



**Auditor of State
Betty Montgomery**

CITY OF WAPAKONETA
AUGLAIZE COUNTY

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**Auditor of State
Betty Montgomery**

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

City of Wapakoneta
Auglaize County
PO Box 269
701 Parlette Court
Wapakoneta, Ohio 45895

To the Members of Council:

We have audited the financial statements of City of Wapakoneta, Auglaize County, (the City), as of and for the year ended December 31, 2002, and have issued our report thereon dated June 25, 2003, wherein we note the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments* and changed the capital asset capitalization threshold and useful lives as described in Note 3. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 25, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 25, 2003.

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City of Wapakoneta
Auglaize County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

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

BETTY MONTGOMERY
Auditor of State

June 25, 2003

**CITY OF WAPAKONETA
AUGLAIZE COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2002**

SCHEDULE OF PRIOR AUDIT FINDINGS

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-20206-001	Ohio Rev. Code Section 135.18 and 135.181(L) – depository collateral	Yes	Fully Corrected: The depository increased the collateral coverage in an amount greater than the amount deposited.

CITY OF WAPAKONETA, OHIO

Comprehensive Annual Financial Report

For the Year Ended
December 31, 2002

Introductory Section

CITY OF WAPAKONETA, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2002

Prepared By:

City Auditor

GAIL E. WALTER

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

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June 25, 2003

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Mayor
(419) 738-6111
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Rex A. Katterheinrich, P.E.
Director of Public Service and Safety
(419) 738-6111
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Citizens of Wapakoneta
The Honorable Mayor
and Members of City Council
City of Wapakoneta, Ohio

We are pleased to present the City of Wapakoneta's Comprehensive Annual Financial Report (CAFR), for the year ended December 31, 2002. This report was prepared according to generally accepted accounting principles (GAAP) and includes the early implementation of GASB Statement No. 34. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City, specifically the City Auditor's Office. To the best of our knowledge, the data presented is accurate in all material respects and is reported in an organized, comprehensive, and informative manner. All information regarding the City's financial activities has been disclosed.

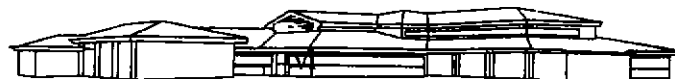
The Comprehensive Annual Financial Report is presented in three sections as follows:

1. The Introductory Section includes a table of contents, this letter of transmittal, a Certificate of Achievement for Excellence in Financial Reporting, an organizational chart of the City, and a list of principal officials.
2. The Financial Section includes the independent accountants report, the general-purpose external financial statements, and the notes to the financial statements, as well as the statements and schedules for the individual funds.
3. The Statistical Section presents selected financial and demographic information generally presented on a multi-year basis.

The City of Wapakoneta is not required by law to prepare a CAFR. However, the City Council and Administration believe that the preparation of a CAFR increases fiscal controls and provides more meaningful financial information to citizens and investors. Included in the Financial Section of the CAFR is Management's Discussion and Analysis, which provides an analytical overview of the City's financial activities.

CITY ORGANIZATION

The City of Wapakoneta, the county seat of Auglaize County, is located on the banks of the Auglaize River in west-central Ohio. It is approximately fifteen miles southwest of Lima, fifty-five miles north of Dayton, and ninety miles northwest of Columbus. Interstate 75, a major north-south highway, and U.S. 33, an equally important east-west route, intersect at the southeast corner of the City. Four major highway interchanges are located within two miles of this intersection. Over twelve million non-commuters pass through Wapakoneta each year. Wapakoneta comprises five and one-third square miles and is located eight hundred ninety-five feet above sea level. Two-thirds of the nation's population and almost 70 percent of the nation's purchasing power are located within six hundred miles of Wapakoneta.



701 Parlette Court

Operating under the Council/Mayor form of government, the citizens of Wapakoneta elect eight members of council (including the president, three council members-at-large, and four ward council members), a mayor, auditor, treasurer, and law director. "It is the mission of Wapakoneta City government to provide for and promote the general health, safety, and welfare of all residents of the City by delivering services in a professional, impartial, and cost-effective manner and planning for the long-range development and improvement of the City residents, with an awareness of all the City's collective needs".

The City's service responsibilities are administered by a number of different divisions and accounting entities, including police, fire, emergency medical, street maintenance, parks and recreation, engineering (including planning and zoning), electric, water, sewer, storm sewer, and refuse (including recycling), and various support staff, as well as a waste minimization committee and the tree commission. These divisions form the primary administrative unit of the City, responsible to City Council and the Mayor.

The City's reporting entity has been defined in accordance with principles established by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the City. Component units are legally separate organizations that are fiscally dependent on the City or for which the City is financially accountable. There were no component units of the City of Wapakoneta in 2002.

ECONOMIC CONDITION AND OUTLOOK

The City, incorporated in 1848, has been situated as a hub for commerce beginning with its history in 1780 as the capital of the Shawnee Native American Nation led by such recognized leaders as Tecumseh, Blue Jacket, and Blackhoof. Through rail service, the City became a center for shipping grain throughout the country. At present, the City of Wapakoneta is highly aggressive in drawing commerce to the area and maintaining many small and mid-sized industries, retail establishments, and antique dealers.

Industrial tool and die companies and machine shops have been a part of Wapakoneta history. In addition, several general contractors are located in the area, as well as food processing plants, and several firms specializing in furniture and decorating. With recycling being a high priority nationwide, Wapakoneta has two industries dedicated to recycling. There are nine industrial/commercial park sites in Wapakoneta alone. All of these activities together have joined to create a rise economically in the past several years, and the City is committed to the continual rise and revitalization of existing resources while always on the lookout for new ways to improve the economy and community.

In 1991, the City annexed the six hundred eleven acre West Central Ohio Industrial Park (WCOIP) located south of U.S. 33 and west of I-75. It is intersected by the main track line for CSX railroad with spur lines available for companies. City utilities, electric, water, and sewer lines, have been extended to the entire six hundred eleven acres. Curbed streets and service roads were partly financed with a grant from the Ohio Department of Transportation. The WCOIP is now leasing and is aggressively contacting new industry to occupy more space in this location. Amcast Automotive Corporation, an automobile component manufacturing industry, has been a thriving entity since 1997. Other businesses which have constructed buildings and are currently occupying the industrial park are Millers Laundry, CTL Engineering, and On Time Machine.

The City hosts many and varied retail and professional businesses which are of an outstanding quality and commitment to the community. Our "downtown" area is comprised of many specialty shops: antiques, toys, flowers, books, furniture, and crafts to name a few. With the renovation of our downtown, many offices and apartments round out the tree-lined streets.

The City issued one hundred seventy-seven building permits during 2002, including twenty-nine for new residences, thirty-nine additions to current residences, and ten commercial permits. The City addresses local issues, enhances economic development, provides optimism, and anticipates potential for its citizens in an effort to keep our future on a path for growth.

MAJOR INITIATIVES

Again in 2002, the City of Wapakoneta continued to improve its facilities and infrastructure to serve its citizens. This includes the continuation of the sidewalk, curb, and gutter program and construction and reconstruction of streets within the City. The following street projects were completed in 2002:

- a. Mechanic Street - reconstruction of water, sanitary and storm sewers, streets, curbs, gutters, and sidewalks
- b. Silver Street - reconstruction of sanitary and storm sewers, streets, curbs, gutters, and sidewalks
- c. Gardenia Street - reconstruction of water lines and storm sewers, curbs, gutters, and sidewalks
- d. Perry and Willipie Streets - reconstruction of storm sewers, streets, curbs, gutters, and sidewalks
- e. Benton Street - reconstruction of water, sanitary and storm sewers, streets, curbs, gutters, and sidewalks

The City has implemented a program, in conjunction with the sidewalk program, whereby Community Development Block Grant (CDBG) monies are used to construct Americans with Disabilities Act (ADA) improvements. Grant money this year went to update the restrooms in the water plant and the fire department building for handicap access.

For the Year The City negotiated a contract with a local landowner for a parcel of land that is in excess of twenty-five acres on which to build a satellite water treatment plant. In 2001, the City purchased land adjacent to this land and drilled for two new wells, each of which should pump approximately one million gallons of water per day. The City has entered into an engineering contract with Poggemeyer Design Group of Bowling Green, Ohio to design a new 2.5 million gallon per day ion-exchange water plant.

In 2002, the City hired an engineering staff to work with our engineering firm to create a computer model of our electric, water, sewer, and storm sewer systems. In early spring, the Engineering staff began a program to GPS survey points at street intersections, corners, and centerline alignments to have reference points for a grid system to better track infrastructure. Along with an aerial photo, the engineering department will redraw a map of the city in an accurate scale.

During 2001, the City completed the wastewater biosolids facility; however, the Ohio EPA has brought to our attention a concern that wastewater currently overflows storm water into the river in times of excessive rainfall because our plant has a combined collection system. This means that during normal operation, the lines transport raw wastewater, and in the event of rainfall, these same lines transport storm water to a point of discharge. The combined collection system incorporates three overflow structures that permit excessive and diluted flows to go directly into the Auglaize River without treatment and the stored wastewater is then brought into the plant for treatment after such rain. There are many components to this issue and plans are in the works for an improvement to the wastewater plant. The plans are pending approval by the Ohio EPA.

For the Future The City of Wapakoneta continues its commitments to such programs as Tree City, the maintenance of our sidewalks, curbs, and gutters, ADA improvements, etc. The City provides a variety of information online, including the codified ordinances, income tax forms and information, administration information, and access to utility bills. Along with this new online information and the ability to use automatic debit for bill paying, we feel the City is growing and changing to try to accommodate the needs of our customers.

The City continues its relationship with its Sister City, Lengrich, Germany. This is an ongoing partnership, which was formally signed in July 1994.

The City of Wapakoneta is committed to keeping the City healthy and beautiful. We received the distinct award of "Tree City" for the thirteenth year. To keep this an ongoing program, the City supports Arbor Day festivities each year with the teachers and students to educate our youth in the importance of trees.

The Administration had determined that benefits of outsourcing our utility bills and EMS bills would exceed the costs and increase our effectiveness and efficiency. This will continue in 2003. The City will also be implementing direct deposit for payroll. The City of Wapakoneta will always strive to stay as current as possible with technology; increasing our effectiveness without the need to increase staff, while still keeping costs low and not sacrificing public service and personnel contact with the customer.

UTILITY SERVICES

The City of Wapakoneta purchases electricity from the Ohio Power Company and from American Municipal Power - Ohio (AMP-OHIO), distributing the power through its own system. The distribution system includes eight substations owned and operated by the City, 9.92 miles of 69,000 KV transmission lines, 16.21 miles of 7,200/12,470 KV lines, and 72.59 miles of 24,000/4,160 KV lines. System usage is 18-24 megawatts per day (MWD) serving 5,107 users; 4,485 residential, 611 commercial, and 11 industrial.

The City's waterworks system operates five wells at all times, with two stand-by wells employed during peak demand. Well capacity is 3,020 gallons per minute. Combined storage at the City's three water towers is 1.52 million gallons, with 400,000 gallons stored in seven underground deep wells. Wapakoneta's water treatment plant currently operates at 1.614 million gallons per day. The City's water system serves 4,228 customers; 3,806 residential, 403 commercial, and 19 industrial.

The capacity of the City's wastewater treatment plant is four million gallons per day, with an average dry weather flow of 2.6 million gallons per day. Built in 1984, the plant has approximately 220,000 feet of pipe and serves 4,094 customers; 3,705 residential, 371 commercial, and 18 industrial.

The City of Wapakoneta also operates its own refuse collection department, offering the service to all residents of the City as well as to many commercial and industrial establishments. The City serves 4,055 customers; 3,840 residential and 215 commercial; fifty-seven dumpsters were placed at resident's homes and special events. The City had sales of approximately \$223,455 for trash bags in 2002. The City is hauling garbage to Waste Management in Lima, Ohio.

The City of Wapakoneta currently provides curbside recycling service to all residential refuse customers, including those living in apartments. The City has been able to provide this service as a result of two grants received from the Ohio Department of Natural Resources. Several years ago, the State of Ohio mandated the percentage of collected refuse a community has to recycle. In 2002, the City's recycling percentage was 27 percent, which is 1,473 tons of recyclables. Approximately 2,400 gallons of used motor oil was collected and recycled by using it to operate the furnace in the public works building. In 2002, 3,953 tons of refuse was collected and 982 cases of large white and small red refuse bags were sold and distributed. The compost farm had 4,365 vehicles come to discard composting materials and sold two hundred eight loads of mulch.

FINANCIAL INFORMATION

Development of the City's accounting system included consideration of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance states that internal controls should be evaluated to insure that the expense associated with providing internal controls does not exceed the benefit expected to be derived from their implementation. This evaluation involves estimates and judgments by the City administration and members of the finance office. The administrative and financial management personnel believe the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary control is maintained by the encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the amount of the purchase. Each department head is furnished monthly reports showing monthly transactions and summarizing the balances available to be spent from the appropriations for goods and services.

OTHER INFORMATION

Independent Audit

Included in this report is an unqualified opinion rendered on the City's financial statements for the year ended December 31, 2002, by Betty Montgomery, Auditor of State. City management plans to continue to subject the City's financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wapakoneta for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2001. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Wapakoneta has received a Certificate of Achievement for the last twelve consecutive years (1990-2001). We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments

Sincere appreciation is extended to the Mayor and the Director of Public Safety and Service for their support, and to City Council for appropriating the funds for this project. This Comprehensive Annual Financial Report was prepared by the City Auditor's Office with the efficient and dedicated services of the entire staff. Appreciation is also extended to all department personnel. Special acknowledgment is extended to Local Government Services of the Office of the Auditor of State for guidance in the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gail E. Walter".

Gail E. Walter
City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wapakoneta,
Ohio

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

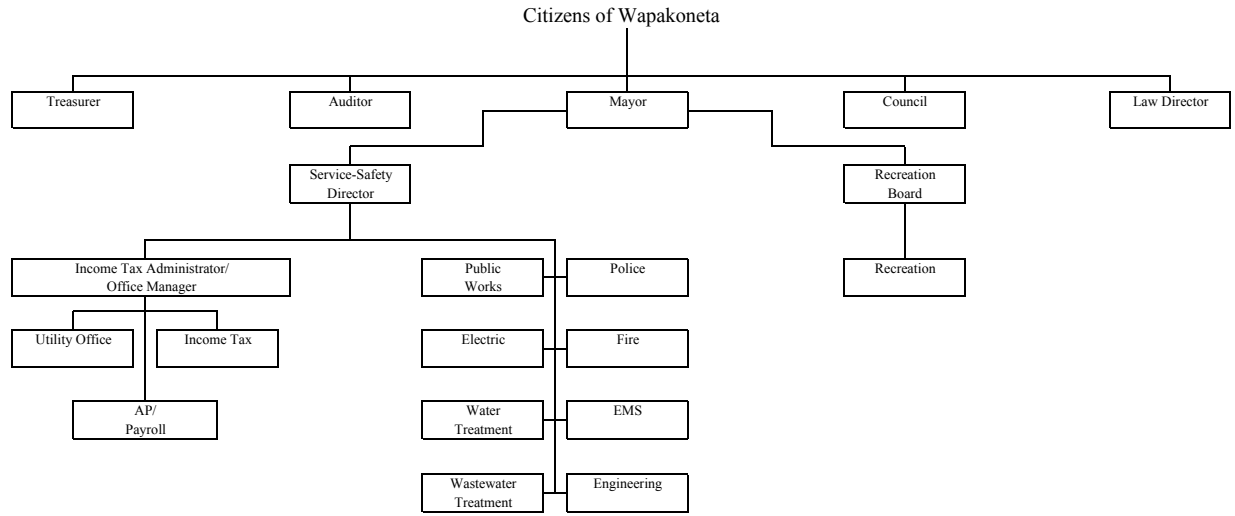
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Wapakoneta Organizational Chart



CITY OF WAPAKONETA

LIST OF PRINCIPAL OFFICIALS

Mayor	Donald R. Wittwer
Director of Public Service and Safety	Rex A. Katterheinrich
Income Tax Administrator/Office Manager	Diana L. Blackburn
Police Chief	David B. Webb
Fire Chief	Donald W. Jump
EMS Director	Lynn A. Miller
Recreation Director	Jack R. Hayzlett
Public Works Superintendent	Meril W. Simpson
Electric Superintendent	William E. Lambert
Water Superintendent	Ronald T. Klima
Wastewater Superintendent	Robert T. Burns
Engineering Superintendent	Thomas W. Steinke
Auditor	Gail E. Walter
Treasurer	Kathryn E. Metz
Law Director	Dennis P. Faller
President of Council	Stephen E. Henderson
Member of Council	Ruth C. Carter
Member of Council	David B. Campbell
Member of Council	Paul E. Watercutter
Member of Council	Francia L. Engle
Member of Council	Wilbur G. Wells
Member of Council	Rodney C. Metz
Member of Council	Craig F. Wisener
Council Clerk	Carlene S. Koch

Financial Section



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Wapakoneta
Auglaize County
PO Box 269
701 Parlette Court
Wapakoneta, Ohio 45895

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wapakoneta, Auglaize County, Ohio (the City), as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These 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 Wapakoneta, Auglaize County, Ohio, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2003, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

City of Wapakoneta
Auglaize County
Independent Accountant's Report

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Betty Montgomery
Auditor of State

June 25, 2003

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

The discussion and analysis of the City of Wapakoneta's financial performance provides an overview of the City's financial activities for the year ended December 31, 2002. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2002 are as follows:

In total, the City's net assets increased \$2,242 thousand. The decrease in total net assets for the governmental activities, in the amount of \$390 thousand, was largely caused by an increase in current and other liabilities. The increase is due to an increase in notes payable for the construction of sidewalks, curbs, and gutters, which are assessed to homeowners on their property taxes over a period of 7 to 10 years. Total net assets of business-type activities increased \$2,632 thousand because revenues exceeded expenses for the year in four of the five enterprise funds.

Much of the City's focus is on the maintenance and repair of streets and electric, water, sewer, and storm sewer lines. In 2002, the City repaired or reconstructed six streets. These projects included new underground utilities, streets, curbs, gutters, and sidewalks.

During 2002, the City hired an engineering firm to design a facility to increase the capacity of the wastewater treatment plant to incorporate three overflow structures. This is in response to a concern by the Ohio EPA. Plans were finalized in 2002 and submitted for approval by the Ohio EPA. Bidding was completed at the end of April 2003 and construction should start in 2003. The estimated time of construction is eighteen months.

All of the City's enterprise funds (excluding the Storm Sewer fund) had an operating income in 2002 indicating operating revenues are currently sufficient to cover operating expenses of the respective funds. Rate increases in the Sewer fund in early 2002 helped the fund maintain positive operating balances. The Storm Sewer fund is currently being supported by the Sewer fund until additional storm sewers are in place and more residents are paying the charge for service. Rates for this fund and all other enterprise funds are monitored by the Administration to maintain the rates needed to operate these activities.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Wapakoneta's financial position.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's non-major funds in a single column. The City's major funds are the General, Street and Sewer Improvement, Electric, Water, Sewer, Storm Sewer, and Refuse funds.

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

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities reflect how the City did financially during 2002. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the City as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors can include changes in the City's property tax base and the condition of the City's capital assets (buildings; streets; electric, water, sewer, and storm sewer lines). These factors must be considered when assessing the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two types of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, transportation, and general government. These services are primarily funded by property and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.

- **Business-Type Activities** - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's electric, water, sewer, storm sewer, and refuse services are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the City's major funds, the General, Street and Sewer Improvement, Electric, Water, Sewer, Storm Sewer, and Refuse funds. While the City uses many funds to account for its financial transactions, these are the most significant.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - The City's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services being provided.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which was identified earlier. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The City uses enterprise funds to account for Electric, Water, Sewer, Storm Sewer, and Refuse operations. Internal service funds are an accounting device used to accumulate and allocate internal costs among the City's other programs and activities. The internal service fund accounts for engineering services that are provided to the other departments of the City, or to other governmental units. Monthly fees are paid on an hourly scale and any balance on hand is held until used.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the City's programs. These funds also use the accrual basis of accounting.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net assets for 2002 compared to 2001.

Table 1
Net Assets
(In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
<u>Assets</u>						
Current and Other Assets	\$6,066	\$6,438	\$14,219	\$15,368	\$20,285	\$21,806
Capital Assets, Net	17,714	17,835	24,924	24,524	42,638	42,359
Total Assets	<u>23,780</u>	<u>24,273</u>	<u>39,143</u>	<u>39,892</u>	<u>62,923</u>	<u>64,165</u>
<u>Liabilities</u>						
Current and Other Liabilities	1,014	835	3,442	5,790	4,456	6,625
Long-Term Liabilities	3,819	4,101	5,313	6,346	9,132	10,447
Total Liabilities	<u>4,833</u>	<u>4,936</u>	<u>8,755</u>	<u>12,136</u>	<u>13,588</u>	<u>17,072</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	14,289	14,000	18,717	15,134	33,006	29,134
Restricted	3,172	3,183	243	237	3,415	3,420
Unrestricted	1,486	2,154	11,428	12,385	12,914	14,539
Total Net Assets	<u>\$18,947</u>	<u>\$19,337</u>	<u>\$30,388</u>	<u>\$27,756</u>	<u>\$49,335</u>	<u>\$47,093</u>

Total net assets for governmental activities decreased \$390 thousand or 2 percent. This includes a sizable increase of 21 percent in current and other liabilities. This also accounts for much of the 31 percent decrease in unrestricted net assets.

The increase in the business-type activities total net assets of \$2,632 thousand or 9 percent can largely be attributed to activities related to the City's electric utility. In 2002, the City retired notes, in the amount of \$1,800 thousand dollars, which were borrowed to construct, install, and equip a new electric substation. The retirement had a large impact on the 24 percent increase in invested in capital assets, net of related debt.

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

Table 2 reflects the changes in net assets for 2002. Since this is the first year the City has prepared financial statements according to GASB Statement No. 34, revenue and expense comparisons to 2001 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
	2002	2002	
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$525	\$11,056	\$11,581
Operating Grants, Contributions, and Interest	463	0	463
Total Program Revenues	988	11,056	12,044
General Revenues			
Property Taxes-General Purposes	335	0	335
Property Taxes-Recreation	104	0	104
Municipal Income Taxes	1,970	0	1,970
Other Local Taxes	674	0	674
Grants and Entitlements not Restricted to Specific Programs	555	0	555
Interest	310	5	315
Other Revenues	13	298	311
Total General Revenues	3,961	303	4,264
Total Revenues	4,949	11,359	16,308
Transfers	(1,150)	1,150	0
Total Revenues and Transfers	3,799	12,509	16,308
<u>Program Expenses</u>			
Security of Persons and Property			
Police	1,070	0	1,070
Fire	1,009	0	1,009
Other	70	0	70
Public Health	199	0	199
Leisure Time Activities	135	0	135
Community Environment	86	0	86
Transportation	1,131	0	1,131

(continued)

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

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
	2002	2002	
<u>Program Expenses (continued)</u>			
General Government	\$319	\$0	\$319
Interest and Fiscal Charges	170	0	170
Electric	0	6,319	6,323
Water	0	1,132	1,131
Sewer	0	1,393	1,393
Storm Sewer	0	223	223
Refuse	0	810	810
Total Expenses	4,189	9,877	14,066
Increase (Decrease) in Net Assets	(\$390)	\$2,632	\$2,242

Program revenues account for only 20 percent of total revenues for governmental activities. Therefore, property and municipal income taxes, other local taxes, and State shared revenues are significant to the operation of governmental activities. For business-type activities, program revenues account for 97 percent of total revenues.

The major program expenses for governmental activities are for the police and fire departments, which account for 50 percent of all governmental activities expenses. Maintenance of the City's streets also represents a significant amount of the City's governmental expenses, 27 percent. The general business of operating the City accounts for 8 percent of governmental expenses. These four programs alone represent over 84 percent of the general expenses of the City of Wapakoneta and are funded almost entirely from property and municipal income taxes, other local taxes, and State shared revenues.

The City's electric, water, and sewer operations account for over 90 percent of the expenses of the City's business-type activities and are funded almost entirely from charges for services.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues. Comparisons to 2001 have not been made since they are not available for this year.

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

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services 2002	Net Cost of Services 2002
Security of Persons and Property		
Police	\$1,070	\$1,065
Fire	1,009	968
Other	70	70
Public Health	199	(6)
Leisure Time Activities	135	73
Community Environment	86	35
Transportation	1,131	590
General Government	319	236
Interest and Fiscal Charges	170	170
Total Expenses	\$4,189	\$3,201

It should be noted that for all governmental activities, 80 percent of the revenues to provide these services are derived from the City's general revenues; that being primarily property and municipal income taxes, other local taxes, and State shared revenues. Public health expenses are primarily funded by EMS and ambulance charges. The City also received various grants and donations that also supported public health. Approximately 46 percent of leisure time activities are funded from gifts and donations and interest and dividends from the Hauss-Helms Foundation and Telephone Service Company stock held in the City's name specifically to help fund leisure time activities. Program revenues of \$541 thousand generated by transportation consists of State shared revenues and special assessment revenue.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund and the Street and Sewer Improvement special revenue fund. A review of these funds indicates very insignificant changes in activity from the prior year.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds are the Electric, Water, Sewer, Storm Sewer, and Refuse funds. As can be seen on the statement of activities, program revenues, primarily charges for services, have been sufficient to cover the operating expenses of the respective funds.

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

The Electric fund rates continue to be the same as they have been since 1985. They have been sufficient to cover operating expenses and maintenance. While the City has increased in size and population, the Electric fund continues to stay on the side of positive cash flow as upgrades, improvements, and new infrastructure is built.

While the Water fund is currently generating adequate revenues, the satellite water treatment plant construction will begin soon and rates will need to be monitored on a regular basis to be sure that adequate revenues are still available to maintain and build infrastructure as the City grows and changes. Water rates were not increased during 2002.

Although the Sewer fund currently has a positive operating income, the fund is accumulating a significant amount of debt for major renovations in progress at the wastewater treatment plant as required to bring the City into compliance with EPA mandates. The City increased sewer rates by 25 percent in January 2002 to provide additional funds for operations and future debt retirement.

The Storm Sewer utility was established in May of 1994. This fund provided the City the ability to undertake storm water separation. The EPA has mandated the separation of storm water and sanitary sewers. Current charges for services are not providing adequate revenues to meet operating expenses. However, the City is supplementing this fund from the Sewer fund until more construction is complete. The Administration is always monitoring rates and increases are implemented when appropriate.

BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is passed by City Council before April 1 each year. The City of Wapakoneta operates under a temporary budget for the first three months each year. The City's most significant budgeted fund is the General Fund. Modifications from the original to the final budget have been minimal due to the fine job by department heads in keeping within their budgets. The changes from the original budget to the final include reductions for transfers and contingency expenses throughout the year as staff became aware that the need for these appropriations was unnecessary. The difference of \$196 thousand in general government expenditures from the final budget is primarily due to unspent contingency money of \$108 thousand, \$28 thousand kilowatt tax money not transferred, an extra \$27 thousand appropriated for river, dam, and river wall expenses that was not spent, and \$30 thousand in overpayment refunds which also was not spent.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2002, was \$14,289,011 and \$18,717,036, respectively (net of accumulated depreciation and related debt). This investment in capital assets includes land; land improvements, buildings; streets; electric, water, sewer, and storm sewer lines; equipment; and vehicles. There were no significant additions to governmental activities capital assets during the year. The most significant change were in vehicles which were traded or sold and streets.

In the business-type activities, the most significant change was an increase in infrastructure related to the Lewis R. Knoch substation. The land acquisition is for the future water treatment expansion.

For further information regarding the City's capital assets see Note 10 to the basic financial statements.

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

At December 31, 2002, the City had \$263,059 in bond anticipation notes outstanding payable from governmental activities and \$2,547,941 in bond anticipation notes payable from business-type activities.

The City also had a number of long-term obligations outstanding. The governmental activities obligations included \$3,425,000 of general obligation bonds. The business-type activities included \$3,516,177 (net of unamortized loss on advance refunding) of mortgage revenue bonds and \$1,380,609 in landfill closure/postclosure costs.

In addition to the debt outlined above, the City's long-term debt also includes an OWDA loan, capital loans, compensated absences, and intergovernmental payable.

For further information regarding the City's debt see Notes 17 and 18 to the basic financial statements.

CURRENT ISSUES

The City is looking forward to the beginning of the wastewater hydraulic expansion, which will begin construction in June or July 2003. The City issued \$5,300,000 in bond anticipation notes for the construction on June 18, 2003.

Sewer rates increased on January 1, 2003, as part of the ordinance passed in 2001 for an ongoing 1.5 percent increase every year on January 1 until the rates need to either increase more or level off.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in our City's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Gail E. Walter, Wapakoneta City Auditor, 701 Parlette Court, P.O. Box 269, Wapakoneta, Ohio 45895.

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City of Wapakoneta
Statement of Net Assets
December 31, 2002

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,713,332	\$11,360,996	\$14,074,328
Investments	869,599	0	869,599
Account Receivable	184,005	1,425,002	1,609,007
Due from Other Governments	442,731	0	442,731
Municipal Income Taxes Receivable	506,943	0	506,943
Other Local Taxes Receivable	35,734	58,440	94,174
Internal Balances	221,098	(221,098)	0
Prepaid Items	29,793	62,931	92,724
Materials and Supplies Inventory	36,839	1,403,545	1,440,384
Accrued Interest Receivable	15,943	0	15,943
Property Taxes Receivable	465,061	0	465,061
Notes Receivable	121,882	0	121,882
Special Assessments Receivable	422,539	0	422,539
Unamortized Bond Issuance Cost	0	128,916	128,916
Nondepreciable Capital Assets	189,564	1,071,776	1,261,340
Depreciable Capital Assets, Net	17,524,447	23,852,591	41,377,038
Total Assets	23,779,510	39,143,099	62,922,609
<u>Liabilities</u>			
Accrued Wages Payable	44,387	40,509	84,896
Accounts Payable	65,922	151,017	216,939
Contracts Payable	15,474	422,407	437,881
Retainage Payable	6,924	3,935	10,859
Due to Other Governments	135,967	94,318	230,285
Accrued Interest Payable	23,284	48,979	72,263
Notes Payable	263,059	2,547,941	2,811,000
Deferred Revenue	458,563	0	458,563
Matured Capital Loans Payable	0	26,177	26,177
Refundable Deposits	0	106,674	106,674
Long-Term Liabilities			
Due Within One Year	390,416	283,617	674,033
Due in More Than One Year	3,428,744	5,029,232	8,457,976
Total Liabilities	4,832,740	8,754,806	13,587,546
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	14,289,011	18,717,036	33,006,047
Restricted for			
Debt Service	526,506	0	526,506
Capital Projects	670,264	0	670,264
Other Purposes	1,975,374	0	1,975,374
Revenue Bond Replacement	0	32,621	32,621
Future Debt Service	0	211,124	211,124
Unrestricted	1,485,615	11,427,512	12,913,127
Total Net Assets	\$18,946,770	\$30,388,293	\$49,335,063

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
Statement of Activities
For the Year Ended December 31, 2002

	Program Revenues		
Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities</u>			
Security of Persons and Property			
Police	\$1,070,085	\$4,981	\$0
Fire	1,009,275	40,655	0
Other	70,022	0	0
Public Health	199,262	188,157	16,835
Leisure Time Activities	134,702	0	61,766
Community Environment	86,357	0	51,266
Transportation	1,130,944	211,536	329,780
General Government	319,163	79,803	3,615
Interest and Fiscal Charges	169,643	0	0
Total Governmental Activities	4,189,453	525,132	463,262
<u>Business-Type Activities</u>			
Electric	6,318,919	7,352,151	0
Water	1,131,496	1,185,685	0
Sewer	1,392,847	1,486,318	0
Storm Sewer	223,165	147,618	0
Refuse	809,936	884,524	0
Total Business-Type Activities	9,876,363	11,056,296	0
Total	\$14,065,816	\$11,581,428	\$463,262

General Revenues

Property Taxes Levied for General Purposes
Property Taxes Levied for Recreation
Municipal Income Taxes
Other Local Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Other

Total General Revenues

Transfers

Change in Net Assets

Net Assets Beginning of Year - (See Note 3)

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$1,065,104)	\$0	(\$1,065,104)
(968,620)	0	(968,620)
(70,022)	0	(70,022)
5,730	0	5,730
(72,936)	0	(72,936)
(35,091)	0	(35,091)
(589,628)	0	(589,628)
(235,745)	0	(235,745)
(169,643)	0	(169,643)
<u>(3,201,059)</u>	<u>0</u>	<u>(3,201,059)</u>
0	1,033,232	1,033,232
0	54,189	54,189
0	93,471	93,471
0	(75,547)	(75,547)
0	74,588	74,588
<u>0</u>	<u>1,179,933</u>	<u>1,179,933</u>
<u>(3,201,059)</u>	<u>1,179,933</u>	<u>(2,021,126)</u>
334,631	0	334,631
103,501	0	103,501
1,970,435	0	1,970,435
673,523	0	673,523
554,922	0	554,922
310,150	4,937	315,087
13,384	297,796	311,180
<u>3,960,546</u>	<u>302,733</u>	<u>4,263,279</u>
<u>(1,149,664)</u>	<u>1,149,664</u>	<u>0</u>
(390,177)	2,632,330	2,242,153
<u>19,336,947</u>	<u>27,755,963</u>	<u>47,092,910</u>
<u>\$18,946,770</u>	<u>\$30,388,293</u>	<u>\$49,335,063</u>

City of Wapakoneta
Balance Sheet
Governmental Funds
December 31, 2002

	General Fund	Street and Sewer Improvement Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$824,590	\$674,599	\$1,150,591	\$2,649,780
Investments	0	0	869,599	869,599
Accounts Receivable	182,068	0	1,937	184,005
Due from Other Governments	240,478	0	202,253	442,731
Municipal Income Taxes Receivable	506,943	0	0	506,943
Other Local Taxes Receivable	0	0	35,734	35,734
Interfund Receivable	253,652	0	11,404	265,056
Prepaid Items	21,317	0	7,291	28,608
Materials and Supplies Inventory	10,945	0	23,732	34,677
Accrued Interest Receivable	4,883	7,225	3,835	15,943
Property Taxes Receivable	357,513	0	107,548	465,061
Notes Receivable	0	0	121,882	121,882
Special Assessments Receivable	0	328,502	94,037	422,539
Total Assets	\$2,402,389	\$1,010,326	\$2,629,843	\$6,042,558
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$36,711	\$0	\$4,423	\$41,134
Accounts Payable	53,641	2,223	7,998	63,862
Contracts Payable	0	15,474	0	15,474
Retainage Payable	0	6,924	0	6,924
Due to Other Governments	36,860	0	6,873	43,733
Interfund Payable	11,404	0	0	11,404
Accrued Interest Payable	0	1,152	0	1,152
Notes Payable	0	263,059	0	263,059
Deferred Revenue	1,025,017	335,727	376,597	1,737,341
Total Liabilities	1,163,633	624,559	395,891	2,184,083
<u>Fund Balance</u>				
Reserved for Interfund Receivable	100,000	0	0	100,000
Reserved for Notes Receivable	0	0	98,576	98,576
Reserved for Encumbrances	173,285	35,994	57,052	266,331
Unreserved, Reported in				
General Fund	965,471	0	0	965,471
Special Revenue Funds	0	0	1,681,597	1,681,597
Debt Service Fund	0	0	118,215	118,215
Capital Projects Funds	0	349,773	278,512	628,285
Total Fund Balance	1,238,756	385,767	2,233,952	3,858,475
Total Liabilities and Fund Balance	\$2,402,389	\$1,010,326	\$2,629,843	\$6,042,558

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
 Reconciliation of Total Governmental Fund Balance
 to Net Assets of Governmental Activities
 December 31, 2002

Total Governmental Fund Balance		\$3,858,475
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.</p>		
Governmental Activities	17,714,011	
Internal Service Fund	<u>(51,133)</u>	17,662,878
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:</p>		
Accounts Receivable	169,553	
Due from Other Governments	343,697	
Municipal Income Taxes Receivable	294,036	
Other Local Taxes Receivable	31,395	
Accrued Interest Receivable	11,060	
Property Taxes Receivable	6,498	
Special Assessments Receivable	<u>422,539</u>	1,278,778
<p>An interfund payable is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.</p>		
		(32,554)
<p>Due to other governments includes contractually required pension contributions not expected to be paid with available expendable financial resources and, therefore, not reported in the funds.</p>		
		(85,191)
<p>Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:</p>		
Accrued Interest Payable	(22,132)	
General Obligations Bonds Payable	(3,425,000)	
Compensated Absences Payable	(394,160)	
Compensated Absences Payable-Internal Service	<u>24,291</u>	<u>(3,817,001)</u>
<p>An internal service fund is used by management to charge the cost of engineering services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.</p>		
		81,385
Net Assets of Governmental Activities		<u><u>\$18,946,770</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2002

	General Fund	Street and Sewer Improvement Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Property Taxes	\$334,119	\$0	\$103,186	\$437,305
Municipal Income Taxes	1,986,327	0	0	1,986,327
Other Local Taxes	604,118	0	71,430	675,548
Special Assessments	0	91,157	60,632	151,789
Charges for Services	217,271	0	15,223	232,494
Fees, Licenses, and Permits	51,123	0	0	51,123
Fines and Forfeitures	28,809	0	1,201	30,010
Intergovernmental	557,426	0	416,856	974,282
Interest	310,150	7,531	58,143	375,824
Gifts and Donations	19,625	0	27,296	46,921
Other	12,831	0	553	13,384
Total Revenues	<u>4,121,799</u>	<u>98,688</u>	<u>754,520</u>	<u>4,975,007</u>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,069,605	0	1,808	1,071,413
Fire	972,477	0	0	972,477
Other	10,940	0	62,740	73,680
Public Health	187,207	0	0	187,207
Leisure Time Activities	0	0	135,161	135,161
Community Environment	56,041	0	37,948	93,989
Transportation	0	682,822	378,289	1,061,111
General Government	322,148	0	0	322,148
Debt Service:				
Principal Retirement	0	0	280,000	280,000
Interest and Fiscal Charges	0	4,167	143,344	147,511
Total Expenditures	<u>2,618,418</u>	<u>686,989</u>	<u>1,039,290</u>	<u>4,344,697</u>
Excess of Revenues Over (Under) Expenditures	<u>1,503,381</u>	<u>(588,301)</u>	<u>(284,770)</u>	<u>630,310</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	477,597	499,541	977,138
Transfers Out	<u>(2,130,908)</u>	<u>0</u>	<u>0</u>	<u>(2,130,908)</u>
Total Other Financing Sources (Uses)	<u>(2,130,908)</u>	<u>477,597</u>	<u>499,541</u>	<u>(1,153,770)</u>
Net Change in Fund Balance	(627,527)	(110,704)	214,771	(523,460)
Fund Balance Beginning of Year - (See Note 3)	<u>1,866,283</u>	<u>496,471</u>	<u>2,019,181</u>	<u>4,381,935</u>
Fund Balance End of Year	<u>\$1,238,756</u>	<u>\$385,767</u>	<u>\$2,233,952</u>	<u>\$3,858,475</u>

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2002

Net Change in Fund Balance - Total Governmental Funds (\$523,460)

Amounts reported for governmental activities on the statement of activities are different because of the following:

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

Capital Outlay	427,172	
Depreciation	(528,896)	(101,724)

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

Property Taxes	827	
Municipal Income Taxes	(15,892)	
Other Local Taxes	(2,025)	
Special Assessments	44,524	
Charges for Services	15,192	
Intergovernmental	(79,753)	
Interest	11,060	
		(26,067)

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

Principal Retirement-General Obligation Bonds		280,000
---	--	---------

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets.

(22,132)

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

Due to Other Governments	(424)	
Compensated Absences Payable	4,772	
		4,348

The internal service fund used by management to charge the cost of engineering services to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.

(1,142)

Change in Net Assets of Governmental Activities

(\$390,177)

See Accompanying Notes to the Basic Financial Statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<u>Revenues</u>				
Property Taxes	\$346,000	\$341,487	\$345,523	\$4,036
Municipal Income Taxes	1,980,000	1,947,190	1,959,444	12,254
Other Local Taxes	600,000	600,000	599,908	(92)
Charges for Services	207,300	218,665	222,000	3,335
Fees, Licenses, and Permits	41,400	50,936	51,123	187
Fines and Forfeitures	24,000	26,117	28,600	2,483
Intergovernmental	583,145	597,506	612,335	14,829
Interest	525,000	298,607	305,267	6,660
Gifts and Donations	2,210	19,825	19,625	(200)
Other	13,900	10,622	12,951	2,329
Total Revenues	4,322,955	4,110,955	4,156,776	45,821
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,147,300	1,181,331	1,076,334	104,997
Fire	1,019,500	1,044,456	989,986	54,470
Other	12,100	12,100	10,908	1,192
Public Health	377,200	324,654	303,661	20,993
Community Environment	73,700	94,182	60,903	33,279
General Government	797,200	524,564	328,686	195,878
Total Expenditures	3,427,000	3,181,287	2,770,478	410,809
Excess of Revenues Over Expenditures	895,955	929,668	1,386,298	456,630
<u>Other Financing Sources (Uses)</u>				
Advances In	50,000	50,000	50,000	0
Advances Out	(100,000)	(100,000)	(100,000)	0
Transfers Out	(2,124,000)	(2,159,000)	(2,130,908)	28,092
Total Other Financing Sources (Uses)	(2,174,000)	(2,209,000)	(2,180,908)	28,092
Net Change in Fund Balance	(1,278,045)	(1,279,332)	(794,610)	484,722
Fund Balance Beginning of Year	1,363,871	1,363,871	1,363,871	0
Prior Year Encumbrances Appropriated	74,287	74,287	74,287	0
Fund Balance End of Year	\$160,113	\$158,826	\$643,548	\$484,722

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
Statement of Fund Net Assets
Proprietary Funds
December 31, 2002

	Business-Type Activities				
	Electric	Water	Sewer	Storm Sewer	Refuse
<u>Assets</u>					
<u>Current Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$9,018,948	\$731,654	\$158,048	\$277,843	\$664,084
Accounts Receivable	985,227	145,442	192,255	12,827	89,251
Other Local Taxes Receivable	58,440	0	0	0	0
Prepaid Items	31,504	15,398	10,813	0	5,216
Materials and Supplies Inventory	1,193,264	179,763	29,129	0	1,389
Total Current Assets	11,287,383	1,072,257	390,245	290,670	759,940
<u>Non-Current Assets</u>					
<u>Restricted Assets</u>					
Equity in Pooled Cash and Cash Equivalents	86,406	20,268	32,621	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	371,124	0	0
Unamortized Bond Issuance Costs	0	0	128,916	0	0
Nondepreciable Capital Assets	205,559	337,116	201,000	0	328,101
Depreciable Capital Assets, Net	6,219,663	5,759,132	10,267,369	1,209,477	396,950
Total Non-Current Assets	6,511,628	6,116,516	11,001,030	1,209,477	725,051
Total Assets	17,799,011	7,188,773	11,391,275	1,500,147	1,484,991
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	15,891	9,036	9,894	0	5,688
Accounts Payable	41,440	22,056	16,314	4,068	67,139
Contracts Payable	419,347	0	0	2,570	490
Retainage Payable	0	0	3,935	0	0
Compensated Absences Payable	28,703	14,728	18,719	0	10,157
Due to Other Governments	41,441	19,172	21,181	0	12,524
Due to Auglaize County	0	0	2,500	0	0
Interfund Payable	53,652	0	200,000	0	0
Accrued Interest Payable	1,172	29,708	16,042	0	2,057
Notes Payable	0	1,705,060	640,940	0	201,941
Matured Capital Loans Payable	0	26,177	0	0	0
Landfill Closure/Postclosure Costs	0	0	0	0	25,223
Capital Loans Payable	0	23,587	0	0	0
Total Current Liabilities	601,646	1,849,524	929,525	6,638	325,219
<u>Non-Current Liabilities</u>					
<u>Liabilities Payable from Restricted Assets</u>					
Mortgage Revenue Bonds Payable	0	0	160,000	0	0
Refundable Deposits	86,406	20,268	0	0	0
Mortgage Revenue Bonds Payable (net of unamortized loss on advance refunding)	0	0	3,356,177	0	0
OWDA Loans Payable	0	1,123	0	0	0
Landfill Closure/Postclosure Costs	0	0	0	0	1,355,386
Capital Loans Payable	0	92,326	0	0	0
Compensated Absences Payable	70,086	43,384	74,147	0	12,853
Due to Auglaize County	0	0	23,750	0	0
Total Non-Current Liabilities	156,492	157,101	3,614,074	0	1,368,239
Total Liabilities	758,138	2,006,625	4,543,599	6,638	1,693,458
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt	6,425,222	4,247,975	6,311,252	1,209,477	523,110
Restricted for					
Revenue Bond Replacement	0	0	32,621	0	0
Future Debt Service	0	0	211,124	0	0
Unrestricted (Deficit)	10,615,651	934,173	292,679	284,032	(731,577)
Total Net Assets (Deficit)	\$17,040,873	\$5,182,148	\$6,847,676	\$1,493,509	(\$208,467)

Net assets reported for business-type activities on the statement of net assets is different because it includes a proportionate share of the balance of the internal service fund.
Net assets of business-type activities

See Accompanying Notes to the Basic Financial Statements

Total Enterprise Funds	Governmental Activity Internal Service Fund
\$10,850,577	\$63,552
1,425,002	0
58,440	0
62,931	1,185
1,403,545	2,162
<u>13,800,495</u>	<u>66,899</u>
139,295	0
371,124	0
128,916	0
1,071,776	0
23,852,591	51,133
<u>25,563,702</u>	<u>51,133</u>
<u>39,364,197</u>	<u>118,032</u>
40,509	3,253
151,017	2,060
422,407	0
3,935	0
72,307	5,504
94,318	7,043
2,500	0
253,652	0
48,979	0
2,547,941	0
26,177	0
25,223	0
23,587	0
<u>3,712,552</u>	<u>17,860</u>
160,000	0
106,674	0
3,356,177	0
1,123	0
1,355,386	0
92,326	0
200,470	18,787
23,750	0
<u>5,295,906</u>	<u>18,787</u>
<u>9,008,458</u>	<u>36,647</u>
18,717,036	51,133
32,621	0
211,124	0
11,394,958	30,252
<u>30,355,739</u>	<u>\$81,385</u>
<u>32,554</u>	
<u>\$30,388,293</u>	

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

	Business-Type Activities				
	Electric	Water	Sewer	Storm Sewer	Refuse
<u>Operating Revenues</u>					
Charges for Services	\$7,249,001	\$1,185,685	\$0	\$147,618	\$884,524
Charges for Services Pledged as Security on Mortgage Revenue Bonds	0	0	1,486,318	0	0
Licenses and Permits	0	0	0	0	0
Other	288,313	2,959	0	0	1,835
Other Pledged as Security on Mortgage Revenue Bonds	0	0	4,689	0	0
Total Operating Revenues	7,537,314	1,188,644	1,491,007	147,618	886,359
<u>Operating Expenses</u>					
Personal Services	677,672	404,169	467,304	0	269,408
Contractual Services	5,318,081	186,427	265,802	3,013	400,687
Materials and Supplies	0	291,579	91,362	176,878	59,526
Depreciation	210,040	175,915	321,192	41,568	24,954
Other	66,751	0	4,808	0	100
Total Operating Expenses	6,272,544	1,058,090	1,150,468	221,459	754,675
Operating Income (Loss)	1,264,770	130,554	340,539	(73,841)	131,684
<u>Non-Operating Revenues (Expenses)</u>					
Loss on Disposal of Capital Assets	0	0	0	0	(32,861)
Other Local Taxes	103,150	0	0	0	0
Interest Revenue	0	0	4,937	0	0
Interest Expense	(46,276)	(73,223)	(242,037)	(1,599)	(22,370)
Total Non-Operating Revenues (Expenses)	56,874	(73,223)	(237,100)	(1,599)	(55,231)
Income (Loss) before Transfers	1,321,644	57,331	103,439	(75,440)	76,453
Transfers In	703,108	235,327	144,096	134,680	9,000
Transfers Out	(22,216)	(18,110)	(18,111)	0	(18,110)
Change in Net Assets	2,002,536	274,548	229,424	59,240	67,343
Net Assets (Deficit) Beginning of Year - (See Note 3)	15,038,337	4,907,600	6,618,252	1,434,269	(275,810)
Net Assets (Deficit) End of Year	\$17,040,873	\$5,182,148	\$6,847,676	\$1,493,509	(\$208,467)

The change in net assets reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net expense of the internal service fund.
Change in net assets of business-type activities

See Accompanying Notes to the Basic Financial Statements

Total Enterprise Funds	Governmental Activity Internal Service Fund
\$9,466,828	\$212,661
1,486,318	0
0	11,899
293,107	0
4,689	1,239
<u>11,250,942</u>	<u>225,799</u>
1,818,553	174,324
6,174,010	5,003
619,345	18,118
773,669	16,314
71,659	0
<u>9,457,236</u>	<u>213,759</u>
1,793,706	12,040
(32,861)	(13,943)
103,150	0
4,937	0
(385,505)	0
<u>(310,279)</u>	<u>(13,943)</u>
1,483,427	(1,903)
1,226,211	0
(76,547)	0
2,633,091	(1,903)
	<u>83,288</u>
	<u>\$81,385</u>
(761)	
<u>\$2,632,330</u>	

City of Wapakoneta
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2002

	Business-Type Activities					Total
	Electric	Water	Sewer	Storm Sewer	Refuse	
Increases (Decreases) in Cash and Cash Equivalents						
<u>Cash Flows from Operating Activities</u>						
Cash Received from Customers	\$7,308,662	\$1,204,504	\$1,480,270	\$147,270	\$876,404	\$11,017,110
Cash Received from Transactions with Other Funds	0	0	0	0	0	0
Cash Received from Utility Deposits	18,034	4,230	0	0	0	22,264
Cash Received from Other Revenues	310,506	2,959	4,689	0	1,835	319,989
Cash Payments for Personal Services	(657,684)	(394,278)	(449,842)	0	(263,301)	(1,765,105)
Cash Payments for Contractual Services	(5,388,489)	(188,332)	(252,442)	0	(390,054)	(6,219,317)
Cash Payments to Vendors	(397,592)	(411,614)	(89,820)	(170,240)	(59,971)	(1,129,237)
Cash Payments for Transactions with Other Funds	(10,485)	(5,924)	(28,853)	(3,013)	(3,395)	(51,670)
Cash Payments for Utility Refunds	(9,400)	(2,205)	0	0	0	(11,605)
Cash Payments for Other Expenses	(66,751)	0	(4,808)	0	(100)	(71,659)
Net Cash Provided by (Used for) Operating Activities	1,106,801	209,340	659,194	(25,983)	161,418	2,110,770
<u>Cash Flows from Noncapital Financing Activities</u>						
Cash Received from Other Local Taxes	103,150	0	0	0	0	103,150
Advances In	0	0	100,000	0	0	100,000
Advances Out	0	0	0	0	(50,000)	(50,000)
Transfers In	703,108	235,327	144,096	134,680	9,000	1,226,211
Transfers Out	(4,106)	0	0	0	0	(4,106)
Net Cash Provided by (Used for) Noncapital Financing Activities	802,152	235,327	244,096	134,680	(41,000)	1,375,255
<u>Cash Flows from Capital and Related Financing Activities</u>						
Principal Paid on Bond Anticipation Notes	(1,800,000)	(1,961,810)	(734,190)	0	(234,977)	(4,730,977)
Principal Paid on Mortgage Revenue Bonds	0	0	(155,000)	0	0	(155,000)
Principal Paid on OWDA Loans	0	(584,917)	(358,497)	0	0	(943,414)
Principal Paid on Capital Loans	0	(11,944)	0	(28,943)	0	(40,887)
Principal Paid on Intergovernmental Payable	0	0	(2,500)	0	0	(2,500)
Principal Paid on General Obligation Bonds	(18,110)	(18,110)	(18,111)	0	(18,110)	(72,441)
Interest Paid on Bond Anticipation Notes	(53,950)	(72,731)	(22,911)	0	(7,065)	(156,657)
Interest Paid on Mortgage Revenue Bonds	0	0	(173,583)	0	0	(173,583)
Interest Paid on OWDA Loans	0	(5,166)	(3,140)	0	0	(8,306)
Interest Paid on Capital Loans	0	(1,377)	0	(1,599)	0	(2,976)
Interest Paid on General Obligation Bonds	(14,854)	(14,854)	(14,854)	0	(14,854)	(59,416)
Proceeds of Notes	0	1,705,060	640,940	0	201,941	2,547,941
Proceeds of OWDA Loans	0	1,123	0	0	0	1,123
Proceeds of Capital Loans	0	129,000	0	0	0	129,000
Acquisition of Fixed Assets	(353,188)	(390,347)	(385,059)	(38,472)	(40,000)	(1,207,066)
Net Cash Used for Capital and Related Financing Activities	(2,240,102)	(1,226,073)	(1,226,905)	(69,014)	(113,065)	(4,875,159)
<u>Cash Flows from Investing Activities</u>						
Interest	0	0	4,937	0	0	4,937
Net Increase (Decrease) in Cash and Cash Equivalents	(331,149)	(781,406)	(318,678)	39,683	7,353	(1,384,197)
Cash and Cash Equivalents Beginning of Year	9,436,503	1,533,328	880,471	238,160	656,731	12,745,193
Cash and Cash Equivalents End of Year	\$9,105,354	\$751,922	\$561,793	\$277,843	\$664,084	\$11,360,996

Governmental
Activity
Internal
Service

\$13,856
210,704
0
1,239
(169,837)
(4,132)
(18,203)
0
0
0

33,627

0
0
0
0
0

0

0
0
0
0
0
0
0
0
0
0
0
0
0
0
0

(10,631)

(10,631)

0

22,996

40,556

\$63,552

(continued)

City of Wapakoneta
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2002
(continued)

	Business-Type Activities					Total
	Electric	Water	Sewer	Storm Sewer	Refuse	
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>						
Operating Income (Loss)	\$1,264,770	\$130,554	\$340,539	(\$73,841)	\$131,684	\$1,793,706
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>						
Depreciation	210,040	175,915	321,192	41,568	24,954	773,669
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	64,209	17,850	(7,202)	(426)	(23,144)	51,287
Increase in Other Local Taxes Receivable	(5,225)	0	0	0	0	(5,225)
Decrease in Interfund Receivable	17,645	969	1,154	78	352	20,198
Decrease in Due from Other Governments	0	0	0	0	14,672	14,672
Increase in Prepaid Items	(1,771)	(3,525)	(384)	0	(44)	(5,724)
(Increase) Decrease in Materials and Supplies Inventory	(377,058)	26,520	352	0	118	(350,068)
Increase in Accrued Wages Payable	6,069	3,325	3,085	0	1,479	13,958
Increase (Decrease) in Accounts Payable	(452,117)	(10,694)	(2,487)	4,068	30,142	(431,088)
Increase (Decrease) in Contracts Payable	355,673	(83,405)	0	2,570	490	275,328
Increase in Due to Other Governments	14,546	6,504	419	0	2,975	24,444
Increase (Decrease) in Interfund Payable	2,998	(6,447)	(10,194)	0	(318)	(13,961)
Increase (Decrease) in Retainage Payable	(5,601)	(51,600)	3,935	0	0	(53,266)
Increase in Compensated Absences Payable	3,989	1,349	8,785	0	1,670	15,793
Increase in Refundable Deposits Payable from Restricted Assets	8,634	2,025	0	0	0	10,659
Decrease in Landfill Closure/Postclosure Costs	0	0	0	0	(23,612)	(23,612)
Net Cash Provided by (Used for) Operating Activities	<u>\$1,106,801</u>	<u>\$209,340</u>	<u>\$659,194</u>	<u>(\$25,983)</u>	<u>\$161,418</u>	<u>\$2,110,770</u>

See Accompanying Notes to the Basic Financial Statements

Governmental
Activity
Internal
Service

\$12,040

16,314

0

0

0

0

(176)

(344)

687

1,480

0

1,255

(181)

0

2,552

0

0

\$33,627

City of Wapakoneta
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2002

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$23,546</u></u>
 <u>Liabilities</u>	
Deposits Held and Due to Others	344
Undistributed Monies	<u>23,202</u>
Total Liabilities	<u><u>\$23,546</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 1 - DESCRIPTION OF THE CITY OF WAPAKONETA AND THE REPORTING ENTITY

A. The City

The City of Wapakoneta is a home rule municipal corporation established and operated under the laws of the State of Ohio. The City operates under a Council/Mayor form of government.

The City is segmented into many different activities and smaller accounting entities. These include police, fire, emergency medical, street maintenance, parks and recreation, engineering, electric, water, sewer, storm sewer, refuse, and a staff to provide essential support to these service providers. These activities compose the primary government of the City and represent activities which are directly responsible to City Council and the Mayor.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City of Wapakoneta consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Wapakoneta in 2002.

The City of Wapakoneta participates in the Ohio Government Risk Management Plan, an insurance purchasing pool. This organization is presented in Note 21 to the basic financial statements.

The City serves as a custodian of public funds and holds on deposit the monies of the Police Auxiliary, a non-profit organization. The City serves as fiscal agent, but the organization is not considered part of the City. Accordingly, the activity of the Police Auxiliary is presented as an agency fund within the combined financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Wapakoneta have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the City's accounting policies.

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the proprietary fund financial statements. Fiduciary funds are reported by type.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the City are reported in three categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

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

Street and Sewer Improvement Fund - The Street and Sewer Improvement Fund accounts for the residents' portion of special assessments for curbs, gutters, and sidewalks the issuance of notes to pay for projects prior to the assessment of property owners, and transfers from the General Fund for improvements to streets and sewers that are not assessed to the property owners.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The City reports two types of proprietary funds, enterprise and internal service:

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Electric Fund - This fund accounts for the provision of electricity to residential and commercial users within the City.

Water Fund - This fund accounts for the provision of water treatment and distribution to residential and commercial users within the City.

Sewer Fund - This fund accounts for the provision of sanitary sewer service to residential and commercial users within the City.

Storm Sewer Fund - This fund accounts for the provision of storm sewer service to residential and commercial users within the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Refuse Fund - This fund accounts for the provision of refuse collection services to residential and commercial users within the City.

Internal Service Fund - The internal service fund accounts for engineering services that are provided to the other departments of the City, or to other governmental units. Monthly fees are paid on an hourly scale and any balance on hand is held until used.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2002. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for funds deducted from employee's payroll for dependent, copayment, and COBRA insurance coverage and to account for monies belonging to the police auxiliary, an organization that is not part of the City of Wapakoneta.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the City finances and meets the cash flow needs of its proprietary activities.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: income taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and interest.

Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2002, but were levied to finance 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds, except agency funds, are required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount City Council may appropriate. The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of control has been established by City Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by City Council.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by City Council during the year.

F. Cash and Investments

To improve cash management, cash received by the City, except cash held by a trustee, is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately for the City by fiscal agents and not held with the City Treasurer are recorded as "Cash and Cash Equivalents with Fiscal Agents".

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2002, investments included Telephone Service Company stock, mutual funds, non-negotiable certificates of deposit, and STAR Ohio. Telephone Service Company stock is valued according to a formula using historical earnings, capitalized dividend yield, and book value. Since the Telephone Service Company's stock is not publicly traded, this approach utilizes an industry price earnings ratio by averaging the latest price earnings ratio of publicly traded communications companies that are the most representative of the Telephone Service Company. Mutual funds are reported at fair value, which is based on current share price. Non-negotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2002.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2002 was \$310,150, which includes \$276,288 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

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

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted assets represent certain resources which are segregated from other resources of the City to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the City or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes.

Restricted assets represent utility deposits from customers that are classified as restricted because their use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Unamortized Bond Issuance Costs

For governmental fund types, bond issuance costs are recognized in the current period. Bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method.

K. Unamortized Gain/Loss on Advance Refunding

For advance refundings resulting in the defeasance of debt reported in the proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

The Sewer enterprise fund's sewer system mortgage revenue bonds advance refunded outstanding sewer mortgage revenue bonds in a prior year. These bonds are presented on the financial statements net of unamortized loss, in the amount of \$88,823. The loss is being amortized over the remaining seven year life of the bonds.

L. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net assets and in the respective funds. Capital assets used by the internal service fund are reported in both the governmental activities column on the government-wide statements of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The City maintains a capitalization threshold of ten thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	10-25 years	N/A
Buildings	45-100 years	45-100 years
Equipment	10-30 years	5-30 years
Vehicles	10-20 years	10-20 years
Streets	15-60 years	N/A
Electric, Water, Sewer, and Storm Sewer Lines	N/A	50-70 years

The City's infrastructure consists of streets, electric lines, water lines, sewer lines, and storm sewer lines.

M. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as "Internal Balances".

N. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on department and length of service.

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for interfund receivable, notes receivable, and encumbrances.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric, water, sewer, storm sewer, and refuse services, and charges for services in the internal service fund. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

S. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial 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 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.

During 2002, the Electric enterprise fund provided services to the governmental activities, in the amount of \$4,106, for the construction of capital assets. Therefore, transfers in and out do not equal.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

U. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY

A. Change in Accounting Principles

For 2002, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"; GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus"; GASB Statement No. 38, "Certain Financial Statement Note Disclosures"; and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

GASB Statement No. 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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

GASB Statement No. 37 makes certain clarifications regarding escheat property and modifies several provisions of GASB Statement No. 34, including Management's Discussion and Analysis. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosure requirements.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

For 2002, the City has modified estimated useful lives and increased the threshold amount for capitalizing fixed assets. The threshold amount was increased from \$500 to \$10,000.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY (continued)

B. Restatement of Fund Equity

The restatement due to the implementation of the above statements and interpretation had the following effect on fund balance of the major and nonmajor funds of the City as they were previously reported.

The transition from governmental fund balance to net assets of governmental activities is also presented:

	General Fund	Street and Sewer Improvement Fund	Other Governmental Funds	Total Governmental Activities
Fund Balance December 31, 2001	<u>\$1,866,283</u>	<u>\$496,471</u>	<u>\$2,019,181</u>	<u>\$4,381,935</u>
GASB Statement No. 34 Adjustments:				
Accounts Receivable				154,361
Due from Other Governments				423,450
Municipal Income Taxes Receivable				309,928
Other Local Taxes Receivable				33,420
Property Taxes Receivable				5,671
Special Assessments Receivable				378,015
Capital Assets				17,835,361
Capital Assets - Internal Service Fund				(70,759)
Intergovernmental Payable				(84,767)
Compensated Absences Payable				(374,641)
General Obligation Bonds Payable				(3,705,000)
Internal Balance - Internal Service Fund				49,973
Governmental Activities Net Assets at December 31, 2001				<u>\$19,336,947</u>

The restatement of the business-type activities:

	Electric	Water	Sewer	Storm Sewer	Refuse	Total Business-Type Activities
Fund Equity (Deficit)						
December 31, 2001	\$14,301,904	\$3,588,359	\$4,098,988	\$1,266,756	(\$416,727)	\$22,839,280
Capital Assets Threshold and Useful Life	736,433	1,319,241	2,519,264	167,513	140,917	4,883,368
	<u>\$15,038,337</u>	<u>\$4,907,600</u>	<u>\$6,618,252</u>	<u>\$1,434,269</u>	<u>(\$275,810)</u>	<u>\$27,722,648</u>
Internal Balance - Internal Service Fund						33,315
Adjusted Net Assets (Deficit) at December 31, 2001						<u>\$27,755,963</u>

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 4 - ACCOUNTABILITY

The deficit in the Refuse enterprise fund, in the amount of \$208,467, was a result of recording estimated landfill postclosure costs. The City has instituted a monthly landfill closure surcharge to the residents' refuse bills to finance postclosure costs.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - for the General Fund is presented on the budgetary basis 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 basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

Net Change in Fund Balance

GAAP Basis	(\$627,527)
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2001, Received in Cash 2002	344,093
Accrued 2002, Not Yet Received in Cash	(309,116)
	(continued)

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Net Change in Fund Balance
(continued)

Expenditure Accruals:	
Accrued 2001, Paid in Cash 2002	(\$93,433)
Accrued 2002, Not Yet Paid in Cash	127,212
Cash Adjustments:	
Unrecorded Activity 2001	(1,233)
Prepaid Items	(4,323)
Materials and Supplies Inventory	759
Advances In	50,000
Advances Out	(100,000)
Encumbrances Outstanding at Year End (Budget Basis)	<u>(181,042)</u>
Budget Basis	<u>(\$794,610)</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the city treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the City Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State as to which there is no default of principal, interest, or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the City had \$975 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, “Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements”.

At year end, the carrying amount of the City’s deposits was \$3,735,172 and the bank balance was \$3,862,122. Of the bank balance, \$100,011 was covered by the federal depository insurance and \$3,762,111 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City’s investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered for which the securities are held by the City or the City’s agent in the City’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the City’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City’s name. STAR Ohio and investments in mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 1	Fair Value
Telephone Service Company Stock	\$847,999	\$847,999
Mutual Funds		371,113
STAR Ohio		10,012,214
Total		\$11,231,326

The classification of cash and cash equivalents and investments on the financial statements is based on the criteria set forth in GASB Statement No. 9, “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A reconciliation between the classification of cash and cash equivalents and investments on the financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$14,097,874	\$869,599
Cash on Hand	(975)	0
Investments:		
Mutual Funds	(371,113)	371,113
STAR Ohio	(10,012,214)	10,012,214
Certificate of Deposit	21,600	(21,600)
GASB Statement No. 3	\$3,735,172	\$11,231,326

NOTE 7 - RECEIVABLES

Receivables at December 31, 2002, consisted of accounts (billings for user charged services, including unbilled utility services); intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; interfund; accrued interest; property taxes; notes; and special assessments. Notes receivable, in the amount of \$98,576, will not be received within one year. Special assessments receivable, in the amount of \$343,261, will not be received within one year. At December 31, 2002, the amount of delinquent special assessments was \$2,063.

Notes receivable represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under the Federal Community Development Block Grant program. The notes have an annual interest rate of 4.5 percent to 5.25 percent and are repaid over periods ranging from five to seven years.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Fund	
General Fund	
Homestead and Rollback	\$18,912
Local Government	208,404
Beer and Liquor Permits	5,685
Cigarette Tax	251
Estate Tax	6,401
Ohio Department of Public Safety	825
Total General Fund	240,478

(continued)

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities	
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	\$31,506
Highway Distribution	62,340
Motor Vehicle License Tax	48,612
Total Street Maintenance	142,458
State Highway	
Gasoline Tax	2,703
Highway Distribution	5,054
Motor Vehicle License Tax	3,793
Total State Highway	11,550
Community Block Grant	
Community Development Grant	43,000
Recreation	
Homestead and Rollback	5,245
Total Nonmajor Funds	202,253
Total Governmental Activities	\$442,731

NOTE 8 - MUNICIPAL INCOME TAXES

The City levies an income tax of 1 percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax revenues and expenditures for collecting, administering, and enforcing the tax are recorded in the General Fund.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the City. Real property tax revenues received in 2002 represent the collection of 2001 taxes. Real property taxes were levied in 2002 after October 1, 2002, on the assessed values as of January 1, 2002, the lien date. These taxes will be collected in and are intended to finance 2003 operations. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1999. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes were levied in 2002 after October 1, 2002, on the assessed values as of December 31, 2001, the lien date. These taxes will be collected in and are intended to finance 2003 operations. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2002 (other than public utility property) represent the collection of 2002 taxes. Tangible personal property taxes received in 2002 were levied after October 1, 2001, on the true value as of December 31, 2001. Tangible personal property is currently assessed at 25 percent of true value for equipment and 24 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. The first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2002, and for which there was an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2002 operations.

On the full accrual basis, collectible delinquent real property taxes have been recorded as a receivable and revenue, while the remainder of the receivable is deferred. On the modified accrual basis, the entire receivable is deferred.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 9 - PROPERTY TAXES (continued)

The full tax rate for all City operations for the year ended December 31, 2002, was \$3.75 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2002 property tax receipts were based are as follows:

Category	Assessed Value
Real estate	
Agricultural/Residential	\$76,609,370
Commercial/Industrial	32,569,640
Public Utility Real	71,520
Public Utility Personal	4,045,290
Tangible Personal	22,437,024
Total	\$135,732,844

NOTE 10 - CAPITAL ASSETS

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

	Restated Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$189,564	\$0	\$0	\$189,564
Depreciable Capital Assets				
Land Improvements	227,607	27,204	0	254,811
Buildings	3,133,041	11,949	0	3,144,990
Equipment	314,853	26,132	0	340,985
Vehicles	1,796,777	32,943	(41,911)	1,787,809
Streets	21,869,532	339,575	0	22,209,107
Total Depreciable Capital Assets	27,341,810	437,803	(41,911)	27,737,702
Less Accumulated Depreciation for				
Land Improvements	(61,771)	(9,796)	0	(71,567)
Buildings	(300,079)	(32,689)	0	(332,768)
Equipment	(139,302)	(25,826)	0	(165,128)
Vehicles	(1,176,037)	(101,825)	27,968	(1,249,894)
Streets	(8,018,824)	(375,074)	0	(8,393,898)
Total Accumulated Depreciation	(9,696,013)	(545,210)	27,968	(10,213,255)
Total Depreciable Capital Assets, Net	17,645,797	(107,407)	(13,943)	17,524,447
Governmental Activities Capital Assets, Net	\$17,835,361	(\$107,407)	(\$13,943)	\$17,714,011

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 10 - CAPITAL ASSETS (continued)

	Restated Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$741,776	\$129,000	\$0	\$870,776
Construction in Progress	884,619	201,000	(884,619)	201,000
Total Nondepreciable Capital Assets	<u>1,626,395</u>	<u>330,000</u>	<u>(884,619)</u>	<u>1,071,776</u>
Depreciable Capital Assets				
Buildings	4,510,321	4,087	0	4,514,408
Electric, Water, Sewer, and Storm Sewer Lines	26,519,942	1,666,676	0	28,186,618
Equipment	509,390	28,870	0	538,260
Vehicles	1,766,741	62,052	(35,000)	1,793,793
Total Depreciable Capital Assets	<u>33,306,394</u>	<u>1,761,685</u>	<u>(35,000)</u>	<u>35,033,079</u>
Less Accumulated Depreciation for				
Buildings	(368,189)	(43,352)	0	(411,541)
Electric, Water, Sewer, and Storm Sewer Lines	(8,985,776)	(615,050)	0	(9,600,826)
Equipment	(351,639)	(17,747)	0	(369,386)
Vehicles	(703,354)	(97,520)	2,139	(798,735)
Total Accumulated Depreciation	<u>(10,408,958)</u>	<u>(773,669)</u>	<u>2,139</u>	<u>(11,180,488)</u>
Total Depreciable Capital Assets, Net	<u>22,897,436</u>	<u>988,016</u>	<u>(32,861)</u>	<u>23,852,591</u>
Business-Type Activities Capital Assets, Net	<u>\$24,523,831</u>	<u>\$1,318,016</u>	<u>(\$917,480)</u>	<u>\$24,924,367</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$29,823
Security of Persons and Property - Fire	49,306
Public Health	11,126
Leisure Time Activities	14,489
Transportation	406,303
General Government	34,163
Total Depreciation Expense - Governmental Activities	<u>\$545,210</u>

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 11 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2002, the General Fund had an interfund receivable, in the amount of \$253,652, for kilowatt monies due from the Electric Fund, in the amount of \$53,652, and the provision of cash flow resources to the Sewer Fund, in the amount of \$200,000.

Other governmental funds had an interfund receivable, in the amount of \$11,404, due from the General Fund for monies collected by the General Fund which should have been allocated to other governmental funds.

For the receivable in the General Fund, \$100,000 of this amount is not expected to be received within one year.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2002, the City contracted with the Ohio Government Risk Management Plan, an insurance pool, for the following coverage:

Type of Coverage	Coverage	Deductible
Property	\$33,794,481	\$1,000
Liability		
Each Occurrence	5,000,000	0
Aggregate	7,000,000	0
Wrongful Acts		
Each Occurrence	5,000,000	2,500
Aggregate	7,000,000	2,500
Law Enforcement		
Each Occurrence	5,000,000	2,500
Aggregate	7,000,000	2,500
Automobile	5,000,000	250-250
Bond	25,000	0
Crime	20,000	0
Inland Marine	1,612,183	1,000
Fire Vehicle	1,470,786	100
Electronic Data Processing	280,740	1,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has not been any significant reduction in coverage from the prior year.

Workers' Compensation coverage is provided by the State of Ohio. The City pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 13 - CONTRACTUAL COMMITMENTS

At December 31, 2002, the City had contractual commitments as follows:

Company	Project	Amount Remaining on Contract
Burgess Hearse & Ambulance Services	New Ambulance	\$109,187
Theodore Hemleben Construction	Restroom Renovation	18,237
Huna Designs	Skateboard Equipment	14,750
EJ Meyer & Sons Inc.	East Mechanic Street	22,868
Shelly Materials	Willipie and Perry Streets	12,871
GH Bierly	Well Testing	8,500
H D Water Service	Well Testing	45,000

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The City contributes to the Ohio Public Employees Retirement System (System), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. The System provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13.55 percent; 8.55 percent was the portion used to fund pension obligations for 2002. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to the System for the years ended December 31, 2002, 2001, and 2000, were \$181,064, \$185,452, and \$129,528, respectively; 74 percent has been contributed for 2002 and 100 percent has been contributed for 2001 and 2000. The unpaid contribution for 2002, in the amount of \$47,264, is recorded as a liability.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (Fund), a cost-sharing multiple employer defined benefit pension plan administered by the Fund's Board of Trustees. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police (11.75 percent was the portion used to fund pension obligations for 2002); and 24 percent for firefighters (16.25 percent was the portion used to fund pension obligations for 2002). Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2002, 2001, and 2000, were \$161,962, \$162,672, and \$154,959, respectively; 73 percent has been contributed for 2002 and 100 percent has been contributed for 2001 and 2000. The unpaid contribution for 2002, in the amount of \$43,296, is recorded as a liability.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (System) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the System is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate was 13.55 percent of covered payroll; 5 percent was the portion used to fund health care for 2002.

Benefits are advance funded using the entry age normal cost method. Significant actuarial assumptions include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually, and an additional increase in total payroll of .5 percent to 6.3 percent based on additional pay increases. Health care premiums were assumed to increase 4 percent annually.

OPB are financed through employer contributions and investment earnings. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At December 31, 2001, the total number of benefit recipients eligible for OPB through the System was 402,041. As of December 31, 2001, the actuarial value of net assets available for future OPB payments were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively. The City's actual contributions for 2002 which were used to fund OPB were \$105,885.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (Fund) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check, or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen, whether or not the child is attending school, or under the age of twenty-two if attending school full-time or on a two-thirds basis.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 15 - POSTEMPLOYMENT BENEFITS (continued)

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Fund's Board of Trustees to provide health care coverage and states that health care costs paid from the Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate was 19.5 percent of covered payroll and the firefighter employer contribution rate was 24 percent; 7.75 percent was the portion used to fund health care for 2002. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters. The City's actual contributions for 2002 that were used to fund postemployment benefits were \$41,964 for police and \$46,900 for firefighters. The Fund's total health care expenses for the year ended December 31, 2001, (the latest information available), were \$122,298,771, which was net of member contributions of \$6,874,699.

NOTE 16 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits is derived from negotiated agreements and State laws.

City employees earn vacation at varying rates depending upon length of service and standard work week. Current policy permits two weeks of vacation to be carried forward to the following year. Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by City policy and union contracts. Non-union employees earn sick leave at a rate of four and six-tenths hours for every eighty hours worked. Current policy permits sick leave to be accumulated without limit. Each non-union employee hired prior to January 1, 1988, with ten or more years of service with the City or other political subdivision within the State of Ohio, is paid for one-half of their earned unused sick leave upon retirement. Each non-union employee hired after January 1, 1988, at the time of retirement from active service with the City, is paid 25 percent of their earned unused sick leave up to a maximum of one hundred twenty accrued sick days (thirty days total maximum payment).

Bargaining-unit employees earn sick leave at a rate of four and sixty-two hundredths hours for every eighty hours worked. Current policy permits sick leave to be accumulated without limit. Each bargaining-unit employee, at the time of retirement from active service with the City, is paid for one-half of their earned unused sick leave up to a maximum of 1,040 accrued sick hours (one hundred thirty days total maximum payment).

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 17 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2002, were as follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2002</u>
<u>Governmental Activities</u>					
<u>Special Assessment Bond Anticipation Notes</u>					
Capital Projects Fund					
2001 Special Assessment Bond Anticipation Note	3.00%	\$130,186	\$0	\$130,186	\$0
2002 Special Assessment Bond Anticipation Note	1.90	0	263,059	0	263,059
Total Governmental Activities		<u>\$130,186</u>	<u>\$263,059</u>	<u>\$130,186</u>	<u>\$263,059</u>
<u>General Obligation Bond Anticipation Notes</u>					
Electric					
2001 AMP - OHIO Bond Anticipation Note	3.00%	1,800,000	0	1,800,000	0
Total Electric Fund		<u>1,800,000</u>	<u>0</u>	<u>1,800,000</u>	<u>0</u>
Water					
2001 Bond Anticipation Note	3.85	1,400,000	0	1,400,000	0
2001 Bond Anticipation Note	2.55	561,810	0	561,810	0
2002 Bond Anticipation Note	2.17	0	1,250,000	0	1,250,000
2002 Bond Anticipation Note	1.85	0	455,060	0	455,060
Total Water Fund		<u>1,961,810</u>	<u>1,705,060</u>	<u>1,961,810</u>	<u>1,705,060</u>
Sewer					
2001 Bond Anticipation Note	3.15	375,000	0	375,000	0
2001 Bond Anticipation Note	2.55	359,190	0	359,190	0
2002 Bond Anticipation Note	1.85	0	640,940	0	640,940
Total Sewer Fund		<u>734,190</u>	<u>640,940</u>	<u>734,190</u>	<u>640,940</u>
Refuse					
2001 Landfill Closure Bond Anticipation Note	3.00	234,977	0	234,977	0
2002 Landfill Closure Bond Anticipation Note	1.90	0	201,941	0	201,941
Total Refuse Fund		<u>234,977</u>	<u>201,941</u>	<u>234,977</u>	<u>201,941</u>
Total Business-Type Activities		<u>\$4,730,977</u>	<u>\$2,547,941</u>	<u>\$4,730,977</u>	<u>\$2,547,941</u>

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 17 - NOTES PAYABLE

According to Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. The City has issued bond anticipation notes with a maturity of one year or less which will be reissued until paid in full or bonds are issued.

The special assessment notes are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The special assessment bond anticipation note in the capital projects fund, in the amount of \$263,059, was issued for improvements to sidewalks, curbs, and gutters. None of these proceeds had been spent as of year end.

The bond anticipation notes in the Water enterprise fund, in the amount of \$1,250,000 and \$455,060, were issued for improvements to the water system, including a water tower and the installation of water lines.

The bond anticipation note in the Sewer enterprise fund, in the amount of \$640,940, was issued for improvements to the sewer system, including the construction and installation of sanitary sewer lines, a force main and lift station, and for various costs related to the bio solids plant.

The bond anticipation note in the Refuse enterprise fund, in the amount of \$201,941, was issued for improvements to the landfill.

NOTE 18 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2002, was as follows:

	Interest Rate	Balance December 31, 2001	Additions	Reductions	Balance December 31, 2002	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
1991 Downtown Improvement	5.3 - 7.1%	\$1,005,000	\$0	\$75,000	\$930,000	\$80,000
1993 Various Purpose	2.8 - 5.45	2,155,000	0	135,000	2,020,000	145,000
1998 Various Purpose	3.3 - 4.25	545,000	0	70,000	475,000	70,000
Total General Obligation Bonds		3,705,000	0	280,000	3,425,000	295,000
Other Long-Term Obligations						
Compensated Absences Payable		396,380	37,829	40,049	394,160	95,416
Total Other Long-Term Obligations		396,380	37,829	40,049	394,160	95,416
Total Governmental Activities		\$4,101,380	\$37,829	\$320,049	\$3,819,160	\$390,416

(continued)

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2001	Additions	Reductions	Balance December 31, 2002	Due Within One Year
<u>Business-Type Activities</u>						
Mortgage Revenue Bonds						
1998 Sewer System Mortgage Refunding Bonds	3.3-4.95%	\$3,760,000	\$0	\$155,000	\$3,605,000	\$160,000
Accounting Loss		(98,869)	10,046	0	(88,823)	0
Total Mortgage Revenue Bonds		3,661,131	10,046	155,000	3,516,177	160,000
Other Long-Term Obligations						
OWDA Loan Payable		943,414	1,123	943,414	1,123	0
Landfill Closure/Postclosure Costs		1,404,221	0	23,612	1,380,609	25,223
Capital Loans Payable		53,977	129,000	67,064	115,913	23,587
Compensated Absences Payable		256,984	26,142	10,349	272,777	72,307
Due to Auglaize County		28,750	0	2,500	26,250	2,500
Total Other Long-Term Obligations		2,687,346	156,265	1,046,939	1,796,672	123,617
Total Business-Type Activities		\$6,348,477	\$166,311	\$1,201,939	\$5,312,849	\$283,617

1991 Downtown Improvement General Obligation Bonds On June 1, 1991, the City issued \$1,655,000 in unvoted general obligation bonds to pay part of the cost of separating storm and sanitary sewers and constructing and reconstructing certain streets, sidewalks, curbs, and gutters on Auglaize, Perry, and Willipie Streets. The bonds were issued for a fifteen year period with maturity beginning October 1, 1992. The bonds will be paid from the General Fund and from special assessments. The special assessment portion of the bonds matured ten years from the date of issuance, or 2001. The general obligation portion of the bonds maturing on or after October 1, 2001, is subject to optional redemption at the direction of the City, either in whole or in part, in integral multiples of \$5,000 on any October 1, commencing October 1, 2001, at the redemption prices (expressed as percentages of the principal amount redeemed) set forth below:

Redemption Dates (Dates Inclusive)	Redemption Prices
October 1, 2001, through September 30, 2002	102%
October 1, 2002, through September 30, 2003	101
October 1, 2003, and thereafter	100

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

1993 Various Purpose General Obligation Bonds On November 1, 1993, the City issued \$3,080,000 in unvoted general obligation bonds to pay for the cost of constructing and equipping a police/EMS/administration building, provide funds to pay the cost of closing a landfill, and refund outstanding bond anticipation notes originally issued for paying the cost of acquiring, constructing, and equipping improvements on Bellefontaine Street. The bonds were issued for a twenty year period with maturity beginning December 1, 1994. The bonds will be paid from the General Fund and Electric, Water, Sewer, and Refuse enterprise funds. The bonds maturing on or after December 1, 2004, are subject to optional redemption prior to maturity commencing December 1, 2003, either in whole or in part, in inverse order of maturity and by lot within any maturity, at the redemption prices (expressed as percentages of the principal amount redeemed) plus accrued interest to the date of redemption as set forth below:

Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 2003, through November 30, 2004	102%
December 1, 2004, through November 30, 2005	101
December 1, 2005, and thereafter	100

1998 Various Purpose General Obligation Bonds On November 1, 1998, the City issued \$735,000 in unvoted general obligation bonds to refund outstanding bond anticipation notes originally issued to pay for street, sewer, sidewalk, curb, and gutter improvements, and paying the costs of issuance associated with the bonds. The bonds were issued for a ten year period with maturity beginning December 1, 1999. The bonds will be paid through debt service funds. The bonds are not subject to optional redemption prior to maturity.

Compensated Absences The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, Street Maintenance special revenue fund, and the Electric, Water, Sewer, and Refuse enterprise funds and the Engineering internal service fund.

Mortgage Revenue Bonds On November 30, 1998, the City issued \$4,190,000 in sewer system mortgage revenue bonds to advance refund 1990 sewer mortgage revenue bonds and pay the costs of certain other improvements to the sewer system. The refunding bonds include serial and term bonds. The bonds are reported on the financial statements net of the unamortized loss on advance refunding of \$88,823 in the Sewer enterprise fund. The bonds were issued for a twenty year period, with final maturity during 2018.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

The term bonds maturing on December 1, 2018, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the City. The mandatory redemption is to occur on December 1, in each of the years 2010 through 2017 (with the balance of \$315,000 to be paid at stated maturity in 2018), at a redemption priced equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, according to the following schedule:

Year	Amount
2010	\$210,000
2011	225,000
2012	235,000
2013	245,000
2014	255,000
2015	270,000
2016	285,000
2017	300,000
2018	315,000

The bonds maturing on or after December 1, 2009, are subject to optional redemption prior to maturity, commencing December 1, 2008, either in whole or in part, in inverse order of maturity and by lot within any maturity, at the redemption prices (expressed as percentages of the principal amount redeemed) plus accrued interest to the date of redemption as set forth below:

Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 2008, through November 30, 2009	101%
December 1, 2009, through November 30, 2010	100.5
December 1, 2010, and thereafter	100

The refunding bonds pledge Sewer enterprise fund income to pay the debt service. The Sewer enterprise fund's bond indenture has certain restrictive covenants which principally require that bond reserve accounts be maintained and charges for services to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreement. In addition, special provisions exist regarding covenant violations, redemptions of principal, and maintenance of properties.

In conjunction with the issuance of the sewer system mortgage revenue refunding bonds, the City entered into a trust agreement with a commercial bank. This trust agreement, along with the bond indenture, requires that the City establish various funds for the repayment of debt. The restricted assets in the Sewer enterprise fund segregates funds held by the City from funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the sewer system mortgage revenue refunding bonds at December 31, 2002, were \$371,124.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

The sewer system mortgage revenue refunding bonds defeased, in-substance, \$1,345,000 in sewer system mortgage revenue bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2002, \$980,000 of this debt was still outstanding.

OWDA Loan In order to encourage Amcast Automotive Corporation to bring employment to the City, an agreement was reached to install water and sewer lines which were financed with an OWDA loan. The City received \$943,414 in 1997. The repayment schedule is based on 1 percent annual interest payments due semi-annually. The final payment was made in 2002, which included the final interest payment plus the entire principal balance.

On December 13, 2001, the City received approval for an OWDA loan, in the amount of \$309,750, for water system planning and design. On January 2, 2002, \$1,123 was disbursed from OWDA. No amortization schedule has been prepared as of December 31, 2002.

Capital Loans Payable Loans have been entered into with local banks for the purchase of land and equipment. The City is paying each loan in equal monthly or yearly payments over the life of the loan. They range in length from three to ten years depending on the amount of the loan. The loans are being repaid from resources of the Water and Storm Sewer enterprise funds.

Due to Auglaize County The liability is the result of a joint project with Auglaize County for a sanitary sewer and interceptor replacement. The project was materially funded with a non-interest bearing loan through the Ohio Public Works Commission in Auglaize County's name. The agreement stipulates the City pay 50 percent of the loan. The liability is for a period of twenty years and will be paid from the Sewer enterprise fund.

The City's legal debt margin was \$10,682,105 at December 31, 2002.

Principal and interest requirements to retire general long-term obligations outstanding at December 31, 2002, were as follows:

Year	General Obligation Bonds	
	Principal	Interest
2003	\$295,000	\$189,315
2004	310,000	174,734
2005	325,000	158,943
2006	340,000	141,937
2007	355,000	123,758
2008 to 2012	1,565,000	324,811
2013 to 2016	235,000	12,808
Total	\$3,425,000	\$1,126,306

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002, from the enterprise funds were as follows:

Year	Business-Type Activities				
	Mortgage Revenue Refunding Bonds		Intergovernmental	Capital Loans	
	Principal	Interest	Principal	Principal	Interest
2003	\$160,000	\$167,770	\$2,500	\$23,587	\$5,911
2004	165,000	161,610	2,500	24,777	4,721
2005	175,000	155,092	2,500	26,026	3,472
2006	180,000	148,093	2,500	27,340	2,160
2007	185,000	140,712	2,500	2,541	780
2008 to 2012	1,070,000	573,345	12,500	11,642	1,643
2013 to 2017	1,355,000	286,110	1,250	0	0
2018	315,000	15,593	0	0	0
Total	\$3,605,000	\$1,648,325	\$26,250	\$115,913	\$18,687

NOTE 19 - LANDFILL CLOSURE/POSTCLOSURE COSTS

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City stopped accepting waste at its landfill in 1994. The Ohio EPA approved the final closure and postclosure plan in July 1998. The \$1,380,609 reported as landfill closure/postclosure costs at December 31, 2002, represents the costs of maintenance and monitoring through 2028. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. The City has passed the financial accountability test proving the ability to self-fund these future costs.

NOTE 20 - INTERFUND TRANSFERS

During 2002, the General Fund made transfers to other governmental funds, in the amount of \$904,697; \$341,000 to move receipts to debt service and capital projects funds as debt payments came due, \$563,697 to use unrestricted revenues collected in the General Fund to finance various programs or activities in other funds.

The General Fund also transferred \$1,226,211 to the enterprise funds to support the operations of the various enterprise activities; \$703,108 to the Electric Fund, \$235,327 to the Water Fund, \$144,096 to the Sewer Fund, \$134,680 to the Storm Sewer Fund, and \$9,000 to the Refuse Fund.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

NOTE 20 - INTERFUND TRANSFERS (continued)

The Electric, Water, Sewer, and Refuse enterprise funds made transfers to other governmental funds, in the amount of \$18,110, \$18,110, \$18,111, \$18,110 respectively, to move receipts as debt payments came due. The Electric enterprise fund provided services to governmental activities for the construction of capital assets, in the amount of \$4,106.

NOTE 21 - INSURANCE POOL

The City participates in the Ohio Government Risk Management Plan (Plan), an insurance purchasing pool consisting of various entities in the State of Ohio. The intent of the Plan is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Plan. Membership in the Plan is by written application subject to the approval of the Plan Manager. Financial information may be obtained from the Ohio Government Risk Management Plan, 1505 Jefferson Avenue, Toledo, Ohio 43603.

NOTE 22 - CONTINGENT LIABILITIES

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

For the period January 1, 2002, to December 31, 2002, the City received state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

NOTE 23 - SUBSEQUENT EVENT

On January 31, 2003, the City issued \$1,100,000 in bond anticipation notes for constructing improvements to the water system. The notes have an interest rate of 1.69 percent and mature on January 30, 2004.

On June 18, 2003, the City issued \$5,300,000 in bond anticipation notes for constructing improvements to the wastewater system. The notes have an interest rate of 1.6 percent and mature on June 17, 2004.

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**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

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Nonmajor Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes. Following is a description of the City's nonmajor special revenue funds:

Street Maintenance Fund

To account for 92.5 percent of the state gasoline and motor vehicle registration fees designated for street maintenance and repair.

State Highway Fund

To account for 7.5 percent of the state gasoline and motor vehicle registration fees designated for maintenance and repair of state highways within the City.

Motor Vehicle Permissive Tax Fund

To account for additional motor vehicle registration fees designated for street maintenance and repair.

Community Block Grant Fund

To account for monies received from the federal government under the Community Development Block Grant Program as well as the revolving loan program.

Recreation Fund

To account for monies received for use on recreation activities.

Law Enforcement Fund

To account for fines and forfeitures designated for law enforcement activities.

Enforcement and Education Fund

To account for fines and forfeitures charged for driving under the influence arrests. These resources are designated for enforcement and education programs to prevent occurrences of driving under the influence.

Drug Law Enforcement Fund

To account for the sale of confiscated property for use on drug law enforcement activities.

Recreation Trust Fund

To account for donations given by the Haus-Helms Foundation for use on recreation activities.

City of Wapakoneta
Combining Statements - Nonmajor Governmental Funds
(continued)

Nonmajor Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general and special assessment long-term obligation principal, interest, and related costs.

Downtown Fund

To account for special assessments and transfers from the General Fund used to pay debt principal and interest.

Debt Service Fund

To account for special assessments and transfers from the Street and Sewer Improvement fund used to pay debt principal and interest.

Nonmajor Capital Projects Funds

Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds.)

Safety Building Fund

To account for capital improvements to the safety building that are financed by General Fund transfers.

Capital Fire Truck Fund

To account for the purchase or repair of fire trucks financed by General Fund transfers.

City of Wapakoneta
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$755,631	\$118,215	\$276,745	\$1,150,591
Investments	869,599	0	0	869,599
Accounts Receivable	1,937	0	0	1,937
Due from Other Governments	202,253	0	0	202,253
Other Local Taxes Receivable	35,734	0	0	35,734
Interfund Receivable	11,404	0	0	11,404
Prepaid Items	2,193	0	5,098	7,291
Materials and Supplies Inventory	23,732	0	0	23,732
Accrued Interest Receivable	0	3,835	0	3,835
Property Taxes Receivable	107,548	0	0	107,548
Notes Receivable	121,882	0	0	121,882
Special Assessments Receivable	0	94,037	0	94,037
Total Assets	<u>\$2,131,913</u>	<u>\$216,087</u>	<u>\$281,843</u>	<u>\$2,629,843</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$4,423	\$0	\$0	\$4,423
Accounts Payable	7,476	0	522	7,998
Contracts Payable	0	0	0	0
Retainage Payable	0	0	0	0
Due to Other Governments	6,873	0	0	6,873
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
Deferred Revenue	278,725	97,872	0	376,597
Total Liabilities	<u>297,497</u>	<u>97,872</u>	<u>522</u>	<u>395,891</u>
<u>Fund Balance</u>				
Reserved for Notes Receivable	98,576	0	0	98,576
Reserved for Encumbrances	54,243	0	2,809	57,052
Unreserved, Reported in				
Special Revenue Funds	1,681,597	0	0	1,681,597
Debt Service Funds	0	118,215	0	118,215
Capital Projects Funds	0	0	278,512	278,512
Total Fund Balance	<u>1,834,416</u>	<u>118,215</u>	<u>281,321</u>	<u>2,233,952</u>
Total Liabilities and Fund Balance	<u>\$2,131,913</u>	<u>\$216,087</u>	<u>\$281,843</u>	<u>\$2,629,843</u>

City of Wapakoneta
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002

	Street Maintenance Fund	State Highway Fund	Motor Vehicle Permissive Tax Fund	Community Block Grant Fund
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$73,456	\$59,258	\$455,553	\$17,618
Investments	0	0	0	0
Accounts Receivable	1,881	0	0	0
Due from Other Governments	142,458	11,550	0	43,000
Other Local Taxes Receivable	0	0	35,734	0
Interfund Receivable	0	0	0	0
Prepaid Items	2,011	0	0	0
Materials and Supplies Inventory	23,339	0	0	0
Property Taxes Receivable	0	0	0	0
Notes Receivable	0	0	0	121,882
Total Assets	<u>\$243,145</u>	<u>\$70,808</u>	<u>\$491,287</u>	<u>\$182,500</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$4,073	\$0	\$0	\$0
Accounts Payable	5,429	0	0	0
Due to Other Governments	6,161	0	0	0
Deferred Revenue	124,588	9,949	31,395	0
Total Liabilities	<u>140,251</u>	<u>9,949</u>	<u>31,395</u>	<u>0</u>
<u>Fund Balance</u>				
Reserved for Notes Receivable	0	0	0	98,576
Reserved for Encumbrances	14,132	0	0	18,237
Unreserved	88,762	60,859	459,892	65,687
Total Fund Balance	<u>102,894</u>	<u>60,859</u>	<u>459,892</u>	<u>182,500</u>
Total Liabilities and Fund Balance	<u>\$243,145</u>	<u>\$70,808</u>	<u>\$491,287</u>	<u>\$182,500</u>

Recreation Fund	Law Enforcement Fund	Enforcement and Education Fund	Drug Law Enforcement Fund	Recreation Trust Fund	Total
\$136,745	\$548	\$9,526	\$2,927	\$0	\$755,631
847,999	0	0	0	21,600	869,599
56	0	0	0	0	1,937
5,245	0	0	0	0	202,253
0	0	0	0	0	35,734
11,404	0	0	0	0	11,404
182	0	0	0	0	2,193
393	0	0	0	0	23,732
107,548	0	0	0	0	107,548
0	0	0	0	0	121,882
<u>\$1,109,572</u>	<u>\$548</u>	<u>\$9,526</u>	<u>\$2,927</u>	<u>\$21,600</u>	<u>\$2,131,913</u>
\$350	\$0	\$0	\$0	\$0	\$4,423
1,804	0	0	243	0	7,476
712	0	0	0	0	6,873
112,793	0	0	0	0	278,725
<u>115,659</u>	<u>0</u>	<u>0</u>	<u>243</u>	<u>0</u>	<u>297,497</u>
0	0	0	0	0	98,576
21,631	0	0	243	0	54,243
972,282	548	9,526	2,441	21,600	1,681,597
<u>993,913</u>	<u>548</u>	<u>9,526</u>	<u>2,684</u>	<u>21,600</u>	<u>1,834,416</u>
<u>\$1,109,572</u>	<u>\$548</u>	<u>\$9,526</u>	<u>\$2,927</u>	<u>\$21,600</u>	<u>\$2,131,913</u>

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City of Wapakoneta
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2002

	Downtown Fund	Debt Service Fund	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$92,119	\$26,096	\$118,215
Accrued Interest Receivable	0	3,835	3,835
Special Assessments Receivable	545	93,492	94,037
	<hr/>	<hr/>	<hr/>
Total Assets	\$92,664	\$123,423	\$216,087
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Deferred Revenue	\$545	\$97,327	\$97,872
	<hr/>	<hr/>	<hr/>
<u>Fund Balance</u>			
Unreserved	92,119	26,096	118,215
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$92,664	\$123,423	\$216,087
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Wapakoneta
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2002

	Safety Building Fund	Capital Fire Truck Fund	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$52,313	\$224,432	\$276,745
Prepaid Items	5,098	0	5,098
Accrued Interest Receivable	0	0	0
Special Assessments Receivable	0	0	0
Total Assets	<u>\$57,411</u>	<u>\$224,432</u>	<u>\$281,843</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Accounts Payable	\$522	\$0	\$522
Contracts Payable	0	0	0
Retainage Payable	0	0	0
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>522</u>	<u>0</u>	<u>522</u>
<u>Fund Balance</u>			
Reserved for Encumbrances	2,809	0	2,809
Unreserved	54,080	224,432	278,512
Total Fund Balance	<u>56,889</u>	<u>224,432</u>	<u>281,321</u>
Total Liabilities and Fund Balance	<u>\$57,411</u>	<u>\$224,432</u>	<u>\$281,843</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$103,186	\$0	\$0	\$103,186
Other Local Taxes	71,430	0	0	71,430
Special Assessments	0	60,632	0	60,632
Charges for Services	15,223	0	0	15,223
Fines and Forfeitures	1,201	0	0	1,201
Intergovernmental	416,856	0	0	416,856
Interest	53,641	4,502	0	58,143
Gifts and Donations	27,296	0	0	27,296
Other	553	0	0	553
Total Revenues	<u>689,386</u>	<u>65,134</u>	<u>0</u>	<u>754,520</u>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,808	0	0	1,808
Other	0	0	62,740	62,740
Leisure Time Activities	135,161	0	0	135,161
Community Environment	37,948	0	0	37,948
Transportation	378,289	0	0	378,289
Debt Service:				
Principal Retirement	0	280,000	0	280,000
Interest and Fiscal Charges	0	143,344	0	143,344
Total Expenditures	<u>553,206</u>	<u>423,344</u>	<u>62,740</u>	<u>1,039,290</u>
Excess of Revenues Over (Under) Expenditures	136,180	(358,210)	(62,740)	(284,770)
<u>Other Financing Sources</u>				
Transfers In	<u>2,100</u>	<u>392,441</u>	<u>105,000</u>	<u>499,541</u>
Net Change in Fund Balance	138,280	34,231	42,260	214,771
Fund Balance Beginning of Year	<u>1,696,136</u>	<u>83,984</u>	<u>239,061</u>	<u>2,019,181</u>
Fund Balance End of Year	<u><u>\$1,834,416</u></u>	<u><u>\$118,215</u></u>	<u><u>\$281,321</u></u>	<u><u>\$2,233,952</u></u>

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

	Street Maintenance Fund	State Highway Fund	Motor Vehicle Permissive Tax Fund	Community Block Grant Fund
<u>Revenues</u>				
Property Taxes	\$0	\$0	\$0	\$0
Other Local Taxes	0	0	71,430	0
Charges for Services	15,223	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	285,387	23,139	51,333	43,000
Interest	1,941	887	8,077	8,266
Gifts and Donations	0	0	0	0
Other	553	0	0	0
Total Revenues	<u>303,104</u>	<u>24,026</u>	<u>130,840</u>	<u>51,266</u>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	37,948
Transportation	292,128	0	86,161	0
Total Expenditures	<u>292,128</u>	<u>0</u>	<u>86,161</u>	<u>37,948</u>
Excess of Revenues Over (Under) Expenditures	10,976	24,026	44,679	13,318
<u>Other Financing Sources</u>				
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	10,976	24,026	44,679	13,318
Fund Balance Beginning of Year	<u>91,918</u>	<u>36,833</u>	<u>415,213</u>	<u>169,182</u>
Fund Balance End of Year	<u>\$102,894</u>	<u>\$60,859</u>	<u>\$459,892</u>	<u>\$182,500</u>

Recreation Fund	Law Enforcement Fund	Enforcement and Education Fund	Drug Law Enforcement Fund	Recreation Trust Fund	Total
\$103,186	\$0	\$0	\$0	\$0	\$103,186
0	0	0	0	0	71,430
0	0	0	0	0	15,223
0	0	638	563	0	1,201
13,997	0	0	0	0	416,856
34,470	0	0	0	0	53,641
27,296	0	0	0	0	27,296
0	0	0	0	0	553
<u>178,949</u>	<u>0</u>	<u>638</u>	<u>563</u>	<u>0</u>	<u>689,386</u>
0	0	0	1,808	0	1,808
135,161	0	0	0	0	135,161
0	0	0	0	0	37,948
0	0	0	0	0	378,289
<u>135,161</u>	<u>0</u>	<u>0</u>	<u>1,808</u>	<u>0</u>	<u>553,206</u>
43,788	0	638	(1,245)	0	136,180
2,100	0	0	0	0	2,100
45,888	0	638	(1,245)	0	138,280
948,025	548	8,888	3,929	21,600	1,696,136
<u>\$993,913</u>	<u>\$548</u>	<u>\$9,526</u>	<u>\$2,684</u>	<u>\$21,600</u>	<u>\$1,834,416</u>

City of Wapakoneta
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2002

	Downtown Fund	Debt Service Fund	Total
<u>Revenues</u>			
Special Assessments	\$425	\$60,207	\$60,632
Interest	0	4,502	4,502
Total Revenues	<u>425</u>	<u>64,709</u>	<u>65,134</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	210,000	70,000	280,000
Interest and Fiscal Charges	<u>121,442</u>	<u>21,902</u>	<u>143,344</u>
Total Expenditures	<u>331,442</u>	<u>91,902</u>	<u>423,344</u>
Excess of Revenues Under Expenditures	(331,017)	(27,193)	(358,210)
<u>Other Financing Sources</u>			
Transfers In	<u>362,441</u>	<u>30,000</u>	<u>392,441</u>
Net Change in Fund Balance	31,424	2,807	34,231
Fund Balance Beginning of Year	<u>60,695</u>	<u>23,289</u>	<u>83,984</u>
Fund Balance End of Year	<u>\$92,119</u>	<u>\$26,096</u>	<u>\$118,215</u>

City of Wapakoneta
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002

	Safety Building Fund	Capital Fire Truck Fund	Total
<u>Revenues</u>			
Special Assessments	\$0	\$0	\$0
Interest	0	0	0
Total Revenues	0	0	0
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Other	62,740	0	62,740
Transportation	0	0	0
Debt Service:			
Interest and Fiscal Charges	0	0	0
Total Expenditures	62,740	0	62,740
Excess of Revenues Under Expenditures	(62,740)	0	(62,740)
<u>Other Financing Sources</u>			
Transfers In	55,000	50,000	105,000
Net Change in Fund Balance	(7,740)	50,000	42,260
Fund Balance Beginning of Year	64,629	174,432	239,061
Fund Balance End of Year	\$56,889	\$224,432	\$281,321

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City of Wapakoneta
Combining Statements - Fiduciary Funds

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

Agency Funds

Dependent Coverage Fund

To account for funds deducted from employees' payroll for dependent, copayment, and COBRA insurance coverage.

Police Auxiliary Fund

To account for monies belonging to the police auxiliary, an organization that is not a part of the City of Wapakoneta.

City of Wapakoneta
 Combining Statement of Assets and Liabilities
 Agency Funds
 December 31, 2002

	Dependent Coverage Fund	Police Auxiliary Fund	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$344	\$23,202	\$23,546
<u>Liabilities</u>			
Deposits Held and Due to Others	344	0	344
Undistributed Monies	0	23,202	23,202
Total Liabilities	\$344	\$23,202	\$23,546

City of Wapakoneta
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2002

	Balance December 31, 2001	Additions	Reductions	Balance December 31, 2002
<u>Dependent Coverage</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$566	\$102,038	\$102,260	\$344
<u>Liabilities</u>				
Deposits Held and Due to Others	\$566	\$102,038	\$102,260	\$344
<u>Police Auxiliary</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$20,030	\$22,744	\$19,572	\$23,202
<u>Liabilities</u>				
Undistributed Monies	\$20,030	\$22,744	\$19,572	\$23,202
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$20,596	\$124,782	\$121,832	\$23,546
<u>Liabilities</u>				
Deposits Held and Due to Others	566	102,038	102,260	344
Undistributed Monies	20,030	22,744	19,572	23,202
Total Liabilities	\$20,596	\$124,782	\$121,832	\$23,546

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**INDIVIDUAL FUND SCHEDULES
OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

City of Wapakoneta
General Fund

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

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<u>Revenues</u>				
Property Taxes	\$346,000	\$341,487	\$345,523	\$4,036
Municipal Income Taxes	1,980,000	1,947,190	1,959,444	12,254
Other Local Taxes	600,000	600,000	599,908	(92)
Charges for Services	207,300	218,665	222,000	3,335
Licenses and Permits	41,400	50,936	51,123	187
Fines and Forfeitures	24,000	26,117	28,600	2,483
Intergovernmental	583,145	597,506	612,335	14,829
Interest	525,000	298,607	305,267	6,660
Gifts and Donations	2,210	19,825	19,625	(200)
Other	13,900	10,622	12,951	2,329
Total Revenues	4,322,955	4,110,955	4,156,776	45,821
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police Department				
Personal Services	1,008,500	1,008,805	915,421	93,384
Contractual Services	0	115,469	108,113	7,356
Materials and Supplies	107,800	22,793	19,911	2,882
Capital Outlay	31,000	34,264	32,889	1,375
Total Police Department	1,147,300	1,181,331	1,076,334	104,997
Fire Department				
Personal Services	889,000	904,809	881,910	22,899
Contractual Services	0	56,974	39,081	17,893
Materials and Supplies	81,400	31,106	19,213	11,893
Capital Outlay	49,100	51,567	49,782	1,785
Total Fire Department	1,019,500	1,044,456	989,986	54,470
Safety Director				
Personal Services	4,200	4,200	3,908	292
Contractual Services	0	7,100	7,000	100
Materials and Supplies	7,500	400	0	400
Capital Outlay	400	400	0	400
Total Safety Director	12,100	12,100	10,908	1,192
Total Security of Persons and Property	2,178,900	2,237,887	2,077,228	160,659

(continued)

City of Wapakoneta
General Fund

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

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Public Health				
Emergency Medical				
Personal Services	\$141,700	\$146,700	\$144,205	\$2,495
Contractual Services	0	42,249	36,133	6,116
Materials and Supplies	47,700	12,905	9,278	3,627
Capital Outlay	16,000	116,000	113,835	2,165
Other	600	600	210	390
Total Emergency Medical	<u>206,000</u>	<u>318,454</u>	<u>303,661</u>	<u>14,793</u>
Miscellaneous				
Materials and Supplies	165,000	0	0	0
Capital Outlay	6,200	6,200	0	6,200
Total Miscellaneous	<u>171,200</u>	<u>6,200</u>	<u>0</u>	<u>6,200</u>
Total Public Health	<u>377,200</u>	<u>324,654</u>	<u>303,661</u>	<u>20,993</u>
Community Environment				
Boards and Commissions				
Contractual Services	0	44,800	39,457	5,343
Materials and Supplies	42,700	10,952	9,622	1,330
Capital Outlay	31,000	38,430	11,824	26,606
Total Community Environment	<u>73,700</u>	<u>94,182</u>	<u>60,903</u>	<u>33,279</u>
General Government				
Council				
Personal Services	33,700	33,700	33,700	0
Materials and Supplies	10,000	9,892	4,107	5,785
Total Council	<u>43,700</u>	<u>43,592</u>	<u>37,807</u>	<u>5,785</u>
Clerk of Council				
Personal Services	3,100	3,400	3,100	300
Contractual Services	0	4,392	4,316	76
Materials and Supplies	3,700	200	6	194
Total Clerk of Council	<u>6,800</u>	<u>7,992</u>	<u>7,422</u>	<u>570</u>
Administrative				
Personal Services	9,300	29,275	26,212	3,063
Contractual Services	0	20,714	20,343	371
Materials and Supplies	3,500	13,271	11,872	1,399
Capital Outlay	0	6,500	0	6,500
Total Administrative	<u>12,800</u>	<u>69,760</u>	<u>58,427</u>	<u>11,333</u>

(continued)

City of Wapakoneta
General Fund

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

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Finance				
Personal Services	\$25,500	\$25,500	\$25,500	\$0
Contractual Services	0	52,573	49,364	3,209
Materials and Supplies	47,500	1,335	1,007	328
Total Finance	73,000	79,408	75,871	3,537
Income Tax				
Personal Services	45,700	45,727	39,375	6,352
Contractual Services	0	10,041	6,460	3,581
Materials and Supplies	16,900	19,957	17,752	2,205
Capital Outlay	0	1,576	1,132	444
Other	262,800	140,300	50,551	89,749
Total Income Tax	325,400	217,601	115,270	102,331
Law Director				
Personal Services	20,000	20,000	20,000	0
Contractual Services	0	2,000	0	2,000
Materials and Supplies	2,500	500	110	390
Total Law Director	22,500	22,500	20,110	2,390
Civil Service				
Personal Services	1,100	1,100	1,000	100
Materials and Supplies	2,000	2,000	1,475	525
Total Civil Service	3,100	3,100	2,475	625
Elections				
Contractual Services	0	6,000	5,957	43
Materials and Supplies	1,000	0	0	0
Total Elections	1,000	6,000	5,957	43
Auglaize County				
Contractual Services	0	25,611	5,247	20,364
Materials and Supplies	28,900	0	0	0
Total Auglaize County	28,900	25,611	5,247	20,364
Administrative Support				
Personal Services	18,000	0	0	0
Materials and Supplies	17,500	0	0	0
Capital Outlay	6,500	0	0	0
Other	238,000	49,000	100	48,900
Total Administrative Support	280,000	49,000	100	48,900
Total General Government	797,200	524,564	328,686	195,878

(continued)

City of Wapakoneta
General Fund

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

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Total Expenditures	\$3,427,000	\$3,181,287	\$2,770,478	\$410,809
Excess of Revenues Over Expenditures	895,955	929,668	1,386,298	456,630
<u>Other Financing Sources (Uses)</u>				
Advances In	50,000	50,000	50,000	0
Advances Out	(100,000)	(100,000)	(100,000)	0
Transfers Out	(2,124,000)	(2,159,000)	(2,130,908)	28,092
Total Other Financing Sources (Uses)	(2,174,000)	(2,209,000)	(2,180,908)	28,092
Net Change in Fund Balance	(1,278,045)	(1,279,332)	(794,610)	484,722
Fund Balance Beginning of Year	1,363,871	1,363,871	1,363,871	0
Prior Year Encumbrances Appropriated	74,287	74,287	74,287	0
Fund Balance End of Year	\$160,113	\$158,826	\$643,548	\$484,722

City of Wapakoneta
Street and Sewer Improvement Capital Projects Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$135,969	\$136,189	\$220
Interest	7,531	7,531	0
Total Revenues	143,500	143,720	220
<u>Expenditures</u>			
Current:			
Transportation			
Street and Sewer Improvement			
Contractual Services	81,000	80,623	377
Materials and Supplies	1,000	400	600
Capital Outlay	950,298	666,017	284,281
Total Transportation	1,032,298	747,040	285,258
Debt Service:			
Principal Retirement	166,700	164,486	2,214
Interest and Fiscal Charges	18,000	14,637	3,363
Total Debt Service	184,700	179,123	5,577
Total Expenditures	1,216,998	926,163	290,835
Excess of Revenues Under Expenditures	(1,073,498)	(782,443)	291,055
<u>Other Financing Sources</u>			
Proceeds of Notes	239,500	263,059	23,559
Transfers In	477,597	477,597	0
Total Other Financing Sources	717,097	740,656	23,559
Net Change in Fund Balance	(356,401)	(41,787)	314,614
Fund Balance Beginning of Year	622,468	622,468	0
Prior Year Encumbrances Appropriated	55,701	55,701	0
Fund Balance End of Year	\$321,768	\$636,382	\$314,614

City of Wapakoneta
Electric Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2002

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$6,685,470	\$7,308,662	\$623,192
Other Local Taxes	0	103,150	103,150
Utility Deposits	19,440	18,034	(1,406)
Other	274,130	310,506	36,376
Total Revenues	6,979,040	7,740,352	761,312
<u>Expenses</u>			
Personal Services	818,950	726,718	92,232
Contractual Services	7,459,483	5,860,020	1,599,463
Materials and Supplies	590,406	492,255	98,151
Capital Outlay	1,921,734	250,629	1,671,105
Utility Refunds	19,440	9,400	10,040
Other	3,673,172	71,539	3,601,633
Debt Service:			
Principal Retirement	1,838,000	1,818,110	19,890
Interest Expense	132,000	68,804	63,196
Total Expenses	16,453,185	9,297,475	7,155,710
Excess of Revenues Under Expenses	(9,474,145)	(1,557,123)	7,917,022
Transfers In	684,175	703,108	18,933
Net Change in Fund Balance	(8,789,970)	(854,015)	7,935,955
Fund Balance Beginning of Year	8,679,258	8,679,258	0
Prior Year Encumbrances Appropriated	757,245	757,245	0
Fund Balance End of Year	\$646,533	\$8,582,488	\$7,935,955

City of Wapakoneta
Water Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2002

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$1,145,000	\$1,204,504	\$59,504
Utility Deposits	4,560	4,230	(330)
Proceeds of Notes	1,705,000	1,705,060	60
Proceeds of Capital Loans	0	129,000	129,000
Proceeds of OWDA Loans	0	1,123	1,123
Other	2,700	2,959	259
Total Revenues	2,857,260	3,046,876	189,616
<u>Expenses</u>			
Personal Services	435,900	394,278	41,622
Contractual Services	371,509	213,826	157,683
Materials and Supplies	317,773	281,155	36,618
Capital Outlay	679,154	588,232	90,922
Utility Refunds	4,560	2,205	2,355
Other	96,000	18	95,982
Debt Service:			
Principal Retirement	2,576,872	2,576,781	91
Interest Expense	107,940	95,439	12,501
Total Expenses	4,589,708	4,151,934	437,774
Excess of Revenues Under Expenses	(1,732,448)	(1,105,058)	627,390
Transfers In	233,327	235,327	2,000
Net Change in Fund Balance	(1,499,121)	(869,731)	629,390
Fund Balance Beginning of Year	1,305,747	1,305,747	0
Prior Year Encumbrances Appropriated	227,581	227,581	0
Fund Balance End of Year	\$34,207	\$663,597	\$629,390

City of Wapakoneta
Sewer Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2002

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$1,489,245	\$1,480,270	(\$8,975)
Proceeds of Notes	641,000	640,940	(60)
Interest	6,050	4,937	(1,113)
Other	5,255	5,232	(23)
Total Revenues	2,141,550	2,131,379	(10,171)
<u>Expenses</u>			
Personal Services	505,200	449,842	55,358
Contractual Services	546,557	502,806	43,751
Materials and Supplies	157,189	134,025	23,164
Capital Outlay	180,903	152,904	27,999
Other	6,350	4,808	1,542
Debt Service:			
Principal Retirement	1,268,418	1,268,298	120
Interest Expense	217,495	215,736	1,759
Total Expenses	2,882,112	2,728,419	153,693
Excess of Revenues Under Expenses	(740,562)	(597,040)	143,522
Advances In	100,000	100,000	0
Transfers In	144,096	144,096	0
Net Change in Fund Balance	(496,466)	(352,944)	143,522
Fund Balance Beginning of Year	824,050	824,050	0
Prior Year Encumbrances Appropriated	55,878	55,878	0
Fund Balance End of Year	\$383,462	\$526,984	\$143,522

City of Wapakoneta
Storm Sewer Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2002

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$146,000	\$147,270	\$1,270
<u>Expenses</u>			
Contractual Services	28,000	3,013	24,987
Materials and Supplies	15,038	8,764	6,274
Capital Outlay	443,313	206,704	236,609
Debt Service:			
Principal Retirement	28,943	28,943	0
Interest Expense	1,599	1,599	0
Total Expenses	516,893	249,023	267,870
Excess of Revenues			
Under Expenses	(370,893)	(101,753)	269,140
Transfers In	134,180	134,680	500
Net Change in Fund Balance	(236,713)	32,927	269,640
Fund Balance Beginning of Year	225,447	225,447	0
Prior Year Encumbrances Appropriated	12,713	12,713	0
Fund Balance End of Year	\$1,447	\$271,087	\$269,640

City of Wapakoneta
Refuse Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2002

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$786,700	\$876,404	\$89,704
Proceeds of Notes	200,000	201,941	1,941
Other	800	2,085	1,285
	<hr/>	<hr/>	<hr/>
Total Revenues	987,500	1,080,430	92,930
<u>Expenses</u>			
Personal Services	306,800	263,301	43,499
Contractual Services	576,995	446,771	130,224
Materials and Supplies	92,149	48,568	43,581
Capital Outlay	75,238	57,295	17,943
Other	210,500	100	210,400
Debt Service:			
Principal Retirement	278,110	253,087	25,023
Interest Expense	31,390	21,919	9,471
	<hr/>	<hr/>	<hr/>
Total Expenses	1,571,182	1,091,041	480,141
Excess of Revenues Under Expenses	(583,682)	(10,611)	573,071
Advances Out	(50,000)	(50,000)	0
Transfers In	8,700	9,000	300
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(624,982)	(51,611)	573,371
Fund Balance Beginning of Year	565,999	565,999	0
Prior Year Encumbrances Appropriated	90,482	90,482	0
	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	\$31,499	\$604,870	\$573,371

City of Wapakoneta
Street Maintenance Special Revenue Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$14,865	\$15,223	\$358
Intergovernmental	285,000	284,916	(84)
Interest	2,000	1,941	(59)
Other	535	553	18
Total Revenues	<u>302,400</u>	<u>302,633</u>	<u>233</u>
<u>Expenditures</u>			
Current:			
Transportation			
Street Maintenance			
Personal Services	184,400	171,786	12,614
Contractual Services	68,621	63,467	5,154
Materials and Supplies	85,079	62,252	22,827
Capital Outlay	13,288	4,539	8,749
Total Expenditures	<u>351,388</u>	<u>302,044</u>	<u>49,344</u>
Net Change in Fund Balance	(48,988)	589	49,577
Fund Balance Beginning of Year	49,864	49,864	0
Prior Year Encumbrances Appropriated	<u>6,488</u>	<u>6,488</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$7,364</u></u>	<u><u>\$56,941</u></u>	<u><u>\$49,577</u></u>

City of Wapakoneta
State Highway Special Revenue Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$22,900	\$23,101	\$201
Interest	700	887	187
	<u>23,600</u>	<u>23,988</u>	<u>388</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway			
Contractual Services	2,500	0	2,500
Capital Outlay	50,600	0	50,600
	<u>53,100</u>	<u>0</u>	<u>53,100</u>
Total Expenditures	<u>53,100</u>	<u>0</u>	<u>53,100</u>
Net Change in Fund Balance	(29,500)	23,988	53,488
Fund Balance Beginning of Year	<u>35,270</u>	<u>35,270</u>	<u>0</u>
Fund Balance End of Year	<u>\$5,770</u>	<u>\$59,258</u>	<u>\$53,488</u>

City of Wapakoneta
Motor Vehicle Permissive Tax Special Revenue Fund

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

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$71,000	\$71,469	\$469
Intergovernmental	51,500	51,333	(167)
Interest	7,500	8,077	577
	<u>130,000</u>	<u>130,879</u>	<u>879</u>
<u>Expenditures</u>			
Current:			
Transportation			
Motor Vehicle Permissive Tax			
Contractual Services	22,000	0	22,000
Capital Outlay	391,306	86,161	305,145
	<u>413,306</u>	<u>86,161</u>	<u>327,145</u>
Total Expenditures	<u>413,306</u>	<u>86,161</u>	<u>327,145</u>
Net Change in Fund Balance	(283,306)	44,718	328,024
Fund Balance Beginning of Year	399,529	399,529	0
Prior Year Encumbrances Appropriated	<u>11,306</u>	<u>11,306</u>	<u>0</u>
Fund Balance End of Year	<u>\$127,529</u>	<u>\$455,553</u>	<u>\$328,024</u>

City of Wapakoneta
Community Block Grant Special Revenue Fund

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

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<u>Revenues</u>			
Interest	\$4,500	\$2,210	(\$2,290)
Revolving Loan Payments	28,500	29,361	861
Total Revenues	<u>33,000</u>	<u>31,571</u>	<u>(1,429)</u>
<u>Expenditures</u>			
Current:			
Community Environment			
Community Block Grant			
Contractual Services	146,484	146,169	315
Capital Outlay	16	16	0
Total Expenditures	<u>146,500</u>	<u>146,185</u>	<u>315</u>
Net Change in Fund Balance	(113,500)	(114,614)	(1,114)
Fund Balance Beginning of Year	<u>113,995</u>	<u>113,995</u>	<u>0</u>
Fund Balance (Deficit) End of Year	<u>\$495</u>	<u>(\$619)</u>	<u>(\$1,114)</u>

City of Wapakoneta
Recreation Special Revenue Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$90,498	\$91,782	\$1,284
Intergovernmental	13,995	13,997	2
Interest	43,500	50,228	6,728
Gifts and Donations	27,165	27,240	75
	<u>175,158</u>	<u>183,247</u>	<u>8,089</u>
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Recreation			
Personal Services	47,600	35,496	12,104
Contractual Services	53,333	38,361	14,972
Materials and Supplies	20,679	17,106	3,573
Capital Outlay	143,253	70,067	73,186
	<u>264,865</u>	<u>161,030</u>	<u>103,835</u>
Total Expenditures	<u>264,865</u>	<u>161,030</u>	<u>103,835</u>
Excess of Revenues Over (Under) Expenditures	(89,707)	22,217	111,924
<u>Other Financing Sources</u>			
Transfers In	2,500	2,100	(400)
Net Change in Fund Balance	(87,207)	24,317	111,524
Fund Balance Beginning of Year	81,649	81,649	0
Prior Year Encumbrances Appropriated	7,365	7,365	0
Fund Balance End of Year	<u>\$1,807</u>	<u>\$113,331</u>	<u>\$111,524</u>

City of Wapakoneta
Law Enforcement Special Revenue Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$100	\$0	(\$100)
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Law Enforcement			
Materials and Supplies	600	0	600
Net Change in Fund Balance	(500)	0	500
Fund Balance Beginning of Year	548	548	0
Fund Balance End of Year	\$48	\$548	\$500

City of Wapakoneta
Enforcement and Education Special Revenue Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$650	\$698	\$48
<u>Expenditures</u>	0	0	0
Net Change in Fund Balance	650	698	48
Fund Balance Beginning of Year	8,828	8,828	0
Fund Balance End of Year	\$9,478	\$9,526	\$48

City of Wapakoneta
Drug Law Enforcement Special Revenue Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$595	\$597	\$2
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Drug Law Enforcement			
Personal Services	600	210	390
Materials and Supplies	1,600	1,598	2
Capital Outlay	2,000	0	2,000
Total Expenditures	4,200	1,808	2,392
Net Change in Fund Balance	(3,605)	(1,211)	2,394
Fund Balance Beginning of Year	3,895	3,895	0
Fund Balance End of Year	\$290	\$2,684	\$2,394

City of Wapakoneta
Recreation Trust Special Revenue Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0
<u>Expenditures</u>	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year	21,600	21,600	0
Fund Balance End of Year	\$21,600	\$21,600	\$0

City of Wapakoneta
Downtown Debt Service Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Special Assessments	\$4,500	\$425	(\$4,075)
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	137,640	137,559	81
Interest and Fiscal Charges	123,000	121,442	1,558
Total Expenditures	260,640	259,001	1,639
Excess of Revenues Under Expenditures	(256,140)	(258,576)	(2,436)
<u>Other Financing Sources</u>			
Transfers In	380,000	290,000	(90,000)
Net Change in Fund Balance	123,860	31,424	(92,436)
Fund Balance Beginning of Year	60,695	60,695	0
Fund Balance End of Year	<u>\$184,555</u>	<u>\$92,119</u>	<u>(\$92,436)</u>

City of Wapakoneta
Debt Service Fund

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

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$15,498	\$15,175	(\$323)
Interest	4,502	4,502	0
Total Revenues	<u>20,000</u>	<u>19,677</u>	<u>(323)</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	36,870	35,700	1,170
Interest and Fiscal Charges	12,130	11,170	960
Total Expenditures	<u>49,000</u>	<u>46,870</u>	<u>2,130</u>
Excess of Revenues Under Expenditures	(29,000)	(27,193)	1,807
<u>Other Financing Sources</u>			
Transfers In	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Net Change in Fund Balance	1,000	2,807	1,807
Fund Balance Beginning of Year	<u>23,289</u>	<u>23,289</u>	<u>0</u>
Fund Balance End of Year	<u>\$24,289</u>	<u>\$26,096</u>	<u>\$1,807</u>

City of Wapakoneta
Safety Building Capital Projects Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Other	\$1,000	\$0	(\$1,000)
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Safety Building			
Contractual Services	14,937	13,648	1,289
Materials and Supplies	5,376	57	5,319
Capital Outlay	99,998	57,085	42,913
Total Expenditures	120,311	70,790	49,521
Excess of Revenues			
Under Expenditures	(119,311)	(70,790)	48,521
<u>Other Financing Sources</u>			
Transfers In	55,000	55,000	0
Net Change in Fund Balance	(64,311)	(15,790)	48,521
Fund Balance Beginning of Year	43,233	43,233	0
Prior Year Encumbrances Appropriated	21,811	21,811	0
Fund Balance End of Year	<u>\$733</u>	<u>\$49,254</u>	<u>\$48,521</u>

City of Wapakoneta
Capital Fire Truck Capital Projects Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other	\$500	\$0	(\$500)
<u>Expenditures</u>	0	0	0
Excess of Revenues Over Expenditures	500	0	(500)
<u>Other Financing Sources</u>			
Transfers In	49,500	50,000	500
Net Change in Fund Balance	50,000	50,000	0
Fund Balance Beginning of Year	174,432	174,432	0
Fund Balance End of Year	\$224,432	\$224,432	\$0

SCHEDULES OF CAPITAL ASSETS
USED IN OPERATION OF
GOVERNMENTAL FUNDS

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City of Wapakoneta

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

	<u>Amounts</u>
<u>Governmental Funds Capital Assets</u>	
Land	\$189,564
Land Improvements	254,811
Buildings	3,084,979
Equipment	316,024
Vehicles	1,741,777
Streets	22,209,107
Total Capital Assets	<u><u>\$27,796,262</u></u>
 <u>Investment in Governmental Funds Capital Assets</u>	
General Fund	\$2,308,403
Special Revenue Funds	820,367
Capital Projects Funds	32,860
Enterprise Funds	2,418,498
General fixed assets acquired prior to 1986	22,216,134
Total Investment in Capital Assets	<u><u>\$27,796,262</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. Generally, the capital assets of the internal service fund are included as governmental activities on the statement of net assets.

City of Wapakoneta

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Program and Department
 December 31, 2002

Program/Department	Total	Land	Land Improvements
Security of Persons and Property			
Police	\$1,324,145	\$46,702	\$0
Fire	1,387,982	46,702	0
Total Security of Persons and Property	2,712,127	93,404	0
Public Health			
Emergency Medical	477,886	0	0
Leisure Time Activities			
Recreation	480,323	63,300	254,811
Transportation			
Street	22,942,727	32,860	0
General Government			
City Offices	1,183,199	0	0
Total General Fixed Assets			
Allocated to Programs	<u>\$27,796,262</u>	<u>\$189,564</u>	<u>\$254,811</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. Generally, the capital assets of the internal service fund are included as governmental activities on the statement of net assets.

<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Streets</u>
\$1,057,574	\$62,372	\$157,497	\$0
396,894	100,368	844,018	0
1,454,468	162,740	1,001,515	0
342,156	0	135,730	0
110,226	51,986	0	0
89,450	23,086	588,224	22,209,107
1,088,679	78,212	16,308	0
<u>\$3,084,979</u>	<u>\$316,024</u>	<u>\$1,741,777</u>	<u>\$22,209,107</u>

City of Wapakoneta

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

Program/Department	Balance 12/31/01	Additions	Reductions	Balance 12/31/02
Security of Persons and Property				
Police	\$1,295,540	\$28,605	\$0	\$1,324,145
Fire	1,376,034	11,948	0	1,387,982
Total Security of Persons and Property	2,671,574	40,553	0	2,712,127
Public Health				
Emergency Medical	477,886	0	0	477,886
Leisure Time Activities				
Recreation	453,118	27,205	0	480,323
Transportation				
Street	22,603,152	339,575	0	22,942,727
General Government				
City Offices	1,163,360	19,839	0	1,183,199
Total General Fixed Assets Allocated to Programs	<u>\$27,369,090</u>	<u>\$427,172</u>	<u>\$0</u>	<u>\$27,796,262</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. Generally, the capital assets of the internal service fund are included as governmental activities on the statement of net assets.

Statistical Section

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

City of Wapakoneta
 Governmental Fund Type Expenditures by Program
 Last Ten Years

Year	Security of Persons and Property	Public Health	Leisure Time Activities	Community Environment
1993	\$1,544,062	\$108,930	\$57,878	\$54,427
1994	1,559,341	120,938	36,923	86,915
1995	1,687,127	133,284	59,305	57,416
1996	1,780,377	154,653	50,181	42,359
1997	1,772,509	123,076	138,973	68,861
1998	1,870,195	121,343	253,310	29,133
1999	1,979,857	141,996	191,946	82,923
2000	1,888,102	140,122	213,946	80,554
2001	2,067,961	167,644	207,117	119,936
2002	2,117,570	187,207	135,161	93,989

Source: City of Wapakoneta Records

Tables presenting revenues and expenses of governmental activities will be presented when sufficient data is available to create meaningful comparisons.

<u>Transportation</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$400,089	\$231,310	\$739,491	\$281,259	\$3,417,446
311,585	224,653	922,319	482,457	3,745,131
232,141	299,992	2,842,425	394,383	5,706,073
348,028	244,355	973,791	434,077	4,027,821
285,896	236,900	450,940	468,538	3,545,693
478,411	270,558	156,855	579,594	3,759,399
490,793	273,240	629,431	520,744	4,310,930
572,516	313,240	254,739	554,545	4,017,764
471,610	366,113	723,227	468,857	4,592,465
1,061,111	322,148	0	427,511	4,344,697

City of Wapakoneta
 Governmental Fund Type Revenues by Source
 Last Ten Years

Year	Taxes	Special Assessments	Charges for Services	Fees, Licenses, Permits, Fines, and Forfeitures
1993	\$1,825,084	\$43,538	\$158,691	\$55,427
1994	1,727,996	66,930	208,796	53,620
1995	1,858,916	63,428	185,316	38,711
1996	1,920,284	63,337	141,219	28,103
1997	2,189,965	69,230	161,602	32,096
1998	2,226,011	132,825	242,497	34,917
1999	2,345,267	111,056	227,937	38,571
2000	2,457,444	130,163	229,286	33,966
2001	2,854,868	117,346	272,803	36,151
2002	3,099,180	151,789	232,494	81,133

Source: City of Wapakoneta Records

Tables presenting revenues and expenses of governmental activities will be presented when sufficient data is available to create meaningful comparisons

<u>Intergovernmental</u>	<u>Interest</u>	<u>Gifts, Donations, and Other</u>	<u>Total</u>
\$1,182,939	\$156,509	\$10,942	\$3,433,130
838,216	207,573	3,287	3,106,418
847,936	188,360	34,814	3,217,481
1,196,380	132,557	7,568	3,489,448
967,649	155,542	63,115	3,639,199
934,688	421,455	80,129	4,072,522
1,389,438	596,578	53,580	4,762,427
1,161,408	947,108	36,068	4,995,443
1,097,920	658,342	48,744	5,086,174
974,282	375,824	60,305	4,975,007

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City of Wapakoneta
Property Tax Levies and Collections
Last Ten Years

Collection Year	Current Tax Levy	Current Tax Collections	Percent Collected	Total Tax Collections	Total Tax Collections to Current Tax Levy	Total Outstanding Delinquent Taxes
1993	\$265,507	\$248,318	93.53%	\$248,318	93.53%	\$17,189
1994	279,004	273,887	98.17	273,887	98.17	5,117
1995	269,065	264,722	98.39	264,722	98.39	4,343
1996	273,485	266,229	97.35	266,229	97.35	7,256
1997	397,875	384,411	96.62	384,411	96.62	13,464
1998	407,044	405,461	99.61	405,461	99.61	12,246
1999	424,489	408,828	96.31	408,828	96.31	9,381
2000	461,863	456,994	98.95	456,994	98.95	8,545
2001	481,194	471,669	98.02	471,669	98.02	8,475
2002	494,903	469,867	94.94	469,867	94.94	12,646

Source: Auglaize County Auditor

City of Wapakoneta
 Assessed and Estimated Actual Value
 of Taxable Property
 Last Ten Years

Collection Year	Real		Public Utility Personal	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1993	\$66,331,110	\$189,517,457	\$5,447,650	\$6,190,511
1994	73,409,430	209,741,229	4,846,400	5,507,273
1995	74,472,650	212,779,000	5,341,230	6,069,580
1996	75,629,200	216,083,429	4,414,810	5,016,830
1997	84,256,070	240,731,629	4,347,540	4,940,386
1998	85,677,490	244,792,830	4,781,650	5,433,690
1999	89,023,800	254,353,714	4,623,490	5,253,966
2000	105,430,340	301,229,543	3,802,580	4,321,114
2001	107,984,830	308,528,086	4,711,420	5,353,886
2002	109,250,530	312,144,371	4,045,290	4,596,920

Source: Auglaize County Auditor

Tangible Personal		Total		Ratio of Assessed Value to Estimated Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$18,989,204	\$67,818,586	\$90,767,964	\$263,526,554	34%
18,680,052	66,714,471	96,935,882	281,962,973	34
18,466,993	65,953,546	98,280,873	284,802,126	35
19,861,835	70,935,125	99,905,845	292,035,384	34
19,951,835	71,256,554	108,555,445	316,928,569	34
22,239,512	79,426,828	112,698,652	329,653,348	34
20,180,660	80,722,640	113,827,950	340,330,320	33
22,119,150	88,476,600	131,352,070	394,027,257	33
25,315,900	101,263,600	138,012,150	415,145,572	33
22,437,024	89,748,096	135,732,844	406,489,387	33

City of Wapakoneta
Property Tax Rates - Direct and Overlapping Governments
Per \$1,000 of Assessed Valuation
Last Ten Years

Year	City of Wapakoneta			Wapakoneta	Auglaize	Apollo Joint	Duchouquet	Total
	General	Special Revenue	Total	City School District	County Commissioners	Vocational School District	Township	
1993	\$2.75	\$0.00	\$2.75	\$35.30	\$7.56	\$1.70	\$0.20	\$47.51
1994	2.75	0.00	2.75	35.30	7.56	1.70	0.20	47.51
1995	2.75	0.00	2.75	33.50	7.61	1.70	0.20	45.76
1996	2.75	0.00	2.75	33.50	7.61	1.70	0.20	45.76
1997	2.75	1.00	3.75	32.30	9.50	2.20	0.20	47.95
1998	2.75	1.00	3.75	32.00	9.50	2.20	0.20	47.65
1999	2.75	1.00	3.75	31.80	9.50	2.20	0.20	47.45
2000	2.75	1.00	3.75	30.70	9.40	2.20	0.20	46.25
2001	2.75	1.00	3.75	30.70	9.40	2.20	0.20	46.25
2002	2.75	1.00	3.75	30.70	9.40	2.20	0.20	46.25

Source: Auglaize County Auditor

City of Wapakoneta
Principal Real Property Taxpayers
December 31, 2002

Taxpayer	Type of Business	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Schlenker Developments	Land Developments, Apartments	\$1,554,510	1.42%
Ametek, Inc.	Plastic Compounds	1,328,890	1.22
LRV Acquisition Corp	Hotel Properties	975,080	0.89
Quaker Run Farms	Warehousing and Distribution	943,650	0.87
Normandy Ridge Limited	Residential Apartments	829,440	0.76
Quaker Run Investors	Residential Apartments	791,660	0.72
Auglaize Investment Company	Big Bear Department Store	665,000	0.61
JB Tool and Machine Company	Metal Stamping and Turning	584,440	0.53
WGP Holding	Superior Tube	566,250	0.52
H C F Inc.	Nursing Home	534,160	0.49
	Total	<u>\$8,773,080</u>	<u>8.03%</u>
	Total Assessed Valuation	<u>\$109,250,530</u>	

Source: Auglaize County Auditor

City of Wapakoneta
Principal Personal Property Taxpayers
December 31, 2002

Taxpayer	Type of Business	Personal Property Assessed Valuation	Percentage of Total Assessed Valuation
Durez Corporation	Manufacturing Company	\$1,838,620	8.19%
American Trim LLC	Liability Company	1,609,040	7.17
LRV Acquisition Corp	Hotel Properties	1,479,930	6.59
Superior Metal Products, Inc.	Metal Stamping and Turning	1,396,210	6.22
Ametek, Inc.	Plastic Compounds	1,008,740	4.50
Midwest Elastomers	Rubber Products	900,910	4.02
Copeland Corporation	Manufacturing Company	725,010	3.23
Wapakoneta Machine Company	Machine Knives	622,750	2.78
Penn Traffic Company	Retail Grocery and Department Store	598,910	2.67
Agway Consumer Products	Manufacturing Company	579,480	2.58
	Total	<u>\$10,759,600</u>	<u>47.95%</u>
	Total Assessed Valuation	<u>\$22,437,024</u>	

Source: Auglaize County Auditor

City of Wapakoneta
 Special Assessment Billings and Collections
 Last Ten Years

Collection Year	Total Billed (1)	Amount Collected (1)	Percent Collected
1993	\$42,570	\$43,538	102.27%
1994	50,478	42,525	84.24
1995	57,937	48,009	82.86
1996	62,627	55,229	88.19
1997	53,241	58,786	110.41
1998	74,399	73,481	98.77
1999	103,418	106,611	103.09
2000	102,564	98,625	96.16
2001	75,984	89,443	117.71
2002	73,604	68,405	92.94

Source: Auglaize County Auditor

(1) Amounts represented are current amounts billed and collected from the Auglaize County Auditor and do not represent prepayments to the City or County.

City of Wapakoneta
 Computation of Legal Debt Margin
 December 31, 2002

Total Assessed Valuation		\$135,732,844
Overall Debt Limitation - 10 1/2% of Assessed Valuation		14,251,949
Gross Indebtedness	9,958,036	
Less Debt Outside Limitation		
Bond Anticipation Notes	2,547,941	
Capital Loans	115,913	
Mortgage Revenue Refunding Bonds	3,605,000	
OWDA Loans	1,123	
	3,688,059	
Net Indebtedness	3,688,059	
Less Fund Balance in Debt Service Fund	118,215	
Net Debt Within 10 1/2% Limitation		3,569,844
Legal Debt Margin Within 10 1/2% Limitation		\$10,682,105

Unvoted Debt Limitation - 5 1/2% of Assessed Valuation		\$7,465,306
Gross Indebtedness	9,958,036	
Less Debt Outside Limitation		
Bond Anticipation Notes	2,547,941	
Capital Loans	115,913	
Mortgage Revenue Refunding Bonds	3,605,000	
OWDA Loans	1,123	
	3,688,059	
Net Indebtedness	3,688,059	
Less Fund Balance in Debt Service Fund	118,215	
Net Debt Within 5 1/2% Limitation		3,569,844
Legal Debt Margin Within 5 1/2% Limitation		\$3,895,462

Source: City of Wapakoneta Records
 Auglaize County Auditor

City of Wapakoneta
Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt Per Capita
Last Ten Years

Year	Population	Assessed Value	Gross (1) Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1993	9,648	\$90,767,964	\$3,428,755	\$0	\$3,428,755	3.78%	\$355.39
1994	9,648	96,935,882	3,324,500	45,066	3,279,434	3.38	339.91
1995	9,648	98,280,873	3,335,250	123,098	3,212,152	3.27	332.93
1996	10,303	99,905,845	3,202,709	185,689	3,017,020	3.02	292.83
1997	10,303	108,555,445	3,055,709	240,432	2,815,277	2.59	273.25
1998	10,303	112,698,652	4,555,000	181,796	4,373,204	3.88	424.46
1999	10,303	113,827,950	4,250,083	120,707	4,129,376	3.63	400.79
2000	9,474	131,352,070	3,982,541	64,024	3,918,517	2.98	413.61
2001	9,474	138,012,150	3,705,000	60,695	3,644,305	2.64	384.66
2002	9,474	135,732,844	3,425,000	118,215	3,306,785	2.44	349.04

Source: City of Wapakoneta Records
Auglaize County Auditor

(1) Includes general obligation bonds only.

City of Wapakoneta
Ratio of Annual Debt Principal
for General Bonded Debt to Total Governmental Fund Type Expenditures
Last Ten Years

Year	Debt Principal	Governmental Fund Type Expenditures	Ratio of Debt Principal to Governmental Fund Type Expenditures
1993	\$34,255	\$3,417,446	1.00%
1994	104,255	3,745,131	2.78
1995	92,540	5,706,073	1.62
1996	132,541	4,027,821	3.29
1997	147,000	3,545,693	4.15
1998	188,100	3,759,399	5.00
1999	252,542	4,310,930	5.86
2000	267,542	4,017,764	6.66
2001	277,541	4,592,465	6.04
2002	280,000	4,344,697	6.44

Source: City of Wapakoneta Records

City of Wapakoneta
 Computation of Direct and Overlapping Debt
 December 31, 2002

Jurisdiction	General Tax Supported Debt	Percentage Applicable to City of Wapakoneta (1)	Amount Applicable to City of Wapakoneta
City of Wapakoneta	\$3,425,000	100.00%	\$3,425,000
Wapakoneta City School District	3,750,000	50.25	1,884,375
Auglaize County	3,160,707	17.43	550,911
Subtotal	6,910,707		2,435,286
Total	\$10,335,707		\$5,860,286

Source: City of Wapakoneta Records
 Ohio Municipal Advisory Council

(1) The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

City of Wapakoneta
Revenue Bond Coverage
Sewer Fund
Last Ten Years

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1993	\$913,623	\$690,261	\$223,362	\$55,000	\$120,393	\$175,393	1.27%
1994	1,072,734	743,943	328,791	60,000	116,983	176,983	1.86
1995	1,145,780	848,345	297,435	60,000	113,203	173,203	1.72
1996	1,317,483	695,594	621,889	65,000	109,363	174,363	3.57
1997	1,337,755	974,294	363,461	70,000	105,137	175,137	2.08
1998	1,383,945	1,039,990	343,955	75,000	100,517	175,517	1.96
1999	1,312,885	831,324	481,561	135,000	188,600	323,600	1.49
2000	1,311,695	865,523	446,172	145,000	186,348	331,348	1.35
2001	1,217,966	659,164	558,802	150,000	179,058	329,058	1.70
2002	1,495,944	829,276	666,668	155,000	173,583	328,583	2.03

Source: City of Wapakoneta Records

- (1) Includes operating revenues and interest
- (2) Total operating expenses exclusive of depreciation

City of Wapakoneta
Demographic Statistics
Last Ten Years

Year	Population (1)	School Enrollment (2)	Unemployment Rate Auglaize County (3)
1992	9,480	3,904	6.80%
1994	9,648	3,761	5.70
1995	9,648	3,703	5.10
1996	10,303	2,949	4.50
1997	10,303	3,479	4.80
1998	10,303	3,610	4.90
1999	10,303	3,455	2.90
2000	9,474	3,334	2.80
2001	9,474	3,285	4.60
2002	9,474	3,269	5.30

Source: (1) Chamber of Commerce
(2) Wapakoneta City Board of Education
(3) Ohio Bureau of Employment Services

City of Wapakoneta
Property Value, Construction, and Bank Deposits
Last Ten Years

Year	Number of Building Permits Issued	Value of Building Permits Issued	Property Values	Auglaize County Bank Deposits	City of Wapakoneta Bank Deposits (1)
1993	81	\$4,116,500	\$90,767,964	\$166,193,000	\$0
1994	73	4,245,000	96,935,882	178,395,000	0
1995	81	4,259,000	98,280,873	193,586,000	0
1996	79	4,657,000	99,905,845	206,817,000	0
1997	168	5,710,000	108,555,445	230,673,000	0
1998	147	11,338,000	112,698,652	245,527,000	0
1999	72	10,731,600	113,827,950	266,386,000	0
2000	56	11,763,800	131,352,070	279,928,000	0
2001	170	8,149,300	138,012,150	279,928,000	0
2002	177	6,976,296	135,732,844	299,996,000	0

Source: City of Wapakoneta Engineering Department
Federal Reserve Bank of Cleveland

(1) No commercial banks in Wapakoneta, all banks are branches.

City of Wapakoneta
Miscellaneous Statistics
December 31, 2002

Date of Incorporation	1848
Founded in 1833 - Duchouquet Township	
Status: Village 1853, City 1910	
Population Estimated	9,474
Form of Government	Statutory - Council/Mayor
Area	5.30 Square Miles
Miles of Streets	45.0
Fire Protection:	
Number of Stations	1
Number of Firemen and Chief	14
Number of Auxiliary Firemen	13
Police Protection:	
Number of Stations	1
Number of Policemen and Chief	13
Number of Auxiliary Policemen	15
Number of Dispatchers	5
Number of EMS	13
Sewer System:	
Sanitary Sewers	47.05 Miles
Storm Sewers	25.83 Miles
Number of Treatment Plants	1
Daily Average Treatment	2,600,000 Gallons
Maximum Daily Capacity of Treatment Plant	4,000,000 Gallons
Water System:	
Water Lines	58.52 Miles
Number of Water Treatment Plants	1
Daily Average Consumption	1,614,000 Gallons
Maximum Daily Capacity of Treatment Plant	2,722,000 Gallons
Electric System:	
Electric Lines	98.72 Miles
Number of Substations	8
Culture and Recreation:	
Number of Parks	3
Park Acreage	33
Number of Swimming Pools	2
Number of Tennis Courts	8
Number of Museums	2
Number of Campgrounds	5
Facilities and Services Not Included in the Reporting Entity:	
Education:	
Number of Elementary Schools (Public and Parochial)	5
Number of Middle and High Schools	2
Total Enrollment	3,269
Total School Instructors	185
Number of Public Libraries	1

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**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

CITY OF WAPAKONETA

AUGLAIZE 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 22, 2003**