130,982
Fines, licenses and permits	20,359	5,150	-	-	-	-	-	-	122,903
Investment income	-	-	-	-	25,987	45,582	1,312	-	110,832
Miscellaneous receipts and reimbursements	-	-	-	28,200	-	-	-	-	79,585
Total revenues	20,359	5,150	-	28,200	25,987	53,059	1,639	53,737	1,254,510

EXPENDITURES:

Current:									
General government	-	-	-	-	-	-	-	-	20,683
Police	-	6,014	-	-	-	-	-	-	115,624
Fire	-	-	-	28,200	-	-	-	-	47,857
Judicial	37,454	-	-	-	-	-	-	36,929	131,246
Health	-	-	-	-	-	328	-	-	209,334
Street repairs and maintenance	-	-	-	-	-	-	-	-	117,145
Community development	-	-	-	-	-	-	-	-	201,953
Basic utility services	-	-	-	-	-	-	-	-	45,593
Capital outlay	-	-	-	-	-	-	-	9,665	468,602
Debt service:									
Principal	-	-	-	-	-	-	-	-	20,000
Interest	-	-	-	-	-	-	-	-	735
Total expenditures	37,454	6,014	-	28,200	-	328	-	46,594	1,378,772

Excess (deficiency) of revenues over
(under) expenditures

(17,095)	(864)	-	-	25,987	52,731	1,639	7,143	(124,262)
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OTHER FINANCING SOURCES (USES):

Transfers in	-	-	-	-	-	-	-	-	251,600
Transfers out	-	-	-	-	-	(10,000)	-	-	(10,000)

Total other financing sources (uses)

-	-	-	-	-	(10,000)	-	-	-	241,600
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Net change in fund balance

(17,095)	(864)	-	-	25,987	42,731	1,639	7,143	117,338
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Fund balances, beginning of year

108,879	21,348	1,300	-	404,409	710,926	20,138	22,946	2,699,143
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Fund balances, end of year

\$ 91,784	\$ 20,484	\$ 2,300	\$ -	\$ 430,396	\$ 753,657	\$ 21,777	\$ 30,089	\$ 2,816,481
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**CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2007**

	<u>Special Assessment Construction</u>	<u>Walkway Grant</u>	<u>Non-major Capital Projects Funds Totals</u>
ASSETS			
Pooled cash	\$ 2,159	\$ -	\$ 2,159
Pooled investments	10,837	-	10,837
Receivables:			
Special assessments	<u>742</u>	<u>-</u>	<u>742</u>
 Total assets	 <u>\$ 13,738</u>	 <u>\$ -</u>	 <u>\$ 13,738</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	<u>742</u>	<u>-</u>	<u>742</u>
 Total liabilities	 <u>742</u>	 <u>-</u>	 <u>742</u>
 Fund Balances:			
Reserved for:			
Encumbrances	7,740	-	7,740
Unreserved	<u>5,256</u>	<u>-</u>	<u>5,256</u>
 Total fund balances	 <u>12,996</u>	 <u>-</u>	 <u>12,996</u>
 Total liabilities and fund balances	 <u>\$ 13,738</u>	 <u>\$ -</u>	 <u>\$ 13,738</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, 2007**

	Special Assessment Construction	Walkway Grant	Non-major Capital Projects Funds Totals
REVENUES:			
Special assessments	<u>\$ 5,199</u>	<u>\$ -</u>	<u>\$ 5,199</u>
Total revenues	<u>5,199</u>	<u>-</u>	<u>5,199</u>
EXPENDITURES:			
Current:			
Community environment	<u>6,611</u>	<u>-</u>	<u>6,611</u>
Total expenditures	<u>6,611</u>	<u>-</u>	<u>6,611</u>
Deficiency of revenues under expenditures	(1,412)	-	(1,412)
OTHER FINANCING USES:			
Transfers out	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Total other financing uses	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Net change in fund balance	(1,412)	(20,000)	(21,412)
Fund balances, beginning of year	<u>14,408</u>	<u>20,000</u>	<u>34,408</u>
Fund balances, end of year	<u>\$ 12,996</u>	<u>\$ -</u>	<u>\$ 12,996</u>

**CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2007**

	Transportation	Airport	Swimming Pool	Non-major Enterprise Funds Totals
ASSETS				
Current assets:				
Pooled cash	\$ 14,523	\$ 6,662	\$ 1,926	\$ 23,111
Pooled investments	72,898	33,443	9,666	116,007
Receivables:				
Accounts	42,029	-	-	42,029
Other	77,153	-	-	77,153
Receivables from other governments	90,056	-	-	90,056
Prepaid items	158	1,511	-	1,669
Total current assets	296,817	41,616	11,592	350,025
Noncurrent assets:				
Capital assets:				
Capital assets not subject to depreciation:				
Land	-	364,825	-	364,825
Construction in progress	81,435	-	-	81,435
Capital assets net of accumulated depreciation	132,883	1,221,841	1,117,890	2,472,614
Total noncurrent assets	214,318	1,586,666	1,117,890	2,918,874
Total assets	\$ 511,135	\$ 1,628,282	\$ 1,129,482	\$ 3,268,899
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 35,398	\$ -	\$ 168	\$ 35,566
Salaries and benefits payable	40,950	-	1,620	42,570
Total current liabilities	76,348	-	1,788	78,136
Noncurrent liabilities:				
Compensated absences	14,921	-	-	14,921
Total noncurrent liabilities	14,921	-	-	14,921
Total liabilities	91,269	-	1,788	93,057
NET ASSETS				
Invested in capital assets, net of related debt	214,318	1,586,666	1,117,890	2,918,874
Unrestricted	205,548	41,616	9,804	256,968
Total net assets	419,866	1,628,282	1,127,694	3,175,842
Total liabilities and net assets	\$ 511,135	\$ 1,628,282	\$ 1,129,482	\$ 3,268,899

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, 2007

	Transportation	Airport	Swimming Pool	Non-major Enterprise Funds Totals
OPERATING REVENUES:				
Charges for services	\$ 218,441	\$ -	\$ 84,656	\$ 303,097
Other revenue	<u>26,390</u>	<u>32,569</u>	<u>414</u>	<u>59,373</u>
Total operating revenues	<u>244,831</u>	<u>32,569</u>	<u>85,070</u>	<u>362,470</u>
OPERATING EXPENSES:				
Personal services	411,329	-	92,745	504,074
Operations and maintenance	163,371	84,855	44,043	292,269
Depreciation	<u>103,544</u>	<u>54,685</u>	<u>31,299</u>	<u>189,528</u>
Total operating expenses	<u>678,244</u>	<u>139,540</u>	<u>168,087</u>	<u>985,871</u>
Operating loss	<u>(433,413)</u>	<u>(106,971)</u>	<u>(83,017)</u>	<u>(623,401)</u>
NONOPERATING REVENUE:				
Intergovernmental	<u>519,275</u>	<u>159,690</u>	<u>-</u>	<u>678,965</u>
Total nonoperating revenue	<u>519,275</u>	<u>159,690</u>	<u>-</u>	<u>678,965</u>
Loss before contributions and transfers	<u>85,862</u>	<u>52,719</u>	<u>(83,017)</u>	<u>55,564</u>
Transfers in	98,134	20,573	61,750	180,457
Transfers (out)	<u>(1,100)</u>	<u>-</u>	<u>-</u>	<u>(1,100)</u>
Change in net assets	182,896	73,292	(21,267)	234,921
Net assets, beginning of year - restated	<u>236,970</u>	<u>1,554,990</u>	<u>1,148,961</u>	<u>2,940,921</u>
Net assets, end of year	<u>\$ 419,866</u>	<u>\$ 1,628,282</u>	<u>\$ 1,127,694</u>	<u>\$ 3,175,842</u>

**CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Transportation	Airport	Swimming Pool	Non-major Enterprise Funds Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 125,649	32,874	\$ 85,070	\$ 243,593
Receipts from interfund services	1,789	-	-	1,789
Payments to suppliers	(127,984)	(105,677)	(39,763)	(273,424)
Payments to employees	(406,180)	(385)	(92,545)	(499,110)
Payments for interfund services used	(117,478)	-	(4,195)	(121,673)
Net cash used by operating activities	<u>(524,204)</u>	<u>(73,188)</u>	<u>(51,433)</u>	<u>(648,825)</u>
Cash flows from noncapital financing activities:				
Transfers in	98,134	20,573	61,750	180,457
Transfers out	(1,100)	-	-	(1,100)
Intergovernmental	519,275	159,690	-	678,965
Net cash provided by noncapital financing activities	<u>616,309</u>	<u>180,263</u>	<u>61,750</u>	<u>858,322</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(91,038)	(110,021)	-	(201,059)
Net cash used by capital and related financing activities	<u>(91,038)</u>	<u>(110,021)</u>	<u>-</u>	<u>(201,059)</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	38,922	11,571	23,773	74,266
Purchase of investments	(53,333)	(15,855)	(32,575)	(101,763)
Net cash used for investing activities	<u>(14,411)</u>	<u>(4,284)</u>	<u>(8,802)</u>	<u>(27,497)</u>
Net increase/(decrease) in pooled cash and investments	(13,344)	(7,230)	1,515	(19,059)
Pooled cash and cash equivalents, beginning of year - restated	<u>27,867</u>	<u>13,892</u>	<u>411</u>	<u>42,170</u>
Pooled cash and cash equivalents, end of year	<u>\$ 14,523</u>	<u>\$ 6,662</u>	<u>\$ 1,926</u>	<u>\$ 23,111</u>
Reconciliation of operating loss to net cash used by operating activities:				
Operating loss	\$ (433,413)	\$ (106,971)	\$ (83,017)	\$ (623,401)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation	103,544	54,685	31,299	189,528
Change in assets and liabilities:				
Accounts receivable	(42,030)	306	-	(41,724)
Other receivables	(167,209)	-	-	(167,209)
Inventory	-	-	-	-
Due from other funds	1,789	103	-	1,892
Prepaid items	92	-	-	92
Accounts payable	7,874	(21,311)	85	(13,352)
Salaries and benefits payable and compensated absences	5,149	-	200	5,349
Net cash used by operating activities	<u>\$ (524,204)</u>	<u>\$ (73,188)</u>	<u>\$ (51,433)</u>	<u>\$ (648,825)</u>
Noncash investing, capital and financing activities:				
Purchase of equipment on account	\$ 26,565	\$ -	\$ -	\$ 26,565

**CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2007**

	Service Center	Garage/Fleet Operations	Technology	Self- Insurance	Internal Service Totals
ASSETS					
Current assets:					
Pooled cash	\$ 7,021	\$ 1,843	\$ 3,592	\$ -	\$ 12,456
Pooled investments	35,242	9,250	18,030	-	62,522
Inventory	1,449	28,826	2,837	-	33,112
Prepaid items	422	3,022	22,699	-	26,143
Total current assets	44,134	42,941	47,158	-	134,233
Noncurrent assets:					
Capital assets not subject to depreciation:					
Construction in Progress	-	-	78,615	-	78,615
Capital assets, net of accumulated depreciation	433,223	20,031	131,315	-	584,569
Total noncurrent assets	433,223	20,031	209,930	-	663,184
Total assets	\$ 477,357	\$ 62,972	\$ 257,088	\$ -	\$ 797,417
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 7,377	\$ 10,927	\$ 5,146	\$ -	\$ 23,450
Salaries and benefits payable	1,236	14,248	16,702	-	32,186
Total liabilities	8,613	25,175	21,848	-	55,636
NET ASSETS					
Invested in capital assets, net of related debt	433,223	20,031	209,930	-	663,184
Unrestricted	35,521	17,766	25,310	-	78,597
Total net assets	468,744	37,797	235,240	-	741,781
Total liabilities and net assets	\$ 477,357	\$ 62,972	\$ 257,088	\$ -	\$ 797,417

**CITY OF SIDNEY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	Service Center	Garage/Fleet Operations	Technology	Self- Insurance	Internal Service Totals
OPERATING REVENUES:					
Charges for services	\$ 128,931	638,825	\$ 423,000	\$ -	\$ 1,190,756
Other revenue	-	10,191	6,901	-	17,092
Total operating revenues	<u>128,931</u>	<u>649,016</u>	<u>429,901</u>	<u>-</u>	<u>1,207,848</u>
OPERATING EXPENSES:					
Personal services	13,952	193,827	203,107	-	410,886
Operations and maintenance	116,605	424,531	199,572	605,665	1,346,373
Depreciation	26,766	4,261	49,846	-	80,873
Total operating expenses	<u>157,323</u>	<u>622,619</u>	<u>452,525</u>	<u>605,665</u>	<u>1,838,132</u>
Operating income (loss)	<u>(28,392)</u>	<u>26,397</u>	<u>(22,624)</u>	<u>(605,665)</u>	<u>(630,284)</u>
NONOPERATING REVENUES:					
Investment income	-	-	-	4,671	4,671
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,671</u>	<u>4,671</u>
Income (loss) before capital contributions and transfers	(28,392)	26,397	(22,624)	(600,994)	(625,613)
Capital contributions	-	-	98,656	-	98,656
Transfers in	12,893	24,293	5,306	-	42,492
Transfers out	(24,293)	(12,893)	-	-	(37,186)
	<u>(11,400)</u>	<u>11,400</u>	<u>103,962</u>	<u>-</u>	<u>103,962</u>
Change in net assets	(39,792)	37,797	81,338	(600,994)	(521,651)
Net assets, beginning of year	<u>508,536</u>	<u>-</u>	<u>153,902</u>	<u>600,994</u>	<u>1,263,432</u>
Net assets, end of year	<u>\$ 468,744</u>	<u>\$ 37,797</u>	<u>\$ 235,240</u>	<u>\$ -</u>	<u>\$ 741,781</u>

**CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Service Center	Garage/Fleet Operations	Technology	Self- Insurance	Internal Service Totals
Cash flows from operating activities:					
Receipts from interfund services	\$ 129,913	649,016	\$ 431,590	\$ -	\$ 1,210,519
Payments to suppliers	(77,286)	(413,301)	(206,403)	-	(696,990)
Payments to employees	(27,461)	(179,579)	(198,500)	-	(405,540)
Payments or reimbursements for interfund services used or provided	(8,744)	(32,150)	-	(751,045)	(791,939)
Net cash provided by (used for) by operating activities	<u>16,422</u>	<u>23,986</u>	<u>26,687</u>	<u>(751,045)</u>	<u>(683,950)</u>
Cash flows from noncapital financing activities:					
Transfers out	-	(12,893)	-	-	(12,893)
Transfers in	12,893	-	-	-	12,893
Net cash provided by (used for) noncapital financing activities	<u>12,893</u>	<u>(12,893)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(7,526)	-	(13,555)	-	(21,081)
Net cash used for capital and related financing activities	<u>(7,526)</u>	<u>-</u>	<u>(13,555)</u>	<u>-</u>	<u>(21,081)</u>
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	57,730	24,981	33,163	-	115,874
Purchase of investments	(79,105)	(34,231)	(45,443)	-	(158,779)
Interest on investments	-	-	-	4,671	4,671
Net cash provided by (used for) investing activities	<u>(21,375)</u>	<u>(9,250)</u>	<u>(12,280)</u>	<u>4,671</u>	<u>(38,234)</u>
Net increase (decrease) in pooled cash and investments	414	1,843	852	(746,374)	(743,265)
Pooled cash and investments, beginning of year - restated	6,607	-	2,740	746,374	755,721
Pooled cash and investments, end of year	<u>\$ 7,021</u>	<u>\$ 1,843</u>	<u>\$ 3,592</u>	<u>\$ -</u>	<u>\$ 12,456</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (28,392)	26,397	\$ (22,624)	\$ (605,665)	\$ (630,284)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:					
Depreciation	26,766	4,261	49,846	-	80,873
Change in assets and liabilities:					
Due from other funds	982	-	1,689	-	2,671
Prepaid items	4,486	(3,022)	(6,177)	-	(4,713)
Inventory	45,483	(28,826)	188	-	16,845
Accounts payable	(19,394)	10,928	(842)	-	(9,308)
Salaries and benefits payable and compensated absences	(13,509)	14,248	4,607	-	5,346
Due to other funds	-	-	-	(145,380)	(145,380)
Net cash provided (used) by operating activities	<u>\$ 16,422</u>	<u>\$ 23,986</u>	<u>\$ 26,687</u>	<u>\$ (751,045)</u>	<u>\$ (683,950)</u>
Noncash investing, capital and financing activities:					
Contributions of capital assets from government	\$ -	\$ -	\$ 98,656	\$ -	\$ 98,656
Transfer net book value of equipment	\$ (24,293)	\$ 24,293	\$ 5,306	\$ -	\$ 5,306

**CITY OF SIDNEY, OHIO
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2007**

	<u>Municipal Court</u>	<u>Medical Reimbursement</u>	<u>Port Jefferson</u>	<u>River Clean-Up</u>	<u>Agency Funds Totals</u>
ASSETS					
Pooled cash	\$ -	\$ 965	\$ 1,098	\$ 2,664	\$ 4,727
Pooled investments	-	4,845	5,510	13,369	23,724
Municipal Court checking account	149,014	-	-	-	149,014
Accounts receivable	<u>-</u>	<u>-</u>	<u>6,317</u>	<u>-</u>	<u>6,317</u>
Total assets	<u>\$ 149,014</u>	<u>\$ 5,810</u>	<u>\$ 12,925</u>	<u>\$ 16,033</u>	<u>\$ 183,782</u>
LIABILITIES					
Due to employees	\$ -	\$ 3,057	\$ -	\$ -	\$ 3,057
Due to other governments	114,402	-	12,925	-	127,327
Undistributed monies	<u>34,612</u>	<u>2,753</u>	<u>-</u>	<u>16,033</u>	<u>53,398</u>
Total liabilities	<u>\$ 149,014</u>	<u>\$ 5,810</u>	<u>\$ 12,925</u>	<u>\$ 16,033</u>	<u>\$ 183,782</u>

**CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Balance at January 1, 2007	Additions	Deductions	Balance at December 31, 2007
<u>Municipal Court Fund</u>				
ASSETS				
Municipal Court checking account	\$ 158,106	\$ 2,126,380	\$ 2,135,472	\$ 149,014
LIABILITIES				
Due to other governments	\$ 109,217	1,402,812	1,397,627	\$ 114,402
Undistributed monies	48,889	723,568	737,845	34,612
Total liabilities	\$ 158,106	\$ 2,126,380	\$ 2,135,472	\$ 149,014
<u>Medical Reimbursement Fund</u>				
ASSETS				
Pooled cash and investments	\$ 14,676	\$ 83,885	\$ 92,751	\$ 5,810
LIABILITIES				
Due to employees	\$ 8,950	\$ 83,885	\$ 89,778	\$ 3,057
Undistributed monies	5,726	-	2,973	2,753
Total liabilities	\$ 14,676	\$ 83,885	\$ 92,751	\$ 5,810
<u>Port Jefferson Fund</u>				
ASSETS				
Pooled cash and investments	\$ 5,859	\$ 68,263	\$ 67,514	\$ 6,608
Accounts receivable	8,527	66,053	68,263	6,317
Total assets	\$ 14,386	\$ 134,316	\$ 135,777	\$ 12,925
LIABILITIES				
Due to other governments	\$ 14,386	\$ 134,316	\$ 135,777	\$ 12,925
<u>River Clean-Up Fund</u>				
ASSETS				
Pooled cash and investments	\$ 11,890	\$ 17,500	\$ 13,357	\$ 16,033
LIABILITIES				
Undistributed monies	\$ 11,890	\$ 17,500	\$ 13,357	\$ 16,033
<u>Total Fiduciary Funds</u>				
ASSETS				
Municipal Court checking account	\$ 158,106	\$ 2,126,380	\$ 2,135,472	\$ 149,014
Pooled cash and investments	32,425	169,648	173,622	28,451
Accounts receivable	8,527	66,053	68,263	6,317
Total assets	\$ 199,058	\$ 2,362,081	\$ 2,377,357	\$ 183,782
LIABILITIES				
Due to employees	\$ 8,950	\$ 83,885	\$ 89,778	\$ 3,057
Due to other governments	123,603	1,537,128	1,533,404	127,327
Undistributed monies	66,505	741,068	754,175	53,398
Total liabilities	\$ 199,058	\$ 2,362,081	\$ 2,377,357	\$ 183,782

CITY OF SIDNEY



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CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Local taxes	\$ 1,632,179	\$ 1,703,451	\$ 71,272
Intergovernmental revenues	1,364,723	1,440,218	75,495
Special assessments	219,550	253,667	34,117
Charges for services	1,525,502	1,523,059	(2,443)
Fines, licenses and permits	160,720	145,032	(15,688)
Investment income	415,725	505,431	89,706
Miscellaneous receipts and reimbursements	<u>1,337,595</u>	<u>1,375,604</u>	<u>38,009</u>
Total revenues	<u>6,655,994</u>	<u>6,946,462</u>	<u>290,468</u>
EXPENDITURES:			
Current:			
General government			
City Council			
Personal services	85,380	85,174	206
Contractual, materials and other	39,291	34,678	4,613
City Administration			
Personal services	308,300	308,063	237
Contractual, materials and other	44,540	39,413	5,127
Finance			
Personal services	360,895	360,880	15
Contractual, materials and other	117,346	115,415	1,931
Law Director			
Personal services	73,340	73,248	92
Contractual, materials and other	34,746	29,259	5,487
Personnel			
Personal services	124,330	124,284	46
Contractual, materials and other	127,573	105,348	22,225
County Auditor Deductions			
Contractual, materials and other	129,405	127,923	1,482
Purchasing			
Personal services	104,240	104,092	148
Contractual, materials and other	42,606	34,384	8,222
City Hall			
Personal services	55,940	54,978	962
Contractual, materials and other	177,770	152,170	25,600
Miscellaneous			
Contractual, materials and other	<u>493,776</u>	<u>482,652</u>	<u>11,124</u>
Total general government	<u>2,319,478</u>	<u>2,231,961</u>	<u>87,517</u>
Police			
Police Services			
Personal services	4,522,568	4,425,284	97,284
Contractual, materials and other	932,691	887,036	45,655
Street Lighting Department			
Contractual, materials and other	<u>259,504</u>	<u>243,916</u>	<u>15,588</u>
Total police	<u>5,714,763</u>	<u>5,556,236</u>	<u>158,527</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

(continued)

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
Fire			
Fire Services			
Personal services	3,553,644	3,481,152	72,492
Contractual, materials and other	<u>576,657</u>	<u>533,352</u>	<u>43,305</u>
Total fire	<u>4,130,301</u>	<u>4,014,504</u>	<u>115,797</u>
Judicial			
Municipal Court			
Personal services	817,660	817,232	428
Contractual, materials and other	317,434	280,202	37,232
Prosecutor			
Personal services	139,830	139,542	288
Contractual, materials and other	<u>68,270</u>	<u>68,121</u>	<u>149</u>
Total judicial	<u>1,343,194</u>	<u>1,305,097</u>	<u>38,097</u>
Community environment			
Building Inspection			
Personal services	130,870	128,941	1,929
Contractual, materials and other	14,320	12,533	1,787
Engineering			
Personal services	569,980	566,851	3,129
Contractual, materials and other	64,171	60,848	3,323
Public Works			
Personal services	102,610	102,437	173
Contractual, materials and other	11,270	9,511	1,759
Code Enforcement			
Personal services	81,055	79,973	1,082
Contractual, materials and other	<u>16,418</u>	<u>13,879</u>	<u>2,539</u>
Total community environment	<u>990,694</u>	<u>974,973</u>	<u>15,721</u>
Community development			
Community Planning & Development			
Personal services	80,380	79,904	476
Contractual, materials and other	<u>40,271</u>	<u>38,256</u>	<u>2,015</u>
Total community development	<u>120,651</u>	<u>118,160</u>	<u>2,491</u>
Parks and recreation			
Parks & Recreation - Administration			
Personal services	103,080	102,419	661
Contractual, materials and other	36,504	34,592	1,912
Parks & Recreation - Programs			
Personal services	102,460	102,298	162
Contractual, materials and other	65,126	62,063	3,063

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

(continued)

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
Parks & Public Grounds			
Personal services	707,735	696,015	11,720
Contractual, materials and other	266,924	259,102	7,822
Urban Forest			
Contractual, materials and other	89,301	73,064	16,237
Senior Center			
Contractual, materials and other	51,711	47,828	3,883
Total parks and recreation	<u>1,422,841</u>	<u>1,377,381</u>	<u>45,460</u>
Total expenditures	<u>16,041,922</u>	<u>15,578,312</u>	<u>463,610</u>
Deficiency of revenues under expenditures	<u>(9,385,928)</u>	<u>(8,631,850)</u>	<u>754,078</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	10,527,362	10,993,762	466,400
Sales of capital assets	20,000	-	(20,000)
Transfers out	<u>(1,111,884)</u>	<u>(1,111,884)</u>	<u>.</u>
Total other financing sources	<u>9,435,478</u>	<u>9,881,878</u>	<u>446,400</u>
Net change in fund balance	<u>49,550</u>	<u>1,250,028</u>	<u>1,200,478</u>
Fund Balances, beginning of year	4,983,267	4,983,267	-
Prior Year Encumbrances	177,308	177,308	-
Fund Balances, end of year	<u>\$ 5,210,125</u>	<u>\$ 6,410,603</u>	<u>\$ 1,200,478</u>

CITY OF SIDNEY



OHIO

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
STREET REPAIR AND MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenues	\$ 1,199,950	\$ 1,228,965	\$ 29,015
Miscellaneous receipts and reimbursements	<u>143,395</u>	<u>143,371</u>	<u>(24)</u>
Total revenues	<u>1,343,345</u>	<u>1,372,336</u>	<u>28,991</u>
EXPENDITURES:			
Current:			
Street repair & maintenance			
Personal services	739,350	734,314	5,036
Contractual, materials and other	<u>857,082</u>	<u>851,646</u>	<u>5,436</u>
Total expenditures	<u>1,596,432</u>	<u>1,585,960</u>	<u>10,472</u>
Deficiency of revenues under expenditures	<u>(253,087)</u>	<u>(213,624)</u>	<u>39,463</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	(5,000)	(5,000)	-
Sale of assets	<u>200</u>	<u>-</u>	<u>(200)</u>
Total other financing sources uses	<u>(4,800)</u>	<u>(5,000)</u>	<u>(200)</u>
Net change in fund balance	(257,887)	(218,624)	39,263
Fund Balances, beginning of year	578,504	578,504	-
Prior Year Encumbrances	<u>48,043</u>	<u>48,043</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 368,660</u>	<u>\$ 407,923</u>	<u>\$ 39,263</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
MUNICIPAL INCOME TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Local taxes	\$ 13,132,427	\$ 13,516,419	\$ 383,992
Miscellaneous receipts and reimbursements	<u>7,174</u>	<u>7,126</u>	<u>(48)</u>
Total revenues	<u>13,139,601</u>	<u>13,523,545</u>	<u>383,944</u>
EXPENDITURES:			
Current:			
General government			
Personal services	185,630	181,171	4,459
Contractual, materials and other	<u>31,445</u>	<u>27,336</u>	<u>4,109</u>
Total expenditures	<u>217,075</u>	<u>208,507</u>	<u>8,568</u>
Excess of revenues over expenditures	<u>12,922,526</u>	<u>13,315,038</u>	<u>392,512</u>
OTHER FINANCING USES:			
Transfers out	<u>(13,742,203)</u>	<u>(13,742,203)</u>	<u>-</u>
Total other financing uses	<u>(13,742,203)</u>	<u>(13,742,203)</u>	<u>-</u>
Net change in fund balance	(819,677)	(427,165)	392,512
Fund Balances, beginning of year	1,253,701	1,253,701	-
Prior Year Encumbrances	<u>2,339</u>	<u>2,339</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 436,363</u>	<u>\$ 828,875</u>	<u>\$ 392,512</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenues	\$ 97,030	\$ 99,646	\$ 2,616
Investment income	1,500	2,102	602
Total revenues	98,530	101,748	3,218
EXPENDITURES:			
Current:			
Street repair & maintenance			
Contractual, materials and other	95,000	95,000	-
Total expenditures	95,000	95,000	-
Excess of revenues over expenditures	3,530	6,748	3,218
Fund Balances, beginning of year	17,417	17,417	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	\$ 20,947	\$ 24,165	\$ 3,218

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
COUNTY AUTO LICENSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenue	\$ 110,000	\$ 97,980	\$ (12,020)
Total revenues	110,000	97,980	(12,020)
EXPENDITURES:			
Current:			
Street repair & maintenance			
Contractual, materials and other	130,000	127,000	3,000
Total expenditures	130,000	127,000	3,000
Deficiency of revenues under expenditures	(20,000)	(29,020)	(9,020)
Fund Balances, beginning of year	29,503	29,503	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	\$ 9,503	\$ 483	\$ (9,020)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CAPITAL INVESTMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:			
Investment income	\$ 20,000	\$ 16,992	\$ (3,008)
Total revenues	<u>20,000</u>	<u>16,992</u>	<u>(3,008)</u>
EXPENDITURES			
	-	-	-
Excess of revenues over expenditures	<u>20,000</u>	<u>16,992</u>	<u>(3,008)</u>
Fund Balances, beginning of year	406,664	406,664	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 426,664</u>	<u>\$ 423,656</u>	<u>\$ (3,008)</u>

**CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
MUNICIPAL COURT COMPUTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES			
Charges for services	42,000	52,892	\$ 10,892
Total Revenues	<u>42,000</u>	<u>52,892</u>	<u>10,892</u>
EXPENDITURES			
Current:			
Judicial			
Contractual, materials and other	<u>50,000</u>	<u>46,593</u>	<u>3,407</u>
Total expenditures	<u>50,000</u>	<u>46,593</u>	<u>3,407</u>
Excess (deficiency) of revenues over (under) expenditures	(8,000)	6,299	14,299
Fund Balances, beginning of year	19,306	19,306	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 11,306</u>	<u>\$ 25,605</u>	<u>\$ 14,299</u>

**CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Charges for services	\$ 71,500	\$ 70,234	\$ (1,266)
Miscellaneous receipts and reimbursements	<u>5,036</u>	<u>5,240</u>	<u>204</u>
Total revenues	<u>76,536</u>	<u>75,474</u>	<u>(1,062)</u>
EXPENDITURES:			
Current:			
Health			
Personal services	163,250	160,811	2,439
Contractual, materials and other	<u>52,782</u>	<u>38,941</u>	<u>13,841</u>
Total expenditures	<u>216,032</u>	<u>199,752</u>	<u>16,280</u>
Deficiency of revenues under expenditures	<u>(139,496)</u>	<u>(124,278)</u>	<u>15,218</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total other financing sources	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Net change in fund balance	(14,496)	722	15,218
Fund Balances, beginning of year	56,509	56,509	-
Prior Year Encumbrances	1,610	1,610	-
Fund Balances, end of year	<u>\$ 43,623</u>	<u>\$ 58,841</u>	<u>\$ 15,218</u>

**CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
C.D.B.G. FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenue	\$ 344,729	\$ 456,348	\$ 111,619
Investment income	4,500	5,096	596
Total revenues	349,229	461,444	112,215
EXPENDITURES:			
Current:			
Community development			
Personal services	7,690	7,690	-
Contractual, materials and other	440,236	418,733	21,503
Total expenditures	447,926	426,423	21,503
Excess (deficiency) of revenues over (under) expenditures	(98,697)	35,021	133,718
Fund Balances, beginning of year	37,219	37,219	-
Prior Year Encumbrances	61,478	61,478	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 133,718</u>	<u>\$ 133,718</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
C.D.B.G. REVOLVING LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Investment income	\$ 25,700	\$ 28,925	\$ 3,225
Total revenues	25,700	28,925	3,225
EXPENDITURES:			
Current:			
Community development			
Contractual, materials and other	308,714	234,486	74,228
Total expenditures	308,714	234,486	74,228
Deficiency of revenues under expenditures	(283,014)	(205,561)	77,453
Fund Balances, beginning of year	271,455	271,455	-
Prior Year Encumbrances	11,714	11,714	-
Fund Balances, end of year	<u>\$ 155</u>	<u>\$ 77,608</u>	<u>\$ 77,453</u>

**CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
C.D.B.G. PROGRAM INCOME FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Investment income	100	317	217
Total revenues	100	317	217
EXPENDITURES			
Current:			
Community development Contractual, materials and other	1,001	-	1,001
Total expenditures	1,001	-	1,001
Excess (deficiency) of revenues over (under) expenditures	(901)	317	1,218
Fund Balances, beginning of year	5,225	5,225	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	\$ 4,324	\$ 5,542	\$ 1,218

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
H.O.M.E. PROGRAM INCOME FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Investment income	\$ 1,500	\$ 5,444	\$ 3,944
Total revenues	1,500	5,444	3,944
EXPENDITURES:			
Current:			
Community development Contractual, materials and other	49,999	843	49,156
Total expenditures	49,999	843	49,156
Excess (deficiency) of revenues over (under) expenditures	(48,499)	4,601	53,100
Fund Balances, beginning of year	53,270	53,270	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	\$ 4,771	\$ 57,871	\$ 53,100

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
PARKING METER AND OFF-STREET PARKING FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Fines, licenses and permits	\$ 43,400	\$ 40,218	\$ (3,182)
Total revenues	43,400	40,218	(3,182)
EXPENDITURES:			
Current:			
Police			
Personal services	31,200	30,582	618
Contractual, materials and other	9,251	8,668	583
Total expenditures	40,451	39,250	1,201
Excess of revenues over expenditures	2,949	968	(1,981)
Fund Balances, beginning of year	102,198	102,198	-
Prior Year Encumbrances	81	81	-
Fund Balances, end of year	\$ 105,228	\$ 103,247	\$ (1,981)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
PROBATION GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenues	\$ 50,400	\$ 50,407	\$ 7
Total revenues	50,400	50,407	7
EXPENDITURES:			
Current:			
Judicial			
Personal services	54,600	54,155	445
Contractual, materials and other	2,347	2,339	8
Total expenditures	56,947	56,494	453
Deficiency of revenues under expenditures	(6,547)	(6,087)	460
Fund Balances, beginning of year	10,210	10,210	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	\$ 3,663	\$ 4,123	\$ 460

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CONVENTION AND VISITORS' BUREAU FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Local taxes	\$ 71,333	\$ 72,170	\$ 837
Total revenues	<u>71,333</u>	<u>72,170</u>	<u>837</u>
EXPENDITURES:			
Current:			
Community development			
Contractual, materials and other	<u>79,001</u>	<u>79,001</u>	<u>-</u>
Total expenditures	<u>79,001</u>	<u>79,001</u>	<u>-</u>
Deficiency of revenues under expenditures	(7,668)	(6,831)	837
Fund Balances, beginning of year	17,292	17,292	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 9,624</u>	<u>\$ 10,461</u>	<u>\$ 837</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
HEALTH DEPARTMENT BUILDING LEASE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Miscellaneous receipts and reimbursements	\$ 36,000	\$ 35,337	\$ (663)
Total revenues	<u>36,000</u>	<u>35,337</u>	<u>(663)</u>
EXPENDITURES:			
Current:			
Health			
Contractual, materials and other	<u>31,356</u>	<u>29,983</u>	<u>1,373</u>
Total expenditures	<u>31,356</u>	<u>29,983</u>	<u>1,373</u>
Excess of revenues over expenditures	4,644	5,354	710
Fund Balances, beginning of year	130,410	130,410	-
Prior Year Encumbrances	686	686	-
Fund Balances, end of year	<u>\$ 135,740</u>	<u>\$ 136,450</u>	<u>\$ 710</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
FEMA GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:	-	-	-
EXPENDITURES:	-	-	-
Net change in fund balance	-	-	-
Fund Balances, beginning of year	9	9	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ -</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
SEPARATION PAYMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES:			
Current:			
General government			
Personal services	113,280	113,278	2
Total expenditures	<u>113,280</u>	<u>113,278</u>	<u>2</u>
Deficiency of revenues under expenditures	(113,280)	(113,278)	2
OTHER FINANCING SOURCES:			
Transfers in	101,600	101,600	-
Total Other Financing Sources	<u>101,600</u>	<u>101,600</u>	<u>-</u>
Net change in fund balance	(11,680)	(11,678)	2
Fund Balances, beginning of year	502,649	502,649	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 490,969</u>	<u>\$ 490,971</u>	<u>\$ 2</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Miscellaneous receipts and reimbursements	\$ 6,000	\$ 16,694	\$ 10,694
Total revenues	<u>6,000</u>	<u>16,694</u>	<u>10,694</u>
EXPENDITURES:			
Current:			
General government			
Contractual, materials and other	<u>38,156</u>	<u>36,559</u>	<u>1,597</u>
Total expenditures	<u>38,156</u>	<u>36,559</u>	<u>1,597</u>
Deficiency of revenues under expenditures	(32,156)	(19,865)	12,291
OTHER FINANCING SOURCES:			
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total other financing sources	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	(7,156)	5,135	12,291
Fund Balances, beginning of year	2,051	2,051	-
Prior Year Encumbrances	8,158	8,158	-
Fund Balances, end of year	<u>\$ 3,053</u>	<u>\$ 15,344</u>	<u>\$ 12,291</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
DRUG LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Fines, licenses and permits	\$ 8,000	\$ 9,326	\$ 1,326
Miscellaneous receipts and reimbursements	<u>-</u>	<u>2,820</u>	<u>2,820</u>
Total revenues	<u>8,000</u>	<u>12,146</u>	<u>4,146</u>
EXPENDITURES:			
Current:			
Police			
Contractual, materials and other	<u>57,710</u>	<u>44,108</u>	<u>13,602</u>
Total expenditures	<u>57,710</u>	<u>44,108</u>	<u>13,602</u>
Deficiency of revenues under expenditures	(49,710)	(31,962)	17,748
Fund Balances, beginning of year	55,866	55,866	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 6,156</u>	<u>\$ 23,904</u>	<u>\$ 17,748</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES			
Miscellaneous receipts and reimbursements	-	41,864	41,864
Total Revenues	-	41,864	41,864
EXPENDITURES:			
Current:			
Police			
Contractual, materials and other	19,275	16,101	3,174
Total Expenditures	19,275	16,101	3,174
Excess (deficiency) of revenues over (under) expenditures	(19,275)	25,763	45,038
Fund Balances, beginning of year	22,078	22,078	-
Prior Year Encumbrances	1,142	1,142	-
Fund Balances, end of year	<u>\$ 3,945</u>	<u>\$ 48,983</u>	<u>\$ 45,038</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
INDIGENT DRIVER ALCOHOL TREATMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Fines, licenses and permits	\$ 15,000	\$ 20,296	\$ 5,296
Total revenues	15,000	20,296	5,296
EXPENDITURES:			
Current:			
Judicial			
Contractual, materials and other	70,001	44,599	25,402
Total expenditures	70,001	44,599	25,402
Deficiency of revenues under expenditures	(55,001)	(24,303)	30,698
Fund Balances, beginning of year	115,820	115,820	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 60,819</u>	<u>\$ 91,517</u>	<u>\$ 30,698</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
ENFORCEMENT & EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Fines, licenses and permits	\$ 7,500	\$ 5,227	\$ (2,273)
Total revenues	<u>7,500</u>	<u>5,227</u>	<u>(2,273)</u>
EXPENDITURES:			
Current:			
Police			
Personal services	9,002	4,514	4,488
Contractual, materials and other	<u>1,788</u>	<u>1,788</u>	<u>-</u>
Total expenditures	<u>10,790</u>	<u>6,302</u>	<u>4,488</u>
Deficiency of revenues under expenditures	(3,290)	(1,075)	2,215
Fund Balances, beginning of year	20,595	20,595	-
Prior Year Encumbrances	<u>288</u>	<u>288</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 17,593</u>	<u>\$ 19,808</u>	<u>\$ 2,215</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
IMPREST CASH FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund Balances, beginning of year	2,300	2,300	-
Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
 AT LEGAL LEVEL OF BUDGETARY CONTROL
 FIRE LOSS SECURITY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES			
Miscellaneous receipts and reimbursements	28,200	28,200	-
Total Revenues	28,200	28,200	-
EXPENDITURES:			
Current:			
Fire			
Contractual, materials and other	28,200	28,200	-
Total expenditures	28,200	28,200	-
Net change in fund balance	-	-	-
Fund Balances, beginning of year	-	-	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
 AT LEGAL LEVEL OF BUDGETARY CONTROL
 TIF -KUTHER ROAD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:			
Miscellaneous	\$ -	\$ 240,000	\$ 240,000
Total revenues	-	240,000	240,000
EXPENDITURES			
	-	-	-
Excess of revenues over expenditures	-	240,000	240,000
Fund Balances, beginning of year	-	-	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CEMETERY MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Charges for services	\$ 9,500	\$ 7,794	\$ (1,706)
Investment income	20,500	29,722	9,222
Total revenues	30,000	37,516	7,516
EXPENDITURES:			
Current:			
Health			
Contractual, materials and other	399	326	73
Total expenditures	399	326	73
Excess of revenues over expenditures	29,601	37,190	7,589
OTHER FINANCING USES:			
Transfers out	(10,000)	(10,000)	-
Total other financing uses	(10,000)	(10,000)	-
Net change in fund balance	19,601	27,190	7,589
Fund Balances, beginning of year	714,647	714,647	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	\$ 734,248	\$ 741,837	\$ 7,589

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
MAUSOLEUM MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Charges for services	\$ 500	\$ 328	\$ (172)
Investment income	650	854	204
Total revenues	1,150	1,182	32
EXPENDITURES			
	-	-	-
Excess of revenues over expenditures	1,150	1,182	32
Fund Balances, beginning of year	20,254	20,254	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	\$ 21,404	\$ 21,436	\$ 32

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:			
Intergovernmental revenues	\$ 876,057	\$ 366,287	\$ (509,770)
Miscellaneous receipts and reimbursements	<u>25,000</u>	<u>109,968</u>	<u>84,968</u>
Total revenues	<u>901,057</u>	<u>476,255</u>	<u>(424,802)</u>
EXPENDITURES:			
Capital Outlay:			
Contractual, materials and other	<u>5,779,938</u>	<u>5,007,401</u>	<u>772,537</u>
Total expenditures	<u>5,779,938</u>	<u>5,007,401</u>	<u>772,537</u>
Deficiency of revenues under expenditures	<u>(4,878,881)</u>	<u>(4,531,146)</u>	<u>347,735</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	(294,420)	(282,573)	11,847
Sale of asset	-	36,329	36,329
Transfers in	<u>3,251,841</u>	<u>3,368,441</u>	<u>116,600</u>
Total other financing sources	<u>2,957,421</u>	<u>3,122,197</u>	<u>164,776</u>
Net change in fund balance	(1,921,460)	(1,408,949)	512,511
Fund Balances, beginning of year	1,063,453	1,063,453	-
Prior Year Encumbrances	<u>890,259</u>	<u>890,259</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 32,252</u>	<u>\$ 544,763</u>	<u>\$ 512,511</u>

**CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
SPECIAL ASSESSMENT CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:			
Special assessments	\$ 7,500	\$ 5,200	\$ (2,300)
Total revenues	<u>7,500</u>	<u>5,200</u>	<u>(2,300)</u>
EXPENDITURES:			
Current:			
Community environment			
Contractual, materials and other	<u>16,840</u>	<u>14,352</u>	<u>2,488</u>
Total expenditures	<u>16,840</u>	<u>14,352</u>	<u>2,488</u>
Deficiency of revenues under expenditures	(9,340)	(9,152)	188
Fund Balances, beginning of year	6,668	6,668	-
Prior Year Encumbrances	<u>7,740</u>	<u>7,740</u>	-
Fund Balances, end of year	<u>\$ 5,068</u>	<u>\$ 5,256</u>	<u>\$ 188</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
WALKWAY GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES):			
Transfers out	(20,000)	(20,000)	-
Total other financing uses	(20,000)	(20,000)	-
Net change in fund balance	(20,000)	(20,000)	-
Fund Balances, beginning of year	20,000	20,000	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SIDNEY



OHIO

CITY OF SIDNEY, OHIO
Statistical Section
December 31, 2007

This part of the City of Sidney's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2000; schedules presenting government-wide information include information beginning in that year.

CITY OF SIDNEY



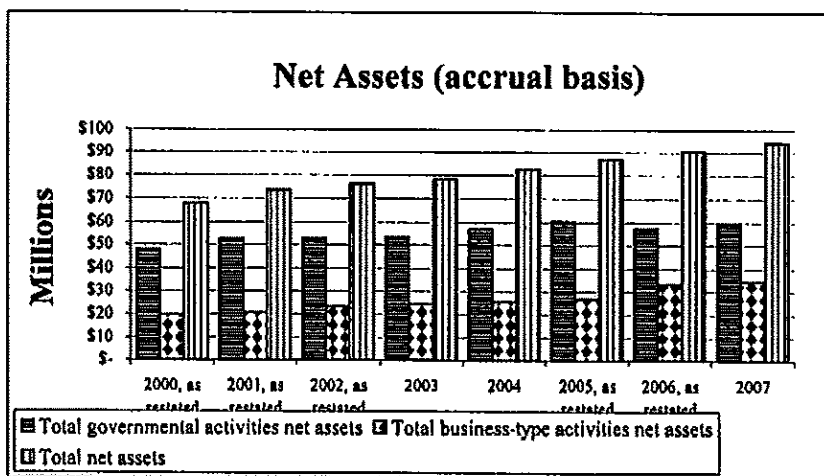
OHIO

**CITY OF SIDNEY, OHIO
NET ASSETS BY CATEGORY
LAST EIGHT FISCAL YEARS**

Schedule 1

	Year Ended December 31,							
	2000, as restated	2001, as restated	2002, as restated	2003	2004	2005, as restated	2006, as restated	2007
Governmental activities								
Invested in capital assets, net of related debt	\$ 34,168,370	\$ 41,074,076	\$ 41,586,478	\$ 41,850,468	44,263,989	46,330,165	41,944,422	43,858,848
Restricted for:								
Other purposes	1,980,660	1,672,998	1,607,694	1,374,427	1,764,537	1,342,722	1,546,232	1,321,211
Unrestricted	11,818,243	9,694,440	9,523,194	10,240,893	10,957,084	12,637,014	13,638,819	14,559,542
Total governmental activities net assets	<u>47,967,273</u>	<u>52,441,514</u>	<u>52,717,366</u>	<u>53,465,788</u>	<u>56,985,610</u>	<u>60,309,901</u>	<u>57,129,473</u>	<u>59,739,601</u>
Business-type activities								
Invested in capital assets, net of related debt	15,865,656	16,502,437	19,338,974	19,460,644	21,277,102	23,223,096	29,250,922	29,300,583
Unrestricted	3,981,195	4,406,065	4,045,806	5,108,748	4,327,735	3,643,310	4,059,842	5,387,473
Total business-type activities net assets	<u>19,846,851</u>	<u>20,908,502</u>	<u>23,384,780</u>	<u>24,569,392</u>	<u>25,604,837</u>	<u>26,866,406</u>	<u>33,310,764</u>	<u>34,688,056</u>
Total								
Invested in capital assets, net of related debt	50,034,026	57,576,513	60,925,452	61,311,112	65,541,091	69,553,261	71,195,344	73,159,431
Restricted for:								
Other purposes	1,980,660	1,672,998	1,607,694	1,374,427	1,764,537	1,342,722	1,546,232	1,321,211
Unrestricted	15,799,438	14,100,505	13,569,000	15,349,641	15,284,819	16,280,324	17,698,661	19,947,015
Total net assets	<u>\$ 67,814,124</u>	<u>\$ 73,350,016</u>	<u>\$ 76,102,146</u>	<u>\$ 78,035,180</u>	<u>\$ 82,590,447</u>	<u>\$ 87,176,307</u>	<u>\$ 90,440,237</u>	<u>\$ 94,427,657</u>

Note: Accounting standards require that the net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.



- Note: The following restatements of prior years' balances are reflected in the above schedule:
- Change in threshold for recording capital assets was raised from \$2,500 to \$5,000.
 - Retroactive restatement of governmental infrastructure acquired before January 1, 2000.
 - Addition of sewer and water infrastructure not capitalized in prior years.
 - Correction of airport capital assets
 - Change of transportation and stormwater management funds from governmental activities to business-type activities

CITY OF SIDNEY, OHIO
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS

Year Ended December 31,

	2008, as restated	2007, as restated	2006, as restated	2005, as restated	2004	2003	2002, as restated	2001, as restated	2000, as restated	1999
Expenses										
Governmental activities:										
General government	1,723,485	1,998,119	1,905,469	1,782,921	1,489,376	1,614,428	1,489,376	1,741,846	1,728,929	1,728,929
Public safety	8,600,737	9,722,217	9,888,848	9,878,689	10,499,661	10,892,271	10,892,271	11,435,091	12,226,710	12,226,710
Health	174,196	261,687	270,727	295,910	218,608	202,737	202,737	214,833	227,045	227,045
Transportation	2,104,864	2,272,067	2,318,094	2,569,392	2,772,945	3,074,878	3,074,878	2,692,044	3,163,599	3,163,599
Community environment	1,298,061	1,190,075	1,378,329	1,313,960	1,430,611	1,368,786	1,368,786	1,426,466	1,618,014	1,618,014
Parks and recreation	1,150,509	1,211,315	1,318,190	1,400,906	1,427,369	1,469,323	1,469,323	1,461,172	1,628,824	1,628,824
Basic utility services	308,467	318,291	370,166	378,706	460,118	487,141	487,141	-	54,531	54,531
Interest on long-term debt	125,165	121,785	115,448	114,958	266,501	425,995	425,995	411,424	392,921	392,921
Total governmental activities expenses	15,485,484	17,095,556	17,586,271	17,725,442	18,565,189	19,525,529	19,525,529	19,382,926	21,038,573	21,038,573
Business-type activities:										
Water	2,515,576	2,588,130	2,599,989	2,657,083	2,930,771	2,959,127	2,959,127	3,253,577	3,908,385	3,908,385
Sewer	2,191,821	2,307,869	2,286,024	2,791,159	3,125,699	3,466,500	3,466,500	3,464,976	3,720,157	3,720,157
Stormwater	-	-	-	-	-	-	-	-	644,140	567,091
Solid Waste	999,249	915,794	1,012,932	1,003,765	1,048,669	1,048,669	1,048,669	1,126,873	1,086,908	1,086,908
Other business-type activities	314,250	286,496	324,786	364,138	448,909	493,991	493,991	1,095,913	996,388	996,388
Total business-type activities expenses	6,020,896	6,098,289	6,223,731	6,816,145	7,543,778	7,968,287	7,968,287	9,583,479	10,278,929	10,278,929
Total Expenses	21,506,380	23,193,845	23,810,002	24,541,587	26,108,967	27,503,846	27,503,846	28,966,405	31,317,502	31,317,502
Program Revenues										
Governmental activities:										
General government	1,492,875	1,495,815	1,399,883	1,850,965	1,901,789	1,893,515	1,893,515	1,857,089	2,109,221	5,801
Public safety	129,641	133,616	173,214	115,028	150,921	97,804	97,804	129,886	120,151	120,151
Health	3,520,102	5,397,599	1,944,035	1,799,891	4,985,199	3,917,009	3,917,009	3,506,690	2,516,499	2,516,499
Transportation	553,089	817,184	494,836	483,702	497,796	660,033	660,033	410,455	590,043	590,043
Community environment	101,749	31,132	28,670	65,267	29,718	235,638	235,638	72,453	64,939	64,939
Parks and recreation	-	-	-	-	-	17,224	17,224	-	-	-
Basic utility services	5,797,456	8,075,346	4,040,638	4,314,851	7,565,473	6,821,223	6,821,223	5,975,573	5,406,654	5,406,654
Total governmental activities program revenues	12,494,812	15,943,392	12,987,376	14,572,646	16,536,776	15,540,416	15,540,416	15,872,646	16,719,507	16,719,507
Business-type activities:										
Water	2,879,475	2,835,353	3,127,229	3,109,280	3,321,811	3,562,350	3,562,350	3,540,699	4,105,837	4,105,837
Sewer	2,958,403	2,935,486	3,213,919	3,337,205	3,453,028	3,821,448	3,821,448	3,706,858	4,564,326	4,564,326
Solid Waste	765,583	666,804	884,872	846,898	927,527	874,119	874,119	841,242	893,935	893,935
Stormwater	-	-	-	-	-	-	-	-	275,893	275,893
Other business-type activities	246,221	213,127	281,415	254,713	548,303	609,976	609,976	980,687	1,041,434	1,041,434
Total business-type activities program revenues	6,837,682	6,650,770	7,507,435	7,567,096	8,250,669	8,867,893	8,867,893	9,069,486	10,881,425	10,881,425
Net (Expense) Revenue⁽⁴⁾	1,111,832	1,100,547	1,362,535	1,726,059	1,972,809	2,036,673	2,036,673	2,489,221	2,681,982	2,681,982
Governmental activities:										
General government	(1,723,485)	(1,998,119)	(1,905,469)	(1,782,921)	(1,489,376)	(1,614,428)	(1,614,428)	(1,741,846)	(1,728,929)	(1,728,929)
Public safety	(7,107,862)	(8,226,402)	(8,488,965)	(8,027,724)	(8,597,872)	(8,998,756)	(8,998,756)	(9,578,002)	(10,117,489)	(10,117,489)
Health	(44,555)	(128,071)	(97,513)	(180,882)	(67,887)	(104,933)	(104,933)	(84,977)	(106,894)	(106,894)
Transportation	1,415,238	3,325,532	(374,059)	(769,501)	2,212,254	842,131	842,131	813,646	(647,100)	(647,100)
Community environment	(744,972)	(772,891)	(884,493)	(830,258)	(932,815)	(708,753)	(708,753)	(1,016,011)	(1,027,971)	(1,027,971)
Parks and recreation	(1,048,760)	(1,180,183)	(1,309,520)	(1,335,639)	(1,397,651)	(1,233,685)	(1,233,685)	(1,388,719)	(1,563,885)	(1,563,885)
Basic utility services	(308,467)	(318,291)	(370,166)	(378,706)	(460,118)	(469,917)	(469,917)	-	(54,531)	(54,531)
Interest on long-term debt	(125,165)	(121,785)	(115,448)	(114,958)	(266,501)	(425,995)	(425,995)	(411,424)	(392,921)	(392,921)
Total governmental activities	(9,688,028)	(9,020,210)	(13,545,633)	(13,420,389)	(10,999,766)	(12,714,336)	(12,714,336)	(13,407,353)	(15,631,919)	(15,631,919)

CITY OF SIDNEY, OHIO
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS

(continued)

Schedule 2

	Year Ended December 31,							
	2000, as restated	2001, as restated	2002, as restated	2003	2004	2005, as restated	2006, as restated	2007
Net (Expense) Revenue⁽⁴⁾								
Business-type activities:								
Water	363,899	247,223	527,240	452,197	391,040	603,223	287,172	197,452
Sewer	766,582	627,617	927,895	566,046	327,329	354,948	241,882	844,169
Solid Waste	(235,666)	(748,990)	(128,060)	(157,867)	(110,872)	(174,550)	197,102	(192,973)
Stormwater	(73,023)	(73,363)	(43,371)	(109,425)	98,394	115,583	(1,126,873)	(291,198)
Other business-type activities	816,786	552,481	1,253,794	798,951	706,891	899,606	(513,993)	45,046
Total business-type activities	(8,871,242)	(8,467,729)	(12,261,929)	(12,669,628)	(10,292,875)	(11,814,730)	(13,973,346)	(15,029,423)
Total								
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes:								
Income taxes	10,663,264	10,713,675	10,952,386	11,180,689	11,313,150	12,707,698	13,261,167	13,417,106
Property taxes	1,330,086	1,317,123	1,266,026	1,250,527	1,321,566	1,336,737	1,492,187	1,481,916
Other taxes	561,207	189,818	505,464	618,180	585,600	688,045	507,960	819,030
Grants and contributions not restricted to specific prog	1,114,811	1,117,526	1,273,415	1,146,863	1,287,579	1,174,034	1,183,356	1,610,680
Investment earnings	1,108,964	779,823	447,751	171,516	243,088	340,469	545,006	894,963
(Loss) gain on sale/disposal of capital assets	(29,845)	(40,253)	(68,845)	9,300	12,983	10,430	24,248	-
Miscellaneous	297,769	155,936	67,249	88,705	42,357	76,941	46,216	573,924
Transfers	(32,327)	(732,853)	(620,419)	(351,422)	(286,635)	(295,221)	(190,440)	(555,572)
Total governmental activities	15,014,019	13,500,795	13,823,027	14,114,358	14,519,688	16,038,627	16,870,600	18,242,047
Business-type activities:								
Investment earnings	-	-	135,481	76,870	39,519	64,736	118,884	219,224
(Loss) gain on sale/disposal of capital assets	-	-	800	5,369	2,400	1,500	7,352	-
Transfers	-	-	620,419	351,422	286,635	295,221	190,440	555,572
Total business-type activities	-	-	756,700	433,661	328,554	361,963	316,676	774,796
Total	15,014,019	13,500,795	14,579,727	14,548,019	14,848,242	16,400,590	17,187,276	19,016,843
Change in Net Assets								
Governmental activities	5,325,991	4,490,585	277,394	693,769	3,519,922	3,324,291	3,463,247	2,610,128
Business-type activities	816,786	552,481	2,040,404	1,184,612	1,035,445	1,261,569	(199,317)	1,377,292
Total	6,142,777	5,043,066	2,317,798	1,878,381	4,555,367	4,585,860	3,263,930	3,987,420

(4) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program.

It indicates the degree to which a function or program is supported by its own fees and program-specific grants versus its reliance upon funding from taxes and other governmental revenues.

Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

CITY OF SIDNEY, OHIO
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	December 31,									
General Fund	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Reserved for:										
Inventory	\$ 53,980	\$ 58,360	\$ 49,828	\$ 55,145	\$ 51,800	\$ 42,560	\$ 41,583	\$ 35,817	\$ 36,018	\$ 49,255
Prepaid items	41,203	-	36,044	37,179	46,045	41,776	43,949	31,608	24,389	21,576
Encumbrances	63,981	34,400	185,280	145,807	157,350	106,148	95,417	20,441	692,064	104,072
Unreserved	3,331,185	3,691,491	3,050,871	2,981,401	2,707,516	2,710,617	2,894,238	3,753,439	4,344,745	6,079,886
Total general fund	\$ 3,490,349	\$ 3,784,251	\$ 3,322,023	\$ 3,219,532	\$ 2,962,711	\$ 2,901,101	\$ 3,075,187	\$ 3,841,305	\$ 5,097,216	\$ 6,254,789
All Other Governmental Funds										
Reserved for:										
Inventory	\$ 70,622	\$ 74,932	\$ 69,568	\$ 83,592	\$ 108,045	\$ 88,655	\$ 85,260	\$ 76,273	\$ 92,915	\$ 52,740
Prepaid items	65,640	-	60,002	57,895	53,795	50,444	97,254	91,248	85,851	1,342
Long-term loans receivable	189,290	128,199	223,204	118,784	107,284	95,191	82,474	69,112	55,066	40,301
Encumbrances	1,536,033	3,626,507	1,048,962	1,106,024	529,435	1,016,744	4,845,128	728,243	896,553	1,210,351
Unreserved, reported in:										
Special revenue funds	3,224,111	4,298,002	5,438,619	4,361,742	4,329,121	3,909,666	4,948,733	5,352,567	5,348,396	4,782,780
Capital projects funds	5,278,776	2,860,969	2,384,613	386,758	1,175,574	889,892	2,682,669	1,373,103	1,252,773	616,675
Total all other governmental funds	\$ 10,364,472	\$ 10,988,609	\$ 9,224,968	\$ 6,114,795	\$ 6,303,254	\$ 6,050,592	\$ 12,741,518	\$ 7,690,546	\$ 7,731,554	\$ 6,704,189

Note: The following changes that occurred on the 2007 balances and are not reflected in prior years are reflected in the above schedule:

- Change of transportation and stormwater management funds from governmental activities to business-type activities
- Correction of an error for bond issuance costs

**CITY OF SIDNEY, OHIO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	For Year Ended December 31,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues:										
Local taxes	12,973,054	13,192,036	11,703,628	11,089,189	12,714,069	12,543,684	13,445,397	14,365,781	14,851,099	14,988,112
Intergovernmental revenues	2,246,126	2,901,054	3,267,850	3,632,296	3,353,670	3,320,149	3,810,313	5,067,711	4,071,733	3,788,406
Special assessments	255,468	273,589	263,167	245,742	241,912	227,605	229,316	236,104	223,510	258,866
Charges for services	344,186	469,453	716,325	709,333	768,098	969,279	1,421,837	1,622,762	1,587,491	1,737,641
Fines, licenses and permits	596,304	683,212	404,054	429,437	317,800	287,411	256,498	258,766	269,686	267,507
Investment income	678,184	611,734	948,322	823,690	522,063	268,883	207,837	334,897	612,932	880,706
Miscellaneous receipts and reimbursements	601,241	267,942	568,047	326,270	326,443	303,245	308,898	321,297	289,589	797,011
Total revenues	<u>17,694,563</u>	<u>18,399,020</u>	<u>17,871,393</u>	<u>17,255,957</u>	<u>18,244,055</u>	<u>17,920,256</u>	<u>19,680,096</u>	<u>22,207,318</u>	<u>21,906,040</u>	<u>22,718,249</u>
EXPENDITURES:										
Current:										
General government	1,851,953	2,063,421	1,759,529	1,965,157	1,912,226	1,837,408	1,440,284	1,605,525	1,542,352	1,629,417
Public safety	6,832,335	7,794,337	8,349,842	9,120,432	9,162,996	9,300,073	9,861,029	10,311,264	10,483,625	11,183,654
Health	126,224	147,127	230,152	242,231	249,787	259,649	189,070	185,517	194,161	209,334
Transportation	1,124,800	1,309,352	1,291,164	1,221,388	1,275,471	1,504,254	1,644,318	1,922,641	1,751,984	1,424,212
Community environment	803,377	749,486	991,344	915,690	1,016,647	1,013,585	1,105,093	1,222,594	1,286,229	1,310,180
Parks and recreation	804,764	941,694	1,080,551	1,044,188	1,213,672	1,246,529	1,251,521	1,352,572	1,255,863	1,366,273
Basic utility services	134,723	137,337	157,069	159,406	204,342	222,810	284,370	283,767	398,791	45,593
Capital outlay	3,759,437	3,937,626	6,654,781	5,128,957	2,627,354	2,449,097	4,247,656	8,568,102	2,723,186	3,888,697
Debt service:										
Principal	15,000	120,000	120,000	120,000	120,000	125,000	130,000	425,000	435,000	445,000
Interest and other charges	8,323	129,181	114,498	122,219	115,895	115,322	239,721	429,276	413,338	388,520
Total expenditures	<u>15,460,936</u>	<u>17,329,561</u>	<u>20,748,930</u>	<u>20,039,668</u>	<u>17,898,390</u>	<u>18,073,927</u>	<u>20,393,062</u>	<u>26,306,258</u>	<u>20,484,529</u>	<u>21,890,880</u>
Excess (deficiency) of revenues over (under) expenditures	2,233,627	1,069,459	(2,877,537)	(2,783,711)	345,665	(153,671)	(712,966)	(4,098,940)	1,421,511	827,369
OTHER FINANCING SOURCES (USES):										
Transfers in	11,755,870	15,301,323	13,005,598	11,360,480	11,288,315	11,320,014	12,028,819	12,605,445	13,956,196	14,189,448
Proceeds from issuance of bonds	2,765,000	-	-	-	-	-	7,600,000	-	-	-
Sale of fixed assets	29,216	18,329	24,544	21,387	21,300	14,400	26,525	10,430	31,448	74,328
Transfers out	(13,270,370)	(15,526,623)	(13,046,831)	(11,810,820)	(11,477,315)	(11,495,014)	(12,192,019)	(12,801,789)	(14,112,236)	(14,747,305)
Total other financing sources (uses)	<u>1,259,716</u>	<u>(206,971)</u>	<u>(16,689)</u>	<u>(428,953)</u>	<u>(167,700)</u>	<u>(160,600)</u>	<u>7,523,325</u>	<u>(185,914)</u>	<u>(124,592)</u>	<u>(483,529)</u>
Net change in fund balances	<u>\$ 3,493,343</u>	<u>\$ 862,488</u>	<u>\$ (2,894,226)</u>	<u>\$ (3,212,664)</u>	<u>\$ 177,965</u>	<u>\$ (314,271)</u>	<u>\$ 6,810,359</u>	<u>\$ (4,284,854)</u>	<u>\$ 1,296,919</u>	<u>\$ 343,840</u>
Debt service as a percentage of noncapital expenditures	0.2%	1.9%	1.7%	1.5%	1.5%	1.5%	2.3%	4.9%	4.9%	3.4%

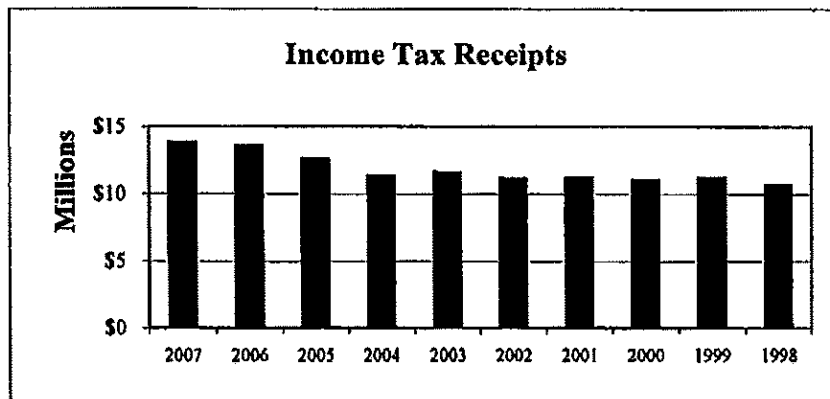
CITY OF SIDNEY, OHIO
INCOME TAX BY PAYER TYPE AND INCOME TAX RATE
LAST TEN FISCAL YEARS (cash basis of accounting -- excluding refunds)

Schedule 5

Year	Individuals			Total	Income Tax Rate
	Withheld by Employer	Paid by Taxpayer	Net Profits		
2007	\$ 11,034,099	\$ 562,897	\$ 2,251,588	\$ 13,848,583	1.50%
2006	\$ 10,564,424	\$ 594,202	\$ 2,376,810	\$ 13,535,436	1.50%
2005	\$ 10,304,368	\$ 401,908	\$ 1,869,366	\$ 12,575,642	1.50%
2004	\$ 9,584,082	\$ 422,876	\$ 1,401,307	\$ 11,408,265	1.50%
2003	\$ 9,454,838	\$ 443,801	\$ 1,730,053	\$ 11,628,692	1.50%
2002	\$ 9,191,973	\$ 458,471	\$ 1,545,088	\$ 11,195,532	1.50%
2001	\$ 9,134,504	\$ 465,735	\$ 1,637,333	\$ 11,237,572	1.50%
2000	\$ 8,757,119	\$ 491,777	\$ 1,822,063	\$ 11,070,959	1.50%
1999	\$ 8,430,776	\$ 463,307	\$ 2,351,018	\$ 11,245,101	1.50%
1998	\$ 7,844,728	\$ 465,714	\$ 2,321,262	\$ 10,631,704	1.50%

Source: City of Sidney, Ohio, Income Tax Department

This City levies a 1.5% income 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. Employers within the City withhold income tax on employee compensation and remit at least quarterly.



CITY OF SIDNEY, OHIO
RANKING OF TOP TEN INCOME TAX WITHHOLDERS
CURRENT YEAR AND TEN YEARS AGO (cash basis of accounting)

Schedule 6

2007	
<u>Rank</u>	<u>Name</u>
1	Emerson Climate (formerly Copeland Corp)
2	NK Parts Industries, Inc.
3	Cargill, Inc.
4	Wilson Memorial Hospital
5	Superior Metal
6	Honda of America Mfg
7	Sidney Board of Education
8	Shelby County
9	Fresh Unlimited
10	City of Sidney
Combined percentage of Total income taxes 28.98%	

1998		
<u>2007 Rank</u>	<u>Rank</u>	<u>Name</u>
1	1	Copeland Corporation
4	2	American Trim LLC
3	3	Honda of America Mfg
9	4	Alcoa Building Products, Inc.
5	5	Gilardi, AM & Sons Inc.
7	6	Wilson Memorial Hospital
-	7	Sidney Board of Education
10	8	Eagle-Picher Industries, Inc.
-	9	Shelby County
-	10	Lear Operations Corporation
Combined percentage of Total income taxes		30.19%

Source: City of Sidney, Ohio, Income Tax Department

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer. The City chose not to disclose percentages and number of filers by income level because the City does not require all taxpayers to file a return, therefore it does not have, nor can it obtain, this type of information.

CITY OF SIDNEY, OHIO
RATIOS OF OUTSTANDING DEBT AND LEGAL DEBT MARGINS
LAST TEN YEARS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Obligation Bonds	\$ 9,950,000	\$ 9,115,000	\$ 8,260,000	\$ 14,285,000	\$ 13,390,000	\$ 12,455,000	\$ 19,085,000	\$ 17,790,000	\$ 17,055,000	\$ 16,155,500
Assessed value of taxable property ⁽¹⁾	\$ 383,475,209	\$ 401,899,287	\$ 410,154,105	\$ 418,557,164	\$ 440,544,340	\$ 442,272,291	\$ 453,740,892	\$ 454,122,536	\$ 428,275,580	\$ 395,352,640
General Obligation Bonds as percent of total assessed value of taxable property	2.59%	2.27%	2.01%	3.41%	3.04%	2.82%	4.21%	3.92%	3.98%	4.09%
Estimated actual value of taxable property ⁽²⁾	1,236,912,253	1,285,641,548	1,315,201,174	1,344,326,965	1,414,316,000	1,409,770,730	1,458,980,574	1,569,576,558	1,223,644,514	1,180,703,463
General Obligation Bonds as percent of total estimated actual value of taxable property	0.80%	0.71%	0.63%	1.06%	0.95%	0.88%	1.31%	1.13%	1.39%	1.37%
Population ⁽³⁾	19,197	19,350	20,211	20,378	20,276	20,249	20,147	20,171	20,139	20,139
General Obligation Bonds Per capita	\$ 518	\$ 471	\$ 409	\$ 701	\$ 660	\$ 615	\$ 947	\$ 882	\$ 847	\$ 802
Less debt not subject to limitations										
Self-supporting securities issued for water systems or facilities	\$ (2,000,000)	\$ (1,750,000)	\$ (1,500,000)	\$ (1,250,000)	\$ (1,000,000)	\$ (750,000)	\$ (500,000)	\$ (250,000)	\$ -	\$ (200,000)
Self-supporting securities issued for sanitary sewer systems or facilities	\$ (5,005,000)	\$ (4,540,000)	\$ (4,055,000)	\$ (10,450,000)	\$ (9,925,000)	\$ (9,365,000)	\$ (8,775,000)	\$ (8,155,000)	\$ (8,105,000)	\$ (7,450,000)
Less: Bond Retirement Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net debt subject to 10-1/2% limitation ⁽⁴⁾	\$ 2,945,000	\$ 2,825,000	\$ 2,705,000	\$ 2,585,000	\$ 2,465,000	\$ 2,340,000	\$ 9,810,000	\$ 9,385,000	\$ 8,950,000	\$ 8,505,500
Voted and Unvoted Debt Limit - 10-1/2% of assessed value	\$ 40,264,897	\$ 42,199,425	\$ 43,066,181	\$ 43,948,502	\$ 46,257,156	\$ 46,438,591	\$ 47,642,794	\$ 47,682,866	\$ 44,968,936	\$ 41,512,027
Legal Debt Margin within 10-1/2% Limitation	\$ 37,319,897	\$ 39,374,425	\$ 40,361,181	\$ 41,363,502	\$ 43,792,156	\$ 44,098,591	\$ 37,832,794	\$ 38,297,866	\$ 36,018,936	\$ 33,006,527
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	7.31%	6.69%	6.28%	5.88%	5.33%	5.04%	20.59%	19.68%	19.90%	20.49%
Net debt subject to 5-1/2% limitation ⁽⁵⁾	\$ 2,945,000	\$ 2,825,000	\$ 2,705,000	\$ 2,585,000	\$ 2,465,000	\$ 2,340,000	\$ 9,810,000	\$ 9,385,000	\$ 8,950,000	\$ 8,505,500
Unvoted Debt Limit - 5-1/2% of assessed value	\$ 21,091,136	\$ 22,104,461	\$ 22,558,476	\$ 23,020,644	\$ 24,229,939	\$ 24,324,976	\$ 24,955,749	\$ 24,976,739	\$ 23,555,157	\$ 21,744,395
Legal Debt Margin within 5-1/2% Limitation	\$ 18,146,136	\$ 19,279,461	\$ 19,853,476	\$ 20,435,644	\$ 21,764,939	\$ 21,984,976	\$ 15,145,749	\$ 15,591,739	\$ 14,605,157	\$ 13,238,895
Net debt within limitations for Unvoted debt as a percentage of debt limit	13.96%	12.78%	11.99%	11.23%	10.17%	9.62%	39.31%	37.57%	38.00%	39.12%

⁽¹⁾ Source for assessed value and estimated actual value data: Shelby County Auditor
⁽²⁾ Source for population: For years 1998 - 1999 and 2001 - 2007, U.S. Bureau of the Census-Population Estimates Program. For year 2000, U.S. Bureau of the Census-2000 Federal Census.
⁽³⁾ 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.
⁽⁴⁾ The Ohio Revised Code provides that the aggregate principal amount of unvoted "net indebtedness" may not exceed 5-1/2% of the assessed valuation.

**CITY OF SIDNEY, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING
 GENERAL OBLIGATION DEBT
 DECEMBER 31, 2007**

Schedule 8

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Sidney</u>	<u>Amount Applicable to City of Sidney</u>
City of Sidney	\$ 8,505,500 ⁽¹⁾	100%	\$8,505,500
Sidney City School District ⁽²⁾	\$20,219,980	100%	\$20,219,980
Shelby County ⁽³⁾	\$820,376	N/A	N/A

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

⁽²⁾ Source: Treasurer of Sidney City Schools

⁽³⁾ Source: Shelby County Auditor

**CITY OF SIDNEY, OHIO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS**

Schedule 9

Fiscal Year	Population (1)	Per Capita Personal Income (1)(b)	Median Age (1)(b)	School Enrollment (2)	Unemployment Rate (3)	Total Assessed Property Value (4)	Estimated Actual Property Value (4)
1998	19,197 (1)(a)	\$19,075	33.9 yrs	3,928	3.7%	\$383,475,209	\$1,236,912,253
1999	19,350 (1)(a)	\$19,075	33.9 yrs	3,953	4.1%	\$401,899,287	\$1,285,641,548
2000	20,211 (1)(b)	\$19,075	33.9 yrs	3,887	4.2%	\$410,154,105	\$1,315,201,174
2001	20,378 (1)(a)	\$19,075	33.9 yrs	3,896	4.0%	\$418,557,164	\$1,344,326,965
2002	20,276 (1)(a)	\$19,075	33.9 yrs	3,918	4.6%	\$440,544,340	\$1,414,316,000
2003	20,249 (1)(a)	\$19,075	33.9 yrs	3,609	4.9%	\$442,272,291	\$1,409,770,730
2004	20,147 (1)(a)	\$19,075	33.9 yrs	3,941	4.4%	\$453,740,892	\$1,458,980,574
2005	20,171 (1)(a)	\$19,075	33.9 yrs	3,923	4.9%	\$454,122,536	\$1,569,576,558
2006	20,139 (1)(a)	\$19,075	33.9 yrs	3,934	4.5%	\$428,275,580	\$1,223,644,514
2007	20,139 (1)(a)	\$19,075	33.9 yrs	3,978	4.8%	\$395,352,640	\$1,180,703,463

(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

(4) Source: Shelby County Auditor

Note: Total personal income amounts are not available for the City of Sidney therefore, estimated actual value of taxable property is used instead.

**CITY OF SIDNEY, OHIO
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND FIVE YEARS AGO**

Schedule 10

2007			2002		
	<u>Employer</u>	<u>Approximate Number of Employees</u>		<u>Employer</u>	<u>Approximate Number of Employees</u>
1	Emerson Climate Technologies (formerly Copeland Corp)	2,200	1	Copeland Corporation	2,200
2	NK Parts Industries	1,100	2	NK Parts Industries	1,100
3	Wilson Memorial Hospital	896	3	Stolle Products	800
4	American Trim	750	4	Wilson Memorial Hospital	665
5	Ross Aluminum Castings, LLC	600	5	Wal-Mart Super Center	600
6	Augusta Sportswear	550	6	Con Agra	484
7	Norcold	530	7	Sidney Board of Education	459
8	Sidney Board of Education	475	8	Alcoa Building Products	450
9	Advanced Composites	450	9	Ross Aluminum Foundries	425
10	Cargill, Inc.	373	10	Cargill, Inc.	373
	Total	7,924		Total	7,556

Source: West Ohio Development Council

Note: The listing of principle employers from nine years ago is not available. Total number of employees within the City of Sidney is not available.

**CITY OF SIDNEY, OHIO
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST NINE FISCAL YEARS**

Schedule 11

Function/program	FULL-TIME EQUIVALENT EMPLOYEES AS OF DECEMBER 31,								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government:	15.74	15.74	15.74	16.74	16.75	16.75	16.75	16.75	17.48
Police									
Officers	36.00	37.00	38.00	39.00	40.00	40.00	40.00	40.00	40.00
Civilians	13.57	13.77	14.45	14.45	14.84	14.84	15.84	15.84	15.84
Fire									
Firefighters and officers	36.00	36.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Judicial	13.60	16.66	17.65	17.84	17.89	17.95	17.88	17.95	17.95
Health - cemetery	2.92	2.85	2.85	3.23	3.38	3.38	3.32	3.32	3.08
Public transportation	8.47	9.05	8.99	8.99	8.37	9.35	12.55	12.38	12.28
Street repair & maintenance	11.60	11.83	11.65	11.89	11.79	11.79	12.29	12.04	11.67
Community development	1.00	1.26	1.26	1.26	1.26	1.23	1.23	1.23	1.23
Community environment	11.14	11.14	11.37	11.37	11.04	11.29	11.25	11.51	11.51
Parks and recreation	17.65	16.82	17.75	17.39	17.90	17.62	17.60	16.90	16.90
Basic utility services - stormwater management	2.96	2.96	2.96	2.96	2.96	2.96	3.06	4.06	4.06
Water	21.10	21.50	21.60	21.60	21.55	21.46	21.77	21.77	21.77
Sewer	14.42	14.36	14.36	14.36	14.13	14.00	15.33	15.33	15.33
Solid waste	3.10	2.87	2.87	2.87	2.87	2.76	0.10	0.10	-
Airport	-	-	-	-	-	0.25	0.25	0.25	-
Swimming pool	3.31	3.29	3.54	3.54	3.76	3.76	4.05	5.06	4.05
Service center including city garage	4.95	4.95	4.95	5.15	5.19	4.69	4.44	4.44	4.04
Information technology	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	220.53	225.05	230.99	233.64	234.68	235.08	238.71	239.93	238.19

Source: City of Sidney, Ohio, Appropriation Budgets for applicable years

Note: Number of employees, expressed in terms of full-time equivalents, was not maintained prior to the year ended December 31, 1999.

**CITY OF SIDNEY, OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS**

Schedule 12

Function/program	For Year Ended December 31,								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government									
Accounts payable checks processed	6,473	6,333	6,783	6,571	6,138	5,644	5,590	5,181	5,588
Purchase orders issued	2,040	2,155	1,915	1,850	1,865	1,870	1,825	1,611	1,650
Police									
Calls for service processed	36,928	37,770	37,942	37,548	36,676	37,330	37,445	36,825	35,318
9-1-1 calls processed	3,445	3,334	3,762	3,864	3,905	4,230	3,734	3,810	4,106
Adult & juvenile arrests	2,534	2,963	2,767	3,000	2,493	2,811	2,888	2,615	2,449
Traffic citations	2,473	2,761	2,562	3,885	3,976	3,340	3,478	3,261	2,728
Fire									
Fire calls	611	556	552	568	602	632	735	610	605
EMS calls	2,375	2,485	2,432	2,475	2,452	2,603	2,585	2,540	2,718
Municipal Court									
New cases filed	11,104	13,318	13,798	13,471	12,435	9,070	10,419	11,284	11,000
Cases completed	11,382	13,806	14,407	14,424	13,116	9,696	10,913	11,663	11,400
Prisoners transported by bailiff	953	1,081	1,203	1,250	991	982	1,147	1,246	1,175
Cemetery									
Burials	115	88	98	95	80	103	73	68	82
Grave sales	88	50	85	70	47	79	49	58	42
Public Transportation									
Total ridership	47,024	53,032	48,457	40,710	41,427	49,877	48,218	47,429	43,800
Streets and highways									
Miles of street responsibility	90.5	92.6	95.3	95.9	96.2	97.0	98.0	97.5	98
Traffic signal intersections	49	53	52	51	52	51	50	50	50
Planning									
Sign permits issued	28	46	61	48	68	72	43	41	52
ZBA applications reviewed	53	29	24	25	31	23	21	15	17
Building Inspection									
Building permits issued	307	294	278	309	586	292	259	251	300
Building inspections	738	921	993	1,045	1,898	1,103	1,103	1,618	887
Engineering									
Sanitary sewer inspections	99	95	274	107	104	101	94	67	132
Parks and recreation									
Free clinics organized and directed	10	10	13	16	17	20	20	37	37
Free clinics (attendance)	662	583	590	707	444	609	764	1,526	1,817
Park shelters maintained	30	32	34	33	33	33	33	33	33
Trees planted	150	120	170	150	250	274	150	100	100
Senior Center members	1,100	1,198	1,350	1,307	1,200	1,200	1,200	1,200	1,200
Utility Billing									
Customers (mail/drop box)	20,165	20,542	14,570	16,206	15,353	15,412	15,179	15,300	15,530
Customers (walk-in)	25,025	25,300	31,784	33,351	33,475	35,170	36,446	36,800	37,120
Water									
Gallons of water processed (in millions)	1,254	1,290	1,223	1,142	1,141	1,365	1,339	1,375	1,382
Lime sludge processed/removed (dry tons)	2,702	4,687	8,461	20,699	43,476	5,632	-	10,000	10,000
Water main breaks	15	27	16	18	18	18	23	17	24
Regular meter readings obtained	40,910	39,574	31,839	32,578	33,555	34,976	19,621	34,888	34,888
Sewer									
Wastewater processed (million gallons per day)	4.27	4.40	4.80	5.40	5.50	5.10	6.00	5.80	7
Biosolids processed (dry tons)	584	1,128	972	1,095	593	725	855	723	848
Feet of sewer cleaned	55,308	80,390	155,581	173,000	90,000	90,000	137,969	112,663	112,000
Swimming Pool									
Daily admissions	18,357	13,641	17,912	21,469	13,548	12,032	20,181	16,912	16,354
Season passes	340	323	295	413	360	379	479	521	564
Information Technology									
Number of personal computers maintained	80	95	126	131	136	148	165	192	205
Service Center - Garage									
Units in fleet	228	228	235	247	251	235	236	239	235

Source: City of Sidney, Ohio, Appropriation Budgets for applicable years. Actual statistics for years 1999 - 2006. Estimated statistics for 2007.

Note: Most of these operating indicators were not maintained prior to 1999.

**CITY OF SIDNEY, OHIO
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS**

Schedule 13

<u>Function/Program</u>	<u>Year Ended December 31,</u>								
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police Stations	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2
Street Repair & Maintenance ⁽¹⁾ Miles of streets	90.30	92.62	95.32	95.89	96.35	98.61	99.73	100.14	100.75
Basic utility services - stormwater management ⁽¹⁾ Miles of storm sewers	63.20	65.40	69.01	69.31	69.90	71.78	73.29	73.27	74.46
Parks and recreation ⁽²⁾ Acres of parks maintained	381	386	387	380	380	380	380	430	430
Acres of public grounds maintained	250	250	250	250	250	250	250	250	250
Neighborhood parks	14	14	15	15	14	14	14	15	15
Sewer ⁽¹⁾ Miles of sanitary sewers	107.81	109.28	112.15	113.70	114.36	116.19	117.86	118.81	119.86
Water ⁽¹⁾ Miles of water mains	107.24	109.18	112.51	113.79	114.33	117.11	118.22	118.58	119.85

⁽¹⁾ Source: City of Sidney, Ohio, Engineering Department.

⁽²⁾ Source: City of Sidney, Ohio, Appropriation Budgets for applicable years. Actual statistics for years 1999 - 2006. Estimated statistics for 2007.

Note: Most of these operating indicators were not maintained prior to 1999.

CITY OF SIDNEY



OHIO



Mary Taylor, CPA
Auditor of State

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
JULY 24, 2008**