



**Auditor of State
Betty Montgomery**

CITY OF WAPAKONETA
AUGLAIZE COUNTY

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**CITY OF WAPAKONETA
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2005**

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grants/State's Program	14.228	A-E-04-194-1	<u>\$500,000</u>
Total U.S. Department of Housing and Urban Development			500,000
U.S. DEPARTMENT OF TRANSPORTATION			
<i>(Passed through Ohio Department of Public Safety)</i>			
State and Community Highway Safety	20.600		<u>2,895</u>
Total U.S. Department of Transportation			2,895
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Disaster Grants - Public Assistance	97.036	DR-1580-OH	89,644
<i>(Direct)</i>			
Assistance to Firefighters Grant	97.044	EMW-2003-FG-04712 EMW-2004-FG-17492	57,068 49,770
Total Assistance to Firefighters Grant			<u>106,838</u>
Total U.S. Department of Homeland Security			<u>196,482</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$699,377</u></u>

**CITY OF WAPAKONETA
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures summarizes the activity of all federal award programs of the City of Wapakoneta (the City). The City's reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included in the schedule. The accompanying Schedule of Federal Awards Expenditures has been prepared on a basis of cash receipts and disbursements, consequently, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 2 - COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (CDBG)

Revolving Loan Program

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons. The Federal Department of Housing and Urban Development (HUD) grants moneys for these loans to the City through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement in the year loaned and loan repayments, including interest, are retained by the City and used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the schedule. These loans are collateralized by mortgages or liens on the properties. During 2005, the City received an additional grant award in the amount of \$500,000 of which \$490,000 was loaned to Fenix, LLC on May 13, 2005. In addition, two new loans to Flowers and Gifts by Dudley in the amount of \$30,000 and C.C. Propane in the amount of \$40,000 were issued in 2005 from the repayments of existing loans.

The following table represents the activity and outstanding principal balances of the revolving loans at December 31, 2005.

Small Business Revolving Loan Activity	
Beginning Balance January 1, 2005	\$68,991
Loan Principal Repayments	(64,491)
Loan and Grant Disbursements	560,000
Ending Balance December 31, 2005	564,500

The following table represents the cash activity of the CDBG fund and ending cash balance at December 31, 2005.

Cash Activity CDBG Fund	
Beginning Balance January 1, 2005	\$32,851
Cash Receipts	673,851
Cash Disbursements	(617,927)
Ending Balance December 31, 2005	88,775



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wapakoneta, Auglaize County, (the "City"), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated June 27, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the City's management dated June 27, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

We intend this report solely for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities. It is not intended for 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 27, 2006



Auditor of State Betty Montgomery

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

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

To the Members of Council:

Compliance

We have audited the compliance of the City of Wapakoneta (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

As described in items 2005-002 and 2005-003 in the accompanying schedule of findings, the City did not comply with requirements regarding cash management applying to its Community Development Block Grant Program. Compliance with that requirement is necessary, in our opinion, for the City to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

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

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

Federal Awards Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Wapakoneta, Auglaize County, as of and for the year ended December 31, 2005, and have issued our report thereon dated June 27, 2006. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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 intend this report solely for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 27, 2006

**CITY OF WAPAKONTA
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA # 14.228: Community Development Block Grant (CDBG)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

CITY OF WAPAKONETA
AUGLAIZE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005

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

FINDING NUMBER 2005-001

Finding for Recovery / Repaid Under Audit

Article 21.1 of the agreement between the City of Wapakoneta and the International Association of Firefighters states that unused holidays are not cumulative and shall not be carried into another calendar year nor shall any unused holidays be considered compensable.

Michael Quellhorst retired from the fire department during 2005 and received payment in the amount of \$239.76 (18 hours @ \$13.32 per hour) for holiday leave hours that were given to him at the beginning of 2005 and not used by his retirement date. This resulted in payment of leave hours that are not considered compensable.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money that has been illegally expended, is hereby rendered against Michael Quellhorst in the amount of \$239.76, and in favor of the City's General Fund.

This finding was repaid on May 10, 2006 with receipt number 24569.

OFFICIALS' RESPONSE

This overpayment occurred as the result of a contract change and the regular payroll clerk was out of town that week.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2005-002

Noncompliance Citation

Cash Management

The Office of Housing and Community Partnerships (OHCP) Financial Management Rules and Regulations Handbook Section A (3) (f) indicates that grantees must develop a cash management system to ensure compliance with the 15 day rule which states that funds drawn down should be limited to amounts that will enable the grantee to disburse funds on hand to a balance less than \$5,000 within fifteen days of receipt of any funds.

The City received \$500,000 of Community Development Block Grant (CDBG) money which was deposited on April 14, 2005. On May 13, 2005, the City issued check #41723 in the amount \$490,000 which cleared the bank on May 16, 2005, which resulted in the City holding this money in its bank account for 17 days beyond the allowed 15 day period. On May 27, 2005, the City issued check #41872 in the amount \$10,000 which cleared the bank on June 13, 2005, which resulted in the City holding this money in its bank account for 45 days beyond the 15 day allowed period.

The City should develop controls to help assure compliance with the requirement to distribute grant proceeds within 15 days.

OFFICIALS' RESPONSE

We did not receive a response from Officials to this finding.

**3. FINDINGS FOR FEDERAL AWARDS
(Continued)**

FINDING NUMBER 2005-003

Noncompliance Citation

Cash Management

The Office of Housing and Community Partnerships (OHCP) Program Income Policy (Attachment 12 (A)(2)(ii)) states that interest earned on grants funds before disbursement of the funds for activities is not program income and must be returned to the U.S. Treasury, except that the unit of local government may keep interest amounts up to \$100 per year for administrative expenses.

Prior to distributing the proceeds of the \$500,000 Community Development Block Grant (CDBG), the City earned \$984.94 ($\$490,000 * 32 \text{ days @ } .00605\%$ plus $\$10,000 * 60 \text{ days @ } .00605\%$) of interest income. As a result, the City should have returned \$984.94 of interest to the U.S. Treasury.

The City should develop a cash management system to help assure compliance with the requirement to refund interest earned in excess of \$100.

OFFICIALS' RESPONSE

We did not receive a response from Officials to this finding.

CITY OF WAPAKONETA, OHIO

Comprehensive Annual Financial Report

For the Year Ended
December 31, 2005

Introductory Section

CITY OF WAPAKONETA, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2005

Prepared By:

City Auditor

GAIL E. WALTER

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CITY OF WAPAKONETA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

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June 27, 2006

Citizens of Wapakoneta
The Honorable Mayor
and Members of City Council
City of Wapakoneta, Ohio

I am pleased to present the City of Wapakoneta's Comprehensive Annual Financial Report (CAFR), for the year ended December 31, 2005. This report was prepared according to generally accepted accounting principles (GAAP). 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 management's discussion and analysis, the basic financial statements and notes, 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.

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

The State of Ohio Auditor's Office has issued an unqualified opinion on the City of Wapakoneta's basic financial statements for the year ended December 31, 2005. The Independent Accountants' Report is located at the front of the financial section of this report.



701 Parlette Court

PROFILE OF THE CITY

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.

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.

All funds, except agency funds, are required to be budgeted and appropriated. The legal level of control has been established by City Council at the fund, department, and object level for all funds. City Council is required to adopt a final budget no later than December 31 of the reporting year. This annual budget serves as the foundation for the City of Wapakoneta's financial planning and control.

LOCAL ECONOMY

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 an economic improvement in the area 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. The park is intersected by the main track for CSX railroad with spur lines available for companies and manufacturers located in the park. 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. General Aluminum Manufacturing Company, an automobile component manufacturing industry, has been an entity in Wapakoneta since 1997. Other businesses, which have constructed buildings and are currently occupying the industrial park, are Millers Laundry, CTL Engineering, On Time Machine, and Euro-Proteins.

The old Superior Tube building which has been empty for a number of years was recently bought and now houses Fenix Wire, LLC. The City acquired new community development block grant funds for this business and they have already started repayment of the loan. This increase in funds with interest gives the City a wonderful opportunity for reinvestment in many businesses as the loans are paid. The Wapakoneta Area Economic Development Council has a new executive director as of January 1, 2006, and everyone in the City believes this will also bring many opportunities with new ideas and new input.

The City hosts many and varied retail and professional businesses, which are of an outstanding quality and commitment to the community. The “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.

Wal-Mart built a superstore near the I-75 interstate highway, which is on the east side of the City and is visible to U.S. 33 on the south side of the City. Along with Wal-Mart, there is a new Aldi grocery store and a new gas station. Recently an ordinance was passed to expand a small area on the east side of the City near this growing area and a developer is in the process of building a building for a new CVS Pharmacy who will be moving to this new and larger facility. On the northwest side of the City, a new Marathon carryout-gas station was built near our strip mall. The old Lane Drug store on Bellefontaine Street was sold and refurbished and now houses four new businesses and has space for two more as a mini strip mall. The City is anxiously optimistic about these new businesses and what other changes will come along in the near future.

A new subdivision is currently being built on the south side of the City. The development began in 2003 and will continue until completed. This development is called South Ridge and is being built by two local businessmen. Several areas on the north side of Wapakoneta are also being developed by a local developer and they seem to be selling homes quite well.

The City issued one hundred and ninety-two building permits during 2005, including thirty-five for new residences, twenty-six for garages and additions to current residences, and nine 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.

LONG-TERM FINANCIAL PLANNING

General Fund monies, which carry forward at the end of the year, are unappropriated and undesignated. It has been the tradition for the City to try to use excess monies for reconstruction of streets and the purchase of capital assets such as fire trucks, ambulances, and police cruisers. With the recent increases in insurance rates, gasoline prices, natural gas prices, and utility rates, City Council is carefully trying to balance the finances to cover these increases and not forego needed assets and wage increases.

While tradeoffs are sometimes necessary, it is the goal of City Council to limit spending to areas which are essential and will not compromise the services of the City. One way this goal is being achieved is the incorporation of the Emergency Medical units within the fire department. This transition occurred in 2005 and was complete in August. The added benefit of this transition is a reduction in response times from nine to ten minutes to four and one-half minutes.

City Council has always transferred monies from the General Fund to the Street and Sewer Improvement capital projects fund. In 2005, the amount available was considerably smaller than usual. The number of projects were less in 2005, however, they were no less important.

There are no statutory requirements or policies on which City Council is to rely to determine the amount of fund balance they want to carry forward from year to year. It has been the tradition of this City to try to appropriate everything necessary to operate an efficient and effective government and provide all necessary services from administration to fire, police, emergency medical, and income tax departments.

These goals and traditions for budgeting and spending are carried forward to every fund the City has and every department the City operates. While some things cannot be predicted, City Council and management all work closely together to determine what each department's challenges and needs are each year and what each department will need looking forward.

RELEVANT FINANCIAL POLICIES

The City has no written policy for one time resource monies and each occasion is treated specifically depending on the reason/purpose for the monies. Any one time resource monies are deposited in the appropriate fund and are appropriated in a supplemental ordinance on which all of City Council votes. In 2005, the City received no special resource monies.

MAJOR INITIATIVES

Again in 2005, the City 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 projects were completed in 2005:

- a. Pearl street reconstruction was completed in 2005 including water, sewer, storm sewer, and electric lines, as well as sidewalks, curbs, and gutters. This was a joint project with the State of Ohio contributing to the asphalt grinding and repaving.
- b. A walkway/park area was completed in 2005 in the downtown area. This walkway has handicap accessible walk, steps, benches, and picnic tables, and connects the parking area behind downtown next to the Auglaize River and the main street of Wapakoneta. This gives the citizens better access to the downtown businesses and the businesses better access to extra parking. This summer, the park will also receive plantings of flowers and trees. This project was the result of CDBG grant funding and the donation of the parcel of land.
- c. Paving projects completed in 2005 were Redskin Trail from Water Street to State Route 501, Hamilton Street from Glynwood Road to State Route 501, Blackhoof Street trench repair from Pearl Street to Main Street, the intersection of Willipie Street and Mechanic Street, and the intersection of South Blackhoof Street and Commerce Drive.

The City received Federal Emergency Management Assistance (FEMA) monies in 2004 for the fire department. Monies were used to install an SCBA fill station and cascade system, purchase a new treadmill for the exercise room, purchase pagers for emergency call back, purchase one hour SCBA units for technical rescue support, and purchase much needed equipment for confined space rescue. The FEMA grant also included monies for three firepersons to get certified in the physical fitness program. These three firepersons will now be able to lead the department in the physical fitness program. The final grant reimbursement payment was received in 2006.

Surveys and other preliminary work began in 2005 for multiple projects which will be executed in 2006. Televising the sewer system began in 2005 with equipment aquired during the Defiance Street project in 2004, aerial maps and line drawing overlays for the City were obtained and downloaded in our computers and will mean more accuracy in locating and plotting all utilities. This is a two or more year process but will be a definite benefit for the City for the future.

AWARDS AND ACKNOWLEDGEMENTS

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, 2004. This was the fifteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Section of the Office of the Auditor of State for guidance in the preparation of this report.

Respectfully submitted,



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, 2004

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.



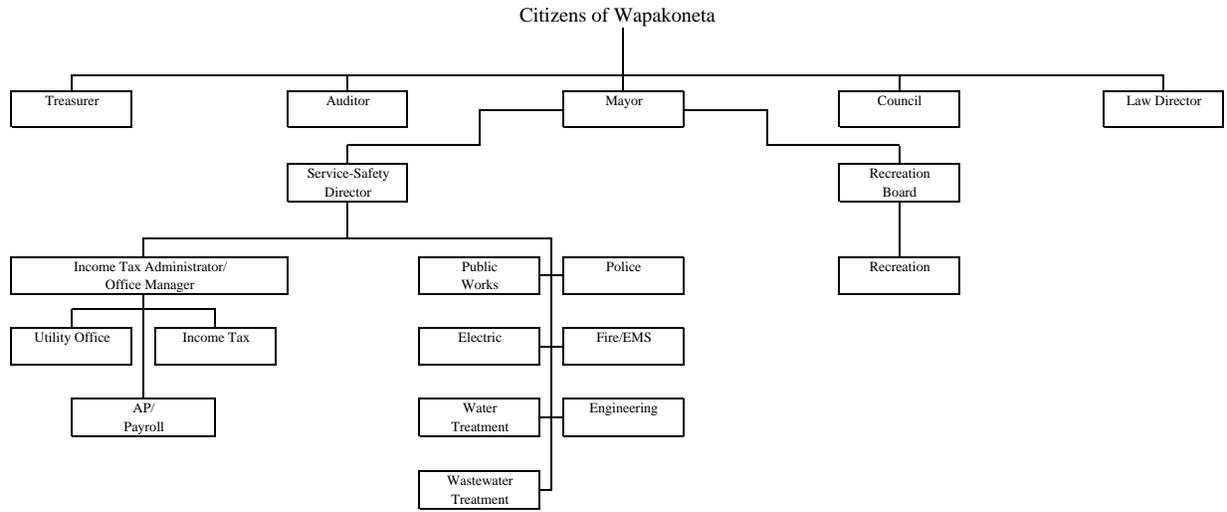
Carla E. Perry

President

Jeffrey R. Enos

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/EMS Director	Donald W. Jump
Recreation Director	Jack R. Hayzlett
Public Works Superintendent	Meril W. Simpson
Electric Superintendent	William E. Lambert
Water Superintendent	Brent J. Hamel
Wastewater Superintendent	Robert T. Burns
Engineering Superintendent	Thomas W. Steinke
Auditor	Gail E. Walter
Treasurer	Nancy K. Oen
Law Director	Dennis P. Faller
President of Council	Stephen E. Henderson
Member of Council	Ruth C. Carter
Member of Council	B. David 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, (the "City"), as of and for the year ended December 31, 2005, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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, as of December 31, 2005, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining non-major fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining non-major 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.

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 27, 2006

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2005

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, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2005 are as follows:

In total, the City's net assets increased \$2,797,203, just over 5 percent. While this dollar amount may seem substantial, it's not particularly significant when evaluating the City overall. The increase for governmental activities was a little over 4 percent and just under 6 percent for business-type activities. Most of the increase for business-type activities is attributed to the net income in the Electric enterprise fund.

The City continues to focus on the maintenance and repair of streets and electric, water, sewer, and storm sewer lines. In 2005, the City reconstructed two streets and repaved two others. One project, East Pearl Street, included new underground utilities, streets, curbs, gutters, and sidewalks. The street work was performed, in part, with resources received from the Ohio Department of Transportation. Other major street and sidewalk projects were not undertaken in an effort to be responsible with the cash flow budget.

The expansion of the wastewater treatment facility, which increased the capacity of the plant to incorporate three overflow structures, was completed in 2005. The major aspects of this project included installation of storm water equalization, expansion of the aeration, expansion of the sedimentation facilities, and incorporation of odor control equipment. This was in response to concerns from the Ohio EPA.

All of the City's enterprise funds had an operating income in 2005 indicating operating revenues are currently sufficient to cover operating expenses of the respective funds. The City was in the process of evaluating the water rates in 2004 in anticipation of constructing a new satellite water treatment plant. No increases went into effect until 2006. Rates for all enterprise funds are monitored by the Administration to maintain the revenue 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, 2005

REPORTING THE CITY AS A WHOLE

The statement of net assets and the statement of activities reflect how the City did financially during 2005. 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 financial 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, 2005

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 change 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 change in fund balances for the major funds, which were 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 and use the accrual basis of accounting. 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 other programs and activities. The internal service fund used by the City accounts for engineering services that are provided to 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net assets for 2005 and 2004.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<u>Assets</u>						
Current and Other Assets	\$7,453,632	\$6,780,463	\$19,683,688	\$18,145,568	\$27,137,320	\$24,926,031
Capital Assets, Net	<u>17,675,235</u>	<u>17,851,502</u>	<u>30,106,469</u>	<u>29,921,689</u>	<u>47,781,704</u>	<u>47,773,191</u>
Total Assets	<u>25,128,867</u>	<u>24,631,965</u>	<u>49,790,157</u>	<u>48,067,257</u>	<u>74,919,024</u>	<u>72,699,222</u>

(continued)

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2005

Table 1
Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<u>Liabilities</u>						
Current and Other Liabilities	\$764,779	\$767,280	\$9,538,177	\$9,537,930	\$10,302,956	\$10,305,210
Long-Term Liabilities	3,191,279	3,575,957	4,912,580	5,103,049	8,103,859	8,679,006
Total Liabilities	<u>3,956,058</u>	<u>4,343,237</u>	<u>14,450,757</u>	<u>14,640,979</u>	<u>18,406,815</u>	<u>18,984,216</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	14,957,082	14,695,619	18,859,104	18,380,759	33,816,186	33,076,378
Restricted	3,743,931	3,718,929	355,195	396,777	4,099,126	4,115,706
Unrestricted	2,471,796	1,874,180	16,125,101	14,648,742	18,596,897	16,522,922
Total Net Assets	<u>\$21,172,809</u>	<u>\$20,288,728</u>	<u>\$35,339,400</u>	<u>\$33,426,278</u>	<u>\$56,512,209</u>	<u>\$53,715,006</u>

Total net assets for governmental activities increased \$884,081, or a little over 4 percent. This is just slightly higher than the prior year's growth of a little under 4 percent. The only real increase of note was related to current and other assets. This increase was primarily the result of two factors, an increase in cash and cash equivalents from estate taxes and an increase in notes receivable from a loan made to Fenix, LLC, a new company locating in the City. These increases are also reflected in the increase in unrestricted net assets.

Total net assets for business-type activities increased \$1,913,122, or almost 6 percent. The Electric enterprise fund is primarily responsible for this increase. The combination of operating income and monies transferred from the General Fund contributed to an increase in cash and cash equivalents in the Electric enterprise fund and is also reflected in the increase in unrestricted net assets.

Table 2 reflects the change in net assets for 2005 and 2004.

Table 2
Change in Net Assets

	Governmental	Governmental	Business-	Business-	Total	Total
	Activities	Activities	Type	Type		
	2005	2004	Activities	Activities	2005	2004
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$690,412	\$506,839	\$12,004,264	\$11,302,339	\$12,694,676	\$11,809,178
Operating Grants, Contributions, and Interest	1,263,577	778,158	0	0	1,263,577	778,158
Capital Grants and Contributions	29,847	512,480	0	155,203	29,847	667,683
Total Program Revenues	<u>1,983,836</u>	<u>1,797,477</u>	<u>12,004,264</u>	<u>11,457,542</u>	<u>13,988,100</u>	<u>13,255,019</u>

(continued)

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2005

Table 2
Change in Net Assets
(continued)

	Governmental Activities	Governmental Activities	Business- Type Activities	Business- Type Activities	Total	Total
	2005	2004	2005	2004	2005	2004
General Revenues						
Property Taxes-General Purposes	\$356,201	\$343,628	\$0	\$0	\$356,201	\$343,628
Property Taxes-Recreation	105,934	102,350	0	0	105,934	102,350
Municipal Income Taxes	2,136,920	2,118,637	0	0	2,136,920	2,118,637
Other Local Taxes	656,921	639,180	0	0	656,921	639,180
Grants and Entitlements	483,500	653,985	0	0	483,500	653,985
Franchise Taxes	39,650	37,741	0	0	39,650	37,741
Interest	546,259	236,441	10,904	30,482	557,163	266,923
Gifts and Donations	7,791	17,348	0	0	7,791	17,348
Other	9,090	24,438	73,465	28,063	82,555	52,501
Total General Revenues	4,342,266	4,173,748	84,369	58,545	4,426,635	4,232,293
Total Revenues	6,326,102	5,971,225	12,088,633	11,516,087	18,414,735	17,487,312
Transfers	(384,984)	(325,256)	384,984	325,256	0	0
Total Revenues and Transfers	5,941,118	5,645,969	12,473,617	11,841,343	18,414,735	17,487,312
Program Expenses						
Security of Persons and Property						
Police	1,221,018	1,145,709	0	0	1,221,018	1,145,709
Fire	1,182,460	1,166,485	0	0	1,182,460	1,166,485
Other	119,623	20,226	0	0	119,623	20,226
Public Health	212,986	226,206	0	0	212,986	226,206
Leisure Time Activities	223,249	165,540	0	0	223,249	165,540
Community Environment	120,691	62,593	0	0	120,691	62,593
Transportation	1,439,048	1,596,994	0	0	1,439,048	1,596,994
General Government	434,292	390,067	0	0	434,292	390,067
Interest and Fiscal Charges	103,670	120,857	0	0	103,670	120,857
Electric	0	0	7,035,506	6,772,154	7,035,506	6,772,154
Water	0	0	813,587	1,196,319	813,587	1,196,319
Sewer	0	0	1,736,226	1,540,649	1,736,226	1,540,649
Storm Sewer	0	0	102,578	147,612	102,578	147,612
Refuse	0	0	872,598	766,336	872,598	766,336
Total Expenses	5,057,037	4,894,677	10,560,495	10,423,070	15,617,532	15,317,747
Increase in Net Assets	884,081	751,292	1,913,122	1,418,273	2,797,203	2,169,565
Beginning Net Assets	20,288,728	19,537,436	33,426,278	32,008,005	53,715,006	51,545,441
Ending Net Assets	\$21,172,809	\$20,288,728	\$35,339,400	\$33,426,278	\$56,512,209	\$53,715,006

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2005

Program revenues were 31 percent of total revenues for governmental activities for 2005, almost the same as the prior year; however, the distribution of program revenues changed somewhat from the prior year. Operating grants and contributions increased, primarily from CDBG resources, and capital grant and contributions decreased, as monies were received in the prior year for street repaving. Governmental activities services are primarily funded through general revenues, those being basically property taxes, municipal income taxes, other local taxes, and State shared revenues. These revenue sources make up 86 percent of general revenues and 59 percent of revenues overall. The City's general revenues changed very little from the prior year. For business-type activities, program revenues (primarily charges for services) were 99 percent of total revenues. This is fairly consistent with those of the prior year. However, the City in the prior year received capital contributions from developers which appear as capital grants and contributions. The City did not receive similar contributions in 2005.

The major program expenses for governmental activities continue to be for the police and fire departments, which account for over 47 percent of all governmental activities expenses. Maintenance of the City's streets also represents a significant amount of the City's governmental expenses, over 28 percent. The general business of operating the City accounts for over 8 percent of governmental expenses. These four programs alone represent 83 percent of the general expenses of the City and are funded almost entirely from property taxes, municipal income taxes, other local taxes, and State shared revenues. Expenses for the various programs remained quite comparable to the prior year.

Because the City anticipates a decline in monies available for capital projects over the next few years, it would seem that major reconstruction projects may be put on hold temporarily. In 2004, the City tried to implement a property tax levy for capital street construction which was defeated. The City has also tried to increase the income tax an additional one-half percent for capital street reconstruction. This was also defeated. Currently, City Council has put these efforts on hold. Street construction and maintenance activities are being done on a tight schedule.

The City's electric, water, and sewer operations account for almost 91 percent of the expenses of the City's business-type activities and are funded almost entirely from charges for services. The Water enterprise fund experienced a decrease in expenses in 2005 in all objects, with the largest decrease in materials and supplies.

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.

Table 3
Governmental Activities

	Total Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2005	Net Cost of Services 2004
Security of Persons and Property				
Police	\$1,221,018	\$1,145,709	\$1,213,324	\$1,135,600
Fire	1,182,460	1,166,485	1,101,187	1,051,668
Other	119,623	20,226	11,647	20,226
Public Health	212,986	226,206	(82,479)	38,133
Leisure Time Activities	223,249	165,540	76,130	(99,930)
Community Environment	120,691	62,593	(400,483)	12,066
Transportation	1,439,048	1,596,994	642,564	463,661
General Government	434,292	390,067	407,641	354,919
Interest and Fiscal Charges	103,670	120,857	103,670	120,857
Total Expenses	<u>\$5,057,037</u>	<u>\$4,894,677</u>	<u>\$3,073,201</u>	<u>\$3,097,200</u>

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2005

As reflected in the above table, a substantial percentage of the revenues to provide governmental activities services are derived from the City's general revenues; that being primarily property taxes, municipal income taxes, other local taxes, and State shared revenues. The percentage of general revenues required to pay for these services is comparable with the prior year. A few programs which were able to offset costs through program revenues include public health, leisure time activities, community environment, and transportation.

Public health expenses are primarily funded by EMS and ambulance charges received during the year. The leisure time activities program is funded from gifts and donations as well as from interest and dividends from the Hauss-Helms Foundation and Telephone Service Company stock held in the City's name and restricted to funding recreation related activities. The community environment program expense is solely funded from operating grants and loan repayments received from revolving loan customers. The transportation program receives charges for services in the form of permissive motor vehicle license monies. The transportation program also receives operating grants in the form of State levied motor vehicle and gas taxes.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund and the Street and Sewer Improvement capital projects fund. Fortunately, the General Fund reflects an 89 percent increase in fund balance from the prior year. Not only did revenues exceed expenditures for the year, but there was a fairly significant reduction in the amount the General Fund transferred to other funds in 2005. This is the second year the General Fund has decreased the amount of transfers to other funds. The Street and Sewer Improvement capital projects fund reflects a 38 percent decrease in fund balance for the year. The primary factor causing this decrease was transfers from the General Fund were less than half those of the prior year. However, it is important to note that the amount of the change in fund balance improved from the prior year by \$105,979 as a result of an increase in special assessment revenue and a decrease in transportation costs for street reconstruction/resurfacing projects in 2005.

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.

The Electric fund rates continued to be the same throughout 2005 as they had 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 has continued to stay on the side of positive cash flows as upgrades, improvements, and new infrastructure is built. In 2006, the City renegotiated for the purchase price of energy with American Electric Power. Rates have been adjusted and went into effect on January 1, 2006. The current wisdom is to add the increase to the rate over a period of several years and subsidize the change with carryover balances so that there is not a major jump in rates for anyone.

While the Water fund is currently generating adequate revenues, the satellite water treatment plant construction will begin soon and the debt this will generate is significant. Water rates were increased by approximately 8 percent in February 2005 to help offset the effect of these construction costs. Water rates are continually being evaluated to determine what increases may be necessary to adequately construct and maintain buildings and infrastructure as the City grows and changes. The current ordinance for water rates include an annual rate increase of 1.5 percent per year until and unless it becomes apparent that this increase is not necessary.

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2005

Although the Sewer fund currently has a positive operating income, the fund has accumulated a significant amount of debt for major renovations at the wastewater treatment plant as required to bring the City into compliance with EPA mandates. In January 2003, the City increased sewer rates by 20 percent to provide adequate funds for operations and debt retirement. The rates are on a schedule to increase 1.5 percent each year. City Council believes this will protect the City from falling into any serious problems in the near term and they will monitor these rates annually.

The Storm Sewer utility was established in May 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. For 2005, the fund had an operating income of \$58,536, an improvement from the prior year's operating income of \$724, so revenues are keeping pace with expenses.

The City's Refuse fund continued to reflect deficit net assets as of year end; however, the fund continued to have an operating income and the amount of the deficit net assets was reduced by 23 percent.

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 operates under a temporary budget for the first three months of 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. Actual revenues received were also not significantly different from the final budget; however, there was a positive increase in interest revenue as a result of better interest rates. The City did not increase investment monies significantly, but improved rates gave the City better than expected interest for the year. Changes in expenditures from the final budget to actual were also minimal.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2005, was \$14,957,082 and \$18,859,104, respectively (net of accumulated depreciation and related debt). This investment in capital assets includes land; land improvements; buildings; equipment; vehicles; streets; electric, water, sewer, and storm sewer lines. Additions to governmental activities capital assets during the year consisted primarily of building improvements, routine equipment purchases, a vehicle, and street repaving and reconstruction. Reductions to governmental activities capital assets consisted of street replacements.

In the business-type activities, the most significant change was the completion of construction at the wastewater treatment plant. Capital asset additions also included infrastructure improvements and the replacement of two vehicles.

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

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2005

Debt - At December 31, 2005, the City had \$8,588,400 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 \$2,627,902 in general obligation bonds (net of unamortized loss on advance refunding). The business-type activities obligations included \$130,900 in general obligation bonds, \$3,050,543 in mortgage revenue bonds (net of unamortized loss on advance refunding), and \$1,294,710 in landfill postclosure costs.

In addition to the debt outlined above, the City's long-term obligations also include compensated absences, capital loans, and a loan due to Auglaize County.

For further information regarding the City's long-term obligations, refer to Notes 17 and 18 to the basic financial statements.

CURRENT ISSUES

The City is pleased to have the wastewater treatment plant expansion completed. The City issued \$6,838,400 in bond anticipation notes in May 2005, of which \$6,400,000 was for this construction. In addition, the City issued \$800,000 in bond anticipation notes in February 2005 for water system improvements.

Poggemeyer Design Group has completed the plans for a new satellite water treatment plant. The plans were submitted to the Ohio EPA in May 2003 and are now approved. Financing arrangements for the new construction have not been finalized. The City is moving ahead with other aspects of well field approval that need to be obtained before construction of the new plant can move to the next stage. Well field work continues in 2006 and the City anticipates approval from the EPA to bring these new wells online.

Wal-Mart completed construction of a superstore in Wapakoneta that opened in April 2005. This will increase property and income taxes received by the City as well as increase utility related revenues. With this new business, there is hope for more store business expansion in the City. At this time, there is a new Family Video store, Aldi grocery store, and Murphy USA gas station. Several other new businesses are currently in the process of construction, reconstruction, or completing paperwork with a contractor to begin construction. In 2006, CVS Pharmacy began construction on a new larger building and we saw the completion of renovations for a mini mall which currently houses four businesses with room for two more. Wapakoneta Area Economic Development filled the open director's job, a local person who has helped develop and draw much development to this entire area. We are very fortunate that he has decided to be part of our City and area team.

In June 2006, the City issued bonds, in the amount of \$7,425,000 to pay for the Wastewater Treatment plant construction. This bond issue is for twenty years.

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, 2005

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,609,192	\$16,088,725	\$19,697,917
Cash and Cash Equivalents with Fiscal Agents	0	350,710	350,710
Investments	1,056,237	0	1,056,237
Accounts Receivable	178,498	1,712,077	1,890,575
Due from Other Governments	501,481	16,473	517,954
Municipal Income Taxes Receivable	528,655	0	528,655
Other Local Taxes Receivable	5,529	63,232	68,761
Internal Balances	19,431	(19,431)	0
Prepaid Items	40,272	95,065	135,337
Materials and Supplies Inventory	17,997	1,256,079	1,274,076
Accrued Interest Receivable	67,192	0	67,192
Property Taxes Receivable	460,852	0	460,852
Notes Receivable	564,500	0	564,500
Special Assessments Receivable	403,796	0	403,796
Unamortized Bond Issuance Cost	0	120,758	120,758
Nondepreciable Capital Assets	211,064	1,014,720	1,225,784
Depreciable Capital Assets, Net	17,464,171	29,091,749	46,555,920
Total Assets	25,128,867	49,790,157	74,919,024
<u>Liabilities</u>			
Accrued Wages Payable	75,882	54,211	130,093
Accounts Payable	105,102	136,732	241,834
Contracts Payable	0	454,353	454,353
Retainage Payable	3,858	0	3,858
Due to Other Governments	117,146	47,648	164,794
Accrued Interest Payable	7,001	146,642	153,643
Notes Payable	0	8,588,400	8,588,400
Deferred Revenue	455,790	0	455,790
Refundable Deposits	0	110,191	110,191
Long-Term Liabilities			
Due Within One Year	623,323	348,613	971,936
Due in More Than One Year	2,567,956	4,563,967	7,131,923
Total Liabilities	3,956,058	14,450,757	18,406,815
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	14,957,082	18,859,104	33,816,186
Restricted for			
Debt Service	344,370	0	344,370
Capital Projects	842,208	0	842,208
Other Purposes			
Recreation	1,201,440	0	1,201,440
Other	1,355,913	0	1,355,913
Revenue Bond Replacement	0	16,826	16,826
Future Debt Service	0	338,369	338,369
Unrestricted	2,471,796	16,125,101	18,596,897
Total Net Assets	\$21,172,809	\$35,339,400	\$56,512,209

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
Statement of Activities
For the Year Ended December 31, 2005

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$1,221,018	\$7,352	\$342	\$0
Fire	1,182,460	38,084	43,189	0
Other	119,623	0	107,976	0
Public Health	212,986	295,465	0	0
Leisure Time Activities	223,249	350	116,922	29,847
Community Environment	120,691	0	521,174	0
Transportation	1,439,048	322,510	473,974	0
General Government	434,292	26,651	0	0
Interest and Fiscal Charges	103,670	0	0	0
Total Governmental Activities	5,057,037	690,412	1,263,577	29,847
<u>Business-Type Activities</u>				
Electric	7,035,506	7,785,644	0	0
Water	813,587	1,312,634	0	0
Sewer	1,736,226	1,827,371	0	0
Storm Sewer	102,578	154,160	0	0
Refuse	872,598	924,455	0	0
Total Business-Type Activities	10,560,495	12,004,264	0	0
Total	\$15,617,532	\$12,694,676	\$1,263,577	\$29,847

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
Franchise Taxes
Interest
Gifts and Donations
Other

Total General Revenues

Transfers

Change in Net Assets

Net Assets Beginning of Year

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
(\$1,213,324)	\$0	(\$1,213,324)
(1,101,187)	0	(1,101,187)
(11,647)	0	(11,647)
82,479	0	82,479
(76,130)	0	(76,130)
400,483	0	400,483
(642,564)	0	(642,564)
(407,641)	0	(407,641)
(103,670)	0	(103,670)
<u>(3,073,201)</u>	<u>0</u>	<u>(3,073,201)</u>
0	750,138	750,138
0	499,047	499,047
0	91,145	91,145
0	51,582	51,582
<u>0</u>	<u>51,857</u>	<u>51,857</u>
<u>0</u>	<u>1,443,769</u>	<u>1,443,769</u>
<u>(3,073,201)</u>	<u>1,443,769</u>	<u>(1,629,432)</u>
356,201	0	356,201
105,934	0	105,934
2,136,920	0	2,136,920
656,921	0	656,921
483,500	0	483,500
39,650	0	39,650
546,259	10,904	557,163
7,791	0	7,791
9,090	73,465	82,555
<u>4,342,266</u>	<u>84,369</u>	<u>4,426,635</u>
<u>(384,984)</u>	<u>384,984</u>	<u>0</u>
884,081	1,913,122	2,797,203
<u>20,288,728</u>	<u>33,426,278</u>	<u>53,715,006</u>
<u>\$21,172,809</u>	<u>\$35,339,400</u>	<u>\$56,512,209</u>

City of Wapakoneta
Balance Sheet
Governmental Funds
December 31, 2005

	General	Street and Sewer Improvement	Other Governmental	Total Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,599,147	\$492,336	\$1,387,003	\$3,478,486
Investments	0	0	1,056,237	1,056,237
Accounts Receivable	177,467	0	1,031	178,498
Due from Other Governments	270,394	0	231,087	501,481
Municipal Income Taxes Receivable	528,655	0	0	528,655
Other Local Taxes Receivable	0	0	5,529	5,529
Interfund Receivable	58,920	0	8,616	67,536
Prepaid Items	32,378	0	5,756	38,134
Materials and Supplies Inventory	10,650	0	4,731	15,381
Accrued Interest Receivable	56,100	9,258	1,834	67,192
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	5,263	0	0	5,263
Property Taxes Receivable	354,519	0	106,333	460,852
Notes Receivable	0	0	564,500	564,500
Special Assessments Receivable	0	356,466	47,330	403,796
Total Assets	\$3,093,493	\$858,060	\$3,419,987	\$7,371,540
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$62,743	\$0	\$7,621	\$70,364
Accounts Payable	86,531	3,378	13,085	102,994
Retainage Payable	0	3,858	0	3,858
Due to Other Governments	102,942	0	10,413	113,355
Interfund Payable	0	8,616	0	8,616
Deferred Revenue	1,068,909	365,724	349,481	1,784,114
Total Liabilities	1,321,125	381,576	380,600	2,083,301
<u>Fund Balance</u>				
Reserved for Unclaimed Monies	5,263	0	0	5,263
Reserved for Notes Receivable	0	0	467,007	467,007
Reserved for Encumbrances	35,378	10,842	363,230	409,450
Unreserved, Reported in				
General Fund	1,731,727	0	0	1,731,727
Special Revenue Funds	0	0	1,894,745	1,894,745
Debt Service Funds	0	0	301,980	301,980
Capital Projects Funds	0	465,642	12,425	478,067
Total Fund Balance	1,772,368	476,484	3,039,387	5,288,239
Total Liabilities and Fund Balance	\$3,093,493	\$858,060	\$3,419,987	\$7,371,540

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, 2005

Total Governmental Fund Balance \$5,288,239

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental Activities	17,675,235	
Internal Service Fund	(40,673)	
		17,634,562

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	156,851	
Due from Other Governments	396,160	
Municipal Income Taxes Receivable	302,904	
Accrued Interest Receivable	62,669	
Property Taxes Receivable	5,062	
Special Assessments Receivable	404,678	
		1,328,324

An accounting loss on refunded debt is amortized over the life of the new debt on the statement of activities. 76,198

An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities. (39,489)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Interest Payable	(7,001)	
General Obligations Bonds Payable	(2,704,100)	
Capital Loans Payable	(90,251)	
Compensated Absences Payable	(473,126)	
Compensated Absences Payable-Internal Service Fund	27,824	
		(3,246,654)

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. 131,629

Net Assets of Governmental Activities \$21,172,809

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
Statement of Revenues, Expenditures,
and Change in Fund Balance
Governmental Funds
For the Year Ended December 31, 2005

	General	Street and Sewer Improvement	Other Governmental	Total Governmental Funds
<u>Revenues</u>				
Property Taxes	\$357,162	\$0	\$106,388	\$463,550
Municipal Income Taxes	2,155,844	0	0	2,155,844
Other Local Taxes	656,921	0	72,614	729,535
Special Assessments	0	127,685	14,115	141,800
Charges for Services	289,205	0	25,108	314,313
Fees, Licenses, and Permits	52,664	0	350	53,014
Fines and Forfeitures	17,112	0	2,357	19,469
Intergovernmental	782,263	0	1,149,980	1,932,243
Interest	493,800	6,106	122,609	622,515
Gifts and Donations	7,791	0	25,290	33,081
Other	7,021	0	2,422	9,443
Total Revenues	4,819,783	133,791	1,521,233	6,474,807
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,181,967	0	2,380	1,184,347
Fire	1,201,714	0	0	1,201,714
Other	11,228	0	107,976	119,204
Public Health	188,684	0	0	188,684
Leisure Time Activities	0	0	284,270	284,270
Community Environment	63,821	0	57,572	121,393
Transportation	0	344,743	858,345	1,203,088
General Government	416,606	0	0	416,606
Debt Service:				
Principal Retirement	20,994	194,520	232,546	448,060
Interest and Fiscal Charges	2,689	41,384	50,101	94,174
Total Expenditures	3,087,703	580,647	1,593,190	5,261,540
Excess of Revenues Over (Under) Expenditures	1,732,080	(446,856)	(71,957)	1,213,267
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	153,059	347,000	500,059
Transfers Out	(897,000)	0	0	(897,000)
Total Other Financing Sources (Uses)	(897,000)	153,059	347,000	(396,941)
Change in Fund Balance	835,080	(293,797)	275,043	816,326
Fund Balance Beginning of Year	937,288	770,281	2,764,344	4,471,913
Fund Balance End of Year	<u>\$1,772,368</u>	<u>\$476,484</u>	<u>\$3,039,387</u>	<u>\$5,288,239</u>

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
 Reconciliation of Statement of Revenues, Expenditures,
 and Change in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2005

Change in Fund Balance - Total Governmental Funds \$816,326

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 capital outlay exceeded depreciation in the current year.

Capital Outlay	589,920	
Capital Contributions	11,957	
Depreciation	(588,203)	
Depreciation - Internal Service Fund	1,469	15,143

The cost of capital assets is removed from the capital asset account on the statement of net assets when disposed of, resulting in a loss on disposal of capital assets on the statement of activities. (189,941)

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

Property Taxes	(1,415)	
Municipal Income Taxes	(18,924)	
Special Assessments	39,342	
Charges for Services	45,748	
Fees, Licenses, and Permits	(20)	
Intergovernmental	(267,145)	
Interest	54,062	
Miscellaneous	(353)	(148,705)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 448,060

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets. 834

The accounting loss on refunded debt is reported as an expense at the time of refunding, but is amortized over the life of the new debt on the statement of activities. (10,330)

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.

Compensated Absences Payable-Governmental Activities	(53,052)	
Compensated Absences Payable-Internal Service Fund	4,051	(49,001)

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. 1,695

Change in Net Assets of Governmental Activities \$884,081

See Accompanying Notes to the Basic Financial Statements

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City of Wapakoneta
Statement of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$344,705	\$357,166	\$357,162	(\$4)
Municipal Income Taxes	2,075,000	2,080,775	2,134,161	53,386
Other Local Taxes	501,000	550,280	651,955	101,675
Charges for Services	197,600	265,065	296,365	31,300
Fees, Licenses, and Permits	47,800	51,490	51,897	407
Fines and Forfeitures	18,500	16,438	17,562	1,124
Intergovernmental	571,293	700,978	761,638	60,660
Interest	155,000	352,602	490,159	137,557
Gifts and Donations	5,500	8,021	7,791	(230)
Other	30,200	7,837	8,175	338
Total Revenues	3,946,598	4,390,652	4,776,865	386,213
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,260,686	1,261,216	1,209,241	51,975
Fire	1,223,336	1,251,336	1,209,751	41,585
Other	12,230	11,700	11,222	478
Public Health	288,832	295,832	219,255	76,577
Community Environment	113,296	113,296	64,561	48,735
General Government	648,551	620,663	440,394	180,269
Total Expenditures	3,546,931	3,554,043	3,154,424	399,619
Excess of Revenues Over Expenditures	399,667	836,609	1,622,441	785,832
<u>Other Financing Sources (Uses)</u>				
Advances In	0	21,500	21,500	0
Advances Out	(33,000)	(33,000)	0	33,000
Transfers Out	(912,000)	(912,000)	(897,000)	15,000
Total Other Financing Sources (Uses)	(945,000)	(923,500)	(875,500)	48,000
Change in Fund Balance	(545,333)	(86,891)	746,941	833,832
Fund Balance Beginning of Year	732,373	732,373	732,373	0
Prior Year Encumbrances Appropriated	50,302	50,302	50,302	0
Fund Balance End of Year	\$237,342	\$695,784	\$1,529,616	\$833,832

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
Statement of Fund Net Assets
Proprietary Funds
December 31, 2005

	Business-Type Activities				
	Electric	Water	Sewer	Storm Sewer	Refuse
<u>Assets</u>					
<u>Current Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$12,220,408	\$1,152,422	\$1,518,983	\$408,344	\$661,551
Accounts Receivable	1,142,377	185,296	260,860	13,281	110,263
Due from Other Governments	0	0	0	0	16,473
Other Local Taxes Receivable	63,232	0	0	0	0
Prepaid Items	47,813	21,996	17,015	0	8,241
Materials and Supplies Inventory	1,060,928	170,353	24,765	0	33
<u>Restricted Assets</u>					
Equity in Pooled Cash and Cash Equivalents	110,191	0	16,826	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	350,710	0	0
Total Current Assets	14,644,949	1,530,067	2,189,159	421,625	796,561
<u>Non-Current Assets</u>					
Unamortized Bond Issuance Costs	0	0	120,758	0	0
Nondepreciable Capital Assets	293,559	337,116	55,944	0	328,101
Depreciable Capital Assets, Net	6,187,126	5,829,914	15,407,409	1,323,541	343,759
Total Non-Current Assets	6,480,685	6,167,030	15,584,111	1,323,541	671,860
Total Assets	21,125,634	7,697,097	17,773,270	1,745,166	1,468,421
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	21,025	7,145	16,296	0	9,745
Accounts Payable	31,588	15,774	25,935	0	63,435
Contracts Payable	454,353	0	0	0	0
Due to Other Governments	18,815	5,407	16,486	0	6,940
Interfund Payable	58,920	0	0	0	0
Accrued Interest Payable	0	12,249	134,095	0	298
Notes Payable	0	1,932,024	6,656,376	0	0
General Obligation Bonds Payable	0	0	0	0	20,600
Mortgage Revenue Bonds Payable	0	0	180,000	0	0
Due to Auglaize County	0	0	2,500	0	0
Capital Loans Payable	0	27,340	20,676	0	0
Compensated Absences Payable	24,561	8,514	24,968	0	16,600
Landfill Postclosure Costs	0	0	0	0	22,854
Total Current Liabilities	609,262	2,008,453	7,077,332	0	140,472
<u>Non-Current Liabilities</u>					
Refundable Deposits	110,191	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	110,300
Mortgage Revenue Bonds Payable (net of unamortized loss on advance refunding)	0	0	2,870,543	0	0
Due to Auglaize County	0	0	16,250	0	0
Capital Loans Payable	0	14,183	43,566	0	0
Compensated Absences Payable	87,706	29,544	100,265	0	19,754
Landfill Postclosure Costs	0	0	0	0	1,271,856
Total Non-Current Liabilities	197,897	43,727	3,030,624	0	1,401,910
Total Liabilities	807,159	2,052,180	10,107,956	0	1,542,382
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt Restricted for	6,480,685	4,193,483	6,320,435	1,323,541	540,960
Revenue Bond Replacement	0	0	16,826	0	0
Future Debt Service	0	0	338,369	0	0
Unrestricted (Deficit)	13,837,790	1,451,434	989,684	421,625	(614,921)
Total Net Assets (Deficit)	\$20,318,475	\$5,644,917	\$7,665,314	\$1,745,166	(\$73,961)

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
\$15,961,708	\$125,443
1,712,077	0
16,473	0
63,232	0
95,065	2,138
1,256,079	2,616
127,017	0
350,710	0
<u>19,582,361</u>	<u>130,197</u>
120,758	0
1,014,720	0
29,091,749	40,673
<u>30,227,227</u>	<u>40,673</u>
49,809,588	170,870
54,211	5,518
136,732	2,108
454,353	0
47,648	3,791
58,920	0
146,642	0
8,588,400	0
20,600	0
180,000	0
2,500	0
48,016	0
74,643	7,251
22,854	0
<u>9,835,519</u>	<u>18,668</u>
110,191	0
110,300	0
2,870,543	0
16,250	0
57,749	0
237,269	20,573
1,271,856	0
<u>4,674,158</u>	<u>20,573</u>
14,509,677	39,241
18,859,104	40,673
16,826	0
338,369	0
16,085,612	90,956
35,299,911	<u>\$131,629</u>
39,489	
<u>\$35,339,400</u>	

City of Wapakoneta
Statement of Revenues, Expenses,
and Change in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Business-Type Activities				
	Electric	Water	Sewer	Storm Sewer	Refuse
<u>Operating Revenues</u>					
Charges for Services	\$7,729,573	\$1,312,634	\$0	\$154,160	\$924,455
Charges for Services Pledged as Security on Mortgage Revenue Bonds	0	0	1,827,321	0	0
Licenses and Permits	0	0	50	0	0
Other	27,318	6,277	0	7,078	3,025
Other Pledged as Security on Mortgage Revenue Bonds	0	0	26,510	0	0
Total Operating Revenues	7,756,891	1,318,911	1,853,881	161,238	927,480
<u>Operating Expenses</u>					
Personal Services	716,097	260,800	568,011	0	344,883
Contractual Services	5,733,439	147,160	291,655	13,656	415,218
Materials and Supplies	289,299	214,648	98,723	40,819	58,524
Depreciation	221,331	116,991	401,539	48,227	21,880
Other	75,413	0	5,201	0	0
Total Operating Expenses	7,035,579	739,599	1,365,129	102,702	840,505
Operating Income	721,312	579,312	488,752	58,536	86,975
<u>Non-Operating Revenues (Expenses)</u>					
Loss on Disposal of Capital Assets	0	(11,295)	(9,957)	0	(28,290)
Gain on Disposal of Capital Assets	3,257	0	0	0	0
Other Local Taxes	56,071	0	0	0	0
Interest Revenue	0	0	10,904	0	0
Interest Expense	0	(62,882)	(361,386)	0	(3,898)
Total Non-Operating Revenues (Expenses)	59,328	(74,177)	(360,439)	0	(32,188)
Income before Transfers	780,640	505,135	128,313	58,536	54,787
Transfers In	529,000	0	124,711	0	0
Transfers Out	(44,971)	(157,726)	(33,015)	0	(33,015)
Change in Net Assets	1,264,669	347,409	220,009	58,536	21,772
Net Assets (Deficit) Beginning of Year	19,053,806	5,297,508	7,445,305	1,686,630	(95,733)
Net Assets (Deficit) End of Year	\$20,318,475	\$5,644,917	\$7,665,314	\$1,745,166	(\$73,961)

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 income 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
\$10,120,822	\$195,048
1,827,321	0
50	15,476
43,698	952
26,510	0
<u>12,018,401</u>	<u>211,476</u>
1,889,791	181,054
6,601,128	12,269
702,013	14,020
809,968	1,469
80,614	242
<u>10,083,514</u>	<u>209,054</u>
<u>1,934,887</u>	<u>2,422</u>
(49,542)	0
3,257	0
56,071	0
10,904	0
(428,166)	0
<u>(407,476)</u>	<u>0</u>
1,527,411	2,422
653,711	0
(268,727)	0
1,912,395	2,422
	<u>129,207</u>
	<u>\$131,629</u>
<u>727</u>	
<u>\$1,913,122</u>	

City of Wapakoneta
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	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	\$7,622,235	\$1,289,040	\$1,805,593	\$153,979	\$912,146	\$11,782,993
Cash Received from Transactions with Other Funds	0	0	0	0	0	0
Cash Received from Utility Deposits	7,177	0	0	0	0	7,177
Cash Received from Other Revenues	27,431	6,336	26,585	7,078	3,224	70,654
Cash Payments for Personal Services	(703,803)	(256,923)	(547,768)	0	(340,785)	(1,849,279)
Cash Payments for Contractual Services	(5,709,360)	(142,100)	(283,193)	(18,196)	(415,595)	(6,568,444)
Cash Payments to Vendors	(329,026)	(331,170)	(350,657)	(43,048)	(49,034)	(1,102,935)
Cash Payments for Transactions with Other Funds	(3,890)	(5,216)	(7,929)	(3,098)	(4,868)	(25,001)
Cash Payments for Utility Refunds	(13,640)	0	0	0	0	(13,640)
Cash Payments for Other Expenses	(75,413)	0	(5,201)	0	0	(80,614)
Net Cash Provided by Operating Activities	821,711	559,967	637,430	96,715	105,088	2,220,911
<u>Cash Flows from Noncapital Financing Activities</u>						
Cash Received from Other Local Taxes	56,071	0	0	0	0	56,071
Transfers In	529,000	0	0	0	0	529,000
Transfers Out	(44,971)	(33,015)	(33,015)	0	(33,015)	(144,016)
Net Cash Provided by (Used for) Noncapital Financing Activities	540,100	(33,015)	(33,015)	0	(33,015)	441,055
<u>Cash Flows from Capital and Related Financing Activities</u>						
Principal Paid on Bond Anticipation Notes	0	(3,023,036)	(6,034,564)	0	0	(9,057,600)
Principal Paid on General Obligation Bonds	0	0	0	0	(20,200)	(20,200)
Principal Paid on Mortgage Revenue Bonds	0	0	(175,000)	0	0	(175,000)
Principal Paid on Due to Auglaize County	0	0	(2,500)	0	0	(2,500)
Principal Paid on Capital Loans	0	(26,026)	(19,971)	0	0	(45,997)
Interest Paid on Bond Anticipation Notes	0	(67,617)	(141,444)	0	0	(209,061)
Interest Paid on General Obligation Bonds	0	0	0	0	(3,927)	(3,927)
Interest Paid on Mortgage Revenue Bonds	0	0	(155,092)	0	0	(155,092)
Interest Paid on Capital Loans	0	(3,472)	(2,973)	0	0	(6,445)
Proceeds of Bond Anticipation Notes	0	2,732,024	6,656,376	0	0	9,388,400
Sale of Capital Assets	3,257	0	0	0	2,682	5,939
Acquisition of Capital Assets	(298,077)	(364,283)	(293,748)	(22,656)	(68,208)	(1,046,972)
Net Cash Used for Capital and Related Financing Activities	(294,820)	(752,410)	(168,916)	(22,656)	(89,653)	(1,328,455)
<u>Cash Flows from Investing Activities</u>						
Interest	0	0	10,904	0	0	10,904
Net Increase (Decrease) in Cash and Cash Equivalents	1,066,991	(225,458)	446,403	74,059	(17,580)	1,344,415
Cash and Cash Equivalents Beginning of Year	11,263,608	1,377,880	1,440,116	334,285	679,131	15,095,020
Cash and Cash Equivalents End of Year	\$12,330,599	\$1,152,422	\$1,886,519	\$408,344	\$661,551	\$16,439,435

Governmental
Activity
Internal
Service

\$15,476
195,048
0
982
(177,796)
(12,403)
(12,354)
0
0
(242)

8,711

0
0
0

0

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

0

0

8,711

116,732

\$125,443

(continued)

City of Wapakoneta
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005
(continued)

	Business-Type Activities					Total
	Electric	Water	Sewer	Storm Sewer	Refuse	
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>						
Operating Income	\$721,312	\$579,312	\$488,752	\$58,536	\$86,975	\$1,934,887
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>						
Depreciation	221,331	116,991	401,539	48,227	21,880	809,968
Changes in Assets and Liabilities:						
Increase in Accounts Receivable	(107,338)	(23,594)	(21,703)	(181)	(12,114)	(164,930)
Decrease in Due from Other Governments	113	59	0	0	4	176
Increase in Other Local Taxes Receivable	(5,174)	0	0	0	0	(5,174)
(Increase) Decrease in Prepaid Items	(1,549)	2,479	(1,152)	0	(1,032)	(1,254)
(Increase) Decrease in Materials and Supplies Inventory	108	(22,566)	(7,164)	0	0	(29,622)
Increase (Decrease) in Accrued Wages Payable	(1,300)	410	(516)	0	256	(1,150)
Increase (Decrease) in Accounts Payable	(46,077)	(16,100)	1,087	(9,331)	25,499	(44,922)
Increase (Decrease) in Contracts Payable	26,401	(80,575)	(36,142)	0	0	(90,316)
Decrease in Retainage Payable	0	(824)	(208,608)	(536)	0	(209,968)
Decrease in Due to Other Governments	(6,148)	(4,798)	(3,260)	0	(2,212)	(16,418)
Increase in Interfund Payable	5,029	0	0	0	0	5,029
Decrease in Refundable Deposits	(6,463)	0	0	0	0	(6,463)
Increase in Compensated Absences Payable	21,466	9,173	24,597	0	6,606	61,842
Decrease in Landfill Postclosure Costs	0	0	0	0	(20,774)	(20,774)
Net Cash Provided by Operating Activities	<u>\$821,711</u>	<u>\$559,967</u>	<u>\$637,430</u>	<u>\$96,715</u>	<u>\$105,088</u>	<u>\$2,220,911</u>

Non-Cash Capital Financing Activities

During 2005, the Water enterprise fund purchased assets and donated them to the Sewer enterprise fund, in the amount of \$124,711.

During 2005, the Electric enterprise fund purchased assets and donated them to the Street Maintenance special revenue fund, in the amount of \$11,957.

See Accompanying Notes to the Basic Financial Statements

Governmental
Activity
Internal
Service

\$2,422

1,469

0

30

0

(463)

192

931

1,469

0

0

(1,390)

0

0

4,051

0

\$8,711

City of Wapakoneta
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2005

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$24,636</u></u>
 <u>Liabilities</u>	
Deposits Held and Due to Others	\$988
Undistributed Assets	<u>23,648</u>
 Total Liabilities	 <u><u>\$24,636</u></u>

See Accompanying Notes to the Basic Financial Statements

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 2005.

The City participates in two insurance pools, the Ohio Government Risk Management Plan and the Ohio Rural Water Association Workers' Compensation Plan. These organizations are 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.

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. The City does not apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities or to its enterprise funds. 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, change 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 - The Electric Fund accounts for the provision of electricity to residential and commercial users within the City.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Refuse Fund - The Refuse 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 2005. 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 change 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 change 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.

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, 2005, but were levied to finance 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. 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 ordinance 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 appropriations ordinance 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".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2005, 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, 2005.

Interest earnings are generally allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2005 was \$493,800, which includes \$454,782 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, 2005, 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 also 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.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unclaimed monies that have a legal restriction on their use are also restricted.

J. Unamortized Bond Issuance Costs

Bond issuance costs for the enterprise funds are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method.

K. 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 statement of net assets and in the fund.

All capital assets are capitalized at 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.

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. The City reports all infrastructure, including that acquired prior to the implementation of GASB Statement No. 34. 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	10-38 years	6-20 years
Streets	15-60 years	N/A
Electric, Water, Sewer, and Storm Sewer Lines	N/A	30-100 years

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. 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”.

M. 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 policy and length of service.

N. 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.

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, 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. General obligation bonds and capital loans are recognized as liabilities on the fund financial statements when due.

O. Unamortized Loss on Advance Refunding

For advance refundings resulting in the defeasance of debt, 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 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 a reduction of the face amount of the new debt.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for construction, repair, and maintenance of streets and highways, the community block grant program, recreation, and various police department grants and programs. 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. As of December 31, 2005, net assets restricted by enabling legislation was \$747,749.

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 unclaimed monies, 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 2005, the Electric enterprise fund purchased capital assets for governmental operations, in the amount of \$11,957. Therefore, transfers in and out do not equal within the fund financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Capital Contributions

Capital contributions in the governmental funds arise from contributions from other funds.

U. 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.

V. 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

For 2005, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosure", GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", and GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section".

GASB Statement No. 40 establishes and modifies the disclosure requirements related to deposit and investment risks. The implementation of this statement did not result in any change to the City's financial statements.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. The implementation of this statement did not result in any change to the City's financial statements.

GASB Statement No. 44 establishes and modifies the requirements related to supplementary information presented in the statistical section.

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The deficit in the Refuse enterprise fund, in the amount of \$73,961, is the result of recording landfill postclosure costs. In prior years, the City instituted a monthly landfill closure surcharge to residents' bills which is helping to alleviate the deficit. The deficit amount has been declining for several years.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

B. Compliance

The General Fund had expenditures in excess of appropriations for the year ended December 31, 2005, in the amount of \$1,713 for personal services for the fire department. The City Auditor will continue to monitor budgetary transactions to ensure appropriations are accurate and recorded appropriately.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and change 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 Change 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 for the General Fund are as follows:

Change in Fund Balance

GAAP Basis	\$835,080
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2004, Received in Cash 2005	334,228
Accrued 2005, Not Yet Received in Cash	(377,146)
Expenditure Accruals:	
Accrued 2004, Paid in Cash 2005	(248,238)
Accrued 2005, Not Yet Paid in Cash	252,216
	(continued)

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Change in Fund Balance
(continued)

Prepaid Items	(\$510)
Materials and Supplies Inventory	4,605
Advances In	21,500
Encumbrances Outstanding at Year End (Budget Basis)	<u>(74,794)</u>
Budget Basis	<u><u>\$746,941</u></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.

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;

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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.

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.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$8,611,728 of the City's bank balance of \$8,911,728 was exposed to custodial credit risk because it 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 has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

At December 31, 2005, the City owned 49,245 shares of Telephone Company stock with a fair value of \$1,034,637. In addition, the City had \$350,710 invested in mutual funds with an average maturity of 30 days and \$11,037,633 invested in STAR Ohio with an average maturity of 39.41 days.

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The investment policy restricts the City Auditor from investing in anything other than as identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the City.

The mutual funds carry a rating of AAA by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The City has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds consist exclusively of securities described in division (1) or (2) listed on pages 43 and 44 and STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

The City places no limit on the amount of its interim monies it may invest in a particular security. At December 31, 2005, 8.33 percent of the City's portfolio was invested in Telephone Company stock.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2005, 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 \$467,007, will not be received within one year. Special assessments receivable, in the amount of \$305,869, will not be received within one year. At December 31, 2005, the amount of delinquent special assessments was \$9,953.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 7 - RECEIVABLES (continued)

Notes receivable represent low interest loans for development projects granted to eligible City 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 to be repaid over periods ranging from five to ten years.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Fund	
General Fund	
Homestead and Rollback	\$16,848
Local Government	205,476
Beer and Liquor Permits	7,112
Cigarette Tax	217
Estate Tax	14,190
FEMA	25,740
Auglaize County	811
Total General Fund	270,394
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	84,938
Highway Distribution	62,581
Motor Vehicle License Tax	48,856
Village of Botkins	237
Ohio Department of Public Safety	1,087
Total Street Maintenance	197,699
State Highway	
Gasoline Tax	6,887
Highway Distribution	5,074
Motor Vehicle License Tax	3,962
Ohio Department of Public Safety	88
Total State Highway	16,011
Recreation	
Ohio Department of Natural Resources	13,324
Homestead and Rollback	3,893
Total Recreation	17,217
	(continued)

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 7 - RECEIVABLES (continued)

	Amount
Nonmajor Funds (continued)	
Enforcement and Education	
State of Ohio	\$160
Total Nonmajor Funds	231,087
Total Governmental Activities	\$501,481
Business-Type Activities	
Major Funds	
Refuse	
Auglaize County	\$16,473

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.

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 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid 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 property tax revenues received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 9 - PROPERTY TAXES (continued)

Tangible personal property tax revenues received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid 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, 2005, 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 2005 operations.

Collectible delinquent real property taxes have been recorded as a receivable and revenue on the full accrual basis. On the modified accrual basis, the revenue is deferred.

The full tax rate for all City operations for the year ended December 31, 2005, was \$3.75 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$85,608,830
Commercial/Industrial	33,803,110
Public Utility Real	76,420
Public Utility Personal	3,715,910
Tangible Personal	14,938,545
Total	\$138,142,815

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$189,564	\$0	\$0	\$189,564
Construction in Progress	0	21,500	0	21,500
Total Nondepreciable Capital Assets	<u>189,564</u>	<u>21,500</u>	<u>0</u>	<u>211,064</u>
Depreciable Capital Assets				
Land Improvements	404,894	0	0	404,894
Buildings	3,282,143	60,491	0	3,342,634
Equipment	340,298	97,262	0	437,560
Vehicles	1,951,410	21,728	0	1,973,138
Streets	22,858,200	400,896	(325,613)	22,933,483
Total Depreciable Capital Assets	<u>28,836,945</u>	<u>580,377</u>	<u>(325,613)</u>	<u>29,091,709</u>
Less Accumulated Depreciation for				
Land Improvements	(92,573)	(16,506)	0	(109,079)
Buildings	(401,541)	(36,650)	0	(438,191)
Equipment	(209,157)	(24,557)	0	(233,714)
Vehicles	(1,409,441)	(94,137)	0	(1,503,578)
Streets	(9,062,295)	(416,353)	135,672	(9,342,976)
Total Accumulated Depreciation	<u>(11,175,007)</u>	<u>(588,203)</u>	<u>135,672</u>	<u>(11,627,538)</u>
Total Depreciable Capital Assets, Net	<u>17,661,938</u>	<u>(7,826)</u>	<u>(189,941)</u>	<u>17,464,171</u>
Governmental Activities Capital Assets, Net	<u>\$17,851,502</u>	<u>\$13,674</u>	<u>(\$189,941)</u>	<u>\$17,675,235</u>

During 2005, the City received donated assets for general governmental operations from the Electric enterprise fund, in the amount of \$11,957.

	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$926,720	\$0	\$0	\$926,720
Construction in Progress	5,664,891	315,624	(5,892,515)	88,000
Total Nondepreciable Capital Assets	<u>6,591,611</u>	<u>315,624</u>	<u>(5,892,515)</u>	<u>1,014,720</u>

(continued)

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 10 - CAPITAL ASSETS (continued)

	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
Depreciable Capital Assets				
Buildings	\$4,514,408	\$5,892,515	\$0	\$10,406,923
Equipment	538,260	0	0	538,260
Vehicles	1,840,087	138,195	(142,569)	1,835,713
Electric, Water, Sewer, and Storm Sewer Lines	29,038,974	593,153	(44,855)	29,587,272
Total Depreciable Capital Assets	<u>35,931,729</u>	<u>6,623,863</u>	<u>(187,424)</u>	<u>42,368,168</u>
Less Accumulated Depreciation for				
Buildings	(502,920)	(113,705)	0	(616,625)
Equipment	(401,510)	(16,062)	0	(417,572)
Vehicles	(883,251)	(101,420)	111,597	(873,074)
Electric, Water, Sewer, and Storm Sewer Lines	(10,813,970)	(578,781)	23,603	(11,369,148)
Total Accumulated Depreciation	<u>(12,601,651)</u>	<u>(809,968)</u>	<u>135,200</u>	<u>(13,276,419)</u>
Total Depreciable Capital Assets, Net	<u>23,330,078</u>	<u>5,813,895</u>	<u>(52,224)</u>	<u>29,091,749</u>
Business-Type Activities Capital Assets, Net	<u>\$29,921,689</u>	<u>\$6,129,519</u>	<u>(\$5,944,739)</u>	<u>\$30,106,469</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$31,311
Security of Persons and Property - Fire	44,752
Public Health	21,919
Leisure Time Activities	24,874
Transportation	447,510
General Government	17,837
Total Depreciation Expense - Governmental Activities	<u>\$588,203</u>

NOTE 11 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2005, the General Fund had an interfund receivable, in the amount of \$58,920, for kilowatt monies due from the Electric Fund. Other governmental funds had an interfund receivable, in the amount of \$8,616, from the Street and Sewer Improvement capital projects fund for a short-term loan.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

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 2005, the City contracted with the Ohio Government Risk Management Plan, an insurance pool, for the following coverage:

Type of Coverage	Coverage	Deductible
Property	\$35,991,751	\$1,000
Liability		
Each Occurrence	5,000,000	0
Aggregate	7,000,000	0
Wrongful Acts		
Each Occurrence	5,000,000	5,000
Aggregate	7,000,000	5,000
Law Enforcement		
Each Occurrence	5,000,000	5,000
Aggregate	7,000,000	5,000
Automobile	5,000,000	250-500
Inland Marine	1,358,005	1,000
Fire Vehicle	2,462,973	1,000
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.

For 2005, the City participated in the Ohio Rural Water Association Workers' Compensation Group Rating Plan (Plan), an insurance pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan. To maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the City pays an enrollment fee to the Plan to cover the costs of administering the program.

The City may withdraw from the plan if written notice is provided sixty days prior to the prescribed application deadline to the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 13 - CONTRACTUAL COMMITMENTS

At December 31, 2005, the City had contractual commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Turf Tenders	Irrigation System at Veteran's Park	\$15,350
Terracon Construction	Veteran's Park Shed	24,950
Tom's Construction	Defiance Street Reconstruction	10,008
American LaFrance Corporation	Fire Truck	309,007
Dick Nagel Electric, Inc.	Standby Generator	44,750
Cargill, Inc.	Water Treatment Salt	60,360

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2005, members of all three plans were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The City's contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$215,085, \$212,431, and \$190,324, respectively; 88 percent has been contributed for 2005 and 100 percent has been contributed for 2004 and 2003. The unpaid contribution for 2005, in the amount of \$25,142, is recorded as a liability. Contributions to the member-directed plan for 2005 was \$372 made by the City and \$233 made by plan members.

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

B. Ohio Police and Fire Pension Fund

The City participates in the Ohio Police and Fire Pension Fund (OPF), a cost-sharing multiple-employer defined benefit pension plan. OPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OPF 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.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to OPF for the years ended December 31, 2005, 2004, and 2003 were \$179,582, \$169,050, and \$163,596, respectively; 71 percent has been contributed for 2005 and 100 percent has been contributed for 2004 and 2003. The unpaid contribution for 2005, in the amount of \$51,618, is recorded as a liability.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS 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 traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 employer contribution rate was 13.55 percent of covered payroll; 4.00 percent was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

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 annually.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 15 - POSTEMPLOYMENT BENEFITS (continued)

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits was \$90,243. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2004 (the latest information available), was \$10.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by OPF is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the OPF's board of trustees to provide health care coverage and states that health care costs paid from OPF shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total employer contribution rate for police is 19.5 percent of covered payroll and for firefighters is 24 percent of covered payroll; 7.75 percent was applied to the postemployment health care program during 2005. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2005 that were used to fund postemployment benefits were \$46,993 for police and \$51,667 for firefighters. The OPF's total health care expense for the year ended December 31, 2004 (the latest information available), was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OPF participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

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.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 16 - COMPENSATED ABSENCES (continued)

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 of an hour for every hour 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).

NOTE 17 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2005, were as follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
<u>Business-Type Activities</u>					
<u>General Obligation Bond Anticipation Notes</u>					
Water					
2004 Bond Anticipation Note	1.50%	\$950,000	\$0	\$950,000	\$0
2004 Bond Anticipation Note	2.20	273,036	0	273,036	0
2004 Bond Anticipation Note	2.55	385,000	0	385,000	0
2004 Bond Anticipation Note	2.55	615,000	0	615,000	0
2005 Bond Anticipation Note	2.80	0	800,000	800,000	0
2005 Bond Anticipation Note	3.75	0	1,750,000	0	1,750,000
2005 Bond Anticipation Note	3.30	0	182,024	0	182,024
Total Water Fund		2,223,036	2,732,024	3,023,036	1,932,024
Sewer					
2004 Bond Anticipation Note	2.20	384,564	0	384,564	0
2004 Bond Anticipation Note	2.20	5,650,000	0	5,650,000	0
2005 Bond Anticipation Note	3.30	0	256,376	0	256,376
2005 Bond Anticipation Note	3.30	0	6,400,000	0	6,400,000
Total Sewer Fund		6,034,564	6,656,376	6,034,564	6,656,376
Total Business-Type Activities		\$8,257,600	\$9,388,400	\$9,057,600	\$8,588,400

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 17 - NOTES PAYABLE (continued)

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 bond anticipation notes in the Water enterprise fund, in the amount of \$800,000, \$1,750,000, and \$182,024, were issued to partially retire notes previously issued for improvements to the water system, including a water tower and the installation of water lines.

The bond anticipation notes in the Sewer enterprise fund, in the amount of \$256,376 and \$6,400,000, were 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 2005 notes also retired notes previously issued for the same purpose.

As of December 31, 2005, the City had unspent note proceeds, in the amount of \$507,485.

NOTE 18 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
1998 Various Purpose	3.30 - 4.25%	\$330,000	\$0	\$80,000	\$250,000	\$80,000
2003 Various Purpose	1.75 - 3.80	2,793,900	0	339,800	2,454,100	339,400
Accounting Loss	3.30 - 4.25	(86,528)	10,330	0	(76,198)	0
Total General Obligation Bonds		3,037,372	10,330	419,800	2,627,902	419,400
Other Long-Term Obligations						
Capital Loans Payable		118,511	0	28,260	90,251	29,153
Compensated Absences Payable		420,074	89,676	36,624	473,126	174,770
Total Governmental Activities		<u>\$3,575,957</u>	<u>\$100,006</u>	<u>\$484,684</u>	<u>\$3,191,279</u>	<u>\$623,323</u>
<u>Business-Type Activities</u>						
General Obligation Bonds						
2003 Various Purpose	1.75 - 3.80%	\$151,100	\$0	\$20,200	\$130,900	\$20,600
Mortgage Revenue Bonds						
1998 Sewer System Mortgage Refunding Bonds	3.30 - 4.95	3,280,000	0	175,000	3,105,000	180,000
Accounting Loss		(66,617)	12,160	0	(54,457)	0
Total Mortgage Revenue Bonds		<u>3,213,383</u>	<u>12,160</u>	<u>175,000</u>	<u>3,050,543</u>	<u>180,000</u>

(continued)

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Business-Type Activities</u> (continued)						
Other Long-Term Obligations						
Due to Auglaize County		\$21,250	\$0	\$2,500	\$18,750	\$2,500
Capital Loans Payable		151,762	0	45,997	105,765	48,016
Compensated Absences Payable		250,070	61,842	0	311,912	74,643
Landfill Postclosure Costs		1,315,484	0	20,774	1,294,710	22,854
Total Other Long-Term Obligations		1,738,566	61,842	69,271	1,731,137	148,013
Total Business-Type Activities		\$5,103,049	\$74,002	\$264,471	\$4,912,580	\$348,613

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. 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.

2003 Various Purpose General Obligation Bonds - On October, 1, 2003, the City issued \$3,295,000 in unvoted general obligation bonds. The bonds were issued for ten years with interest rates ranging from 1.75 percent to 3.8 percent. Bonds, in the amount of \$2,836,000, were used to refund \$850,000 in Downtown Improvement general obligation bonds issued in 1991 and \$1,875,000 in various purpose bonds issued in 1993. The issue also included \$170,600 to partially retire bond anticipation notes for various landfill improvements and \$288,400 to make improvements to sidewalks, curbs, and gutters. The bonds will be paid from the Street and Sewer Improvement capital projects fund, Downtown Debt debt service fund, and the Electric, Water, Sewer, and Refuse enterprise funds. The 2003 various purpose bonds are not subject to optional or mandatory redemption prior to maturity. The 1991 and 1993 bonds were fully extinguished in 2003.

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 four to ten years depending on the amount of the loan. The loans are being repaid from resources of the General Fund, Street Maintenance and Repair special revenue fund, and the Water and Storm Sewer enterprise funds.

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, 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 \$54,457 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, 2005

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.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

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 segregate 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, 2005, were \$350,710.

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 on the City's financial statements. At December 31, 2005, \$625,000 of this debt was still outstanding.

Due to Auglaize County - This 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 \$11,800,896 at December 31, 2005.

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2005, were as follows:

Year	General Obligation Bonds		Capital Loans	
	Principal	Interest	Principal	Interest
2006	\$419,400	\$81,283	\$29,153	\$2,851
2007	424,000	71,215	30,074	1,930
2008	418,600	60,061	31,024	980
2009	338,000	48,108	0	0
2010	332,400	38,644	0	0
2011 to 2013	771,700	52,954	0	0
Total	\$2,704,100	\$352,265	\$90,251	\$5,761

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2005, from the enterprise funds were as follows:

Year	General Obligation Bonds		Mortgage Revenue Bonds		Due to Auglaize County	Capital Loans	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2006	\$20,600	\$3,574	\$180,000	\$148,093	\$2,500	\$48,016	\$4,428
2007	21,000	3,162	185,000	140,712	2,500	23,946	2,318
2008	21,400	2,690	195,000	133,035	2,500	24,842	1,422
2009	22,000	2,155	205,000	124,748	2,500	2,829	493
2010	22,600	1,539	210,000	115,830	2,500	2,984	337
2011 to 2015	23,300	816	1,230,000	410,850	6,250	3,148	173
2016 to 2018	0	0	900,000	90,585	0	0	0
Total	\$130,900	\$13,936	\$3,105,000	\$1,163,853	\$18,750	\$105,765	\$9,171

NOTE 19 - LANDFILL 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 \$1,294,710 reported as landfill postclosure costs at December 31, 2005, 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 2005, the General Fund made transfers to the Street and Sewer Improvement capital projects fund, in the amount of \$21,000, as debt payments came due. The General Fund also made transfers to other governmental funds, in the amount of \$347,000; \$330,000 as debt payments came due and \$17,000 to subsidize activities in other funds. In addition, the General Fund transferred \$529,000 to the Electric Fund to support operations.

The Electric enterprise fund transferred \$33,014 to the Street and Sewer improvement capital projects fund as debt payments came due. In addition, a capital asset was transferred for general government operations, in the amount of \$11,957.

NOTE 20 - INTERFUND TRANSFERS (continued)

The Water enterprise fund transferred \$33,015 to the Street and Sewer Improvement capital projects fund as debt payments came due. The Water enterprise fund also transferred capital assets, in the amount of \$124,711, to the Sewer enterprise fund.

The Sewer enterprise fund transferred \$33,015 to the Street and Sewer Improvement capital projects fund as debt payments came due.

The Refuse enterprise fund transferred \$33,015 to the Street and Sewer Improvement capital projects fund as debt payments came due.

NOTE 21 - INSURANCE POOLS

A. Ohio Government Risk Management Plan

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.

B. Ohio Rural Water Association Workers' Compensation Plan

The City participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Rural Water Association Workers' Compensation Plan is an insurance purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating members. Financial information may be obtained from the Ohio Rural Water Association Workers' Compensation Plan, 975 Linden Avenue, Zanesville, Ohio 43701.

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, 2005, to December 31, 2005, the City received state and federal 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.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

NOTE 23 - SUBSEQUENT EVENTS

On June 1, 2006, the City issued \$7,425,000 in sewer system improvement revenue bonds for constructing improvements to the sewer system. The bonds have interest rates ranging from 4 to 4.25 percent. The bonds were issued for a twenty year period and will be fully retired in 2026.

**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.

FEMA Fund

To account for monies received from the Department of Public Safety through the Public Assistance Grant Program for emergency management activities within the City.

Recreation Trust Fund

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

Rudd Park Trust Fund

To account for monies from the Wapakoneta Area Community Foundation to be used for Rudd Park.

(continued)

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.

Debt Service Fund

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

Downtown Debt Fund

To account for special assessments and transfers from the General 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.)

Issue II Fund

To account for grant resources and General Fund transfers used for various construction projects.

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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$772,207	\$293,364	\$321,432	\$1,387,003
Investments	1,056,237	0	0	1,056,237
Accounts Receivable	1,031	0	0	1,031
Due from Other Governments	231,087	0	0	231,087
Other Local Taxes Receivable	5,529	0	0	5,529
Interfund Receivable	0	8,616	0	8,616
Prepaid Items	5,756	0	0	5,756
Materials and Supplies Inventory	4,731	0	0	4,731
Accrued Interest Receivable	0	1,834	0	1,834
Property Taxes Receivable	106,333	0	0	106,333
Notes Receivable	564,500	0	0	564,500
Special Assessments Receivable	0	47,330	0	47,330
Total Assets	<u>\$2,747,411</u>	<u>\$351,144</u>	<u>\$321,432</u>	<u>\$3,419,987</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$7,621	\$0	\$0	\$7,621
Accounts Payable	13,085	0	0	13,085
Due to Other Governments	10,413	0	0	10,413
Deferred Revenue	300,317	49,164	0	349,481
Total Liabilities	<u>331,436</u>	<u>49,164</u>	<u>0</u>	<u>380,600</u>
<u>Fund Balance</u>				
Reserved for Notes Receivable	467,007	0	0	467,007
Reserved for Encumbrances	54,223	0	309,007	363,230
Unreserved, Reported in				
Special Revenue Funds	1,894,745	0	0	1,894,745
Debt Service Funds	0	301,980	0	301,980
Capital Projects Funds	0	0	12,425	12,425
Total Fund Balance	<u>2,415,975</u>	<u>301,980</u>	<u>321,432</u>	<u>3,039,387</u>
Total Liabilities and Fund Balance	<u>\$2,747,411</u>	<u>\$351,144</u>	<u>\$321,432</u>	<u>\$3,419,987</u>

City of Wapakoneta
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	Street Maintenance	State Highway	Motor Vehicle Permissive Tax	Community Block Grant	Recreation
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$136,940	\$16,948	\$370,868	\$88,775	\$151,463
Investments	0	0	0	0	1,034,637
Accounts Receivable	1,031	0	0	0	0
Due from Other Governments	197,699	16,011	0	0	17,217
Other Local Taxes Receivable	0	0	5,529	0	0
Prepaid Items	5,336	0	0	0	420
Materials and Supplies Inventory	3,454	0	0	0	1,277
Property Taxes Receivable	0	0	0	0	106,333
Notes Receivable	0	0	0	564,500	0
Total Assets	\$344,460	\$32,959	\$376,397	\$653,275	\$1,311,347
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$7,121	\$0	\$0	\$0	\$500
Accounts Payable	7,218	0	0	0	3,487
Due to Other Governments	9,789	0	0	0	624
Deferred Revenue	163,527	13,240	0	0	123,550
Total Liabilities	187,655	13,240	0	0	128,161
<u>Fund Balance</u>					
Reserved for Notes Receivable	0	0	0	467,007	0
Reserved for Encumbrances	4,085	0	0	0	50,138
Unreserved	152,720	19,719	376,397	186,268	1,133,048
Total Fund Balance	156,805	19,719	376,397	653,275	1,183,186
Total Liabilities and Fund Balance	\$344,460	\$32,959	\$376,397	\$653,275	\$1,311,347

<u>Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>Recreation Trust</u>	<u>Rudd Park Trust</u>	<u>Total</u>
\$1,103	\$3,066	\$2,721	\$0	\$323	\$772,207
0	0	0	21,600	0	1,056,237
0	0	0	0	0	1,031
0	160	0	0	0	231,087
0	0	0	0	0	5,529
0	0	0	0	0	5,756
0	0	0	0	0	4,731
0	0	0	0	0	106,333
0	0	0	0	0	564,500
<u>\$1,103</u>	<u>\$3,226</u>	<u>\$2,721</u>	<u>\$21,600</u>	<u>\$323</u>	<u>\$2,747,411</u>
\$0	\$0	\$0	\$0	\$0	\$7,621
0	2,380	0	0	0	13,085
0	0	0	0	0	10,413
0	0	0	0	0	300,317
0	2,380	0	0	0	331,436
0	0	0	0	0	467,007
0	0	0	0	0	54,223
1,103	846	2,721	21,600	323	1,894,745
1,103	846	2,721	21,600	323	2,415,975
<u>\$1,103</u>	<u>\$3,226</u>	<u>\$2,721</u>	<u>\$21,600</u>	<u>\$323</u>	<u>\$2,747,411</u>

City of Wapakoneta
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2005

	Debt Service	Downtown Debt	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$17,731	\$275,633	\$293,364
Interfund Receivable	\$8,616	0	8,616
Accrued Interest Receivable	1,834	0	1,834
Special Assessments Receivable	47,330	0	47,330
	<hr/>	<hr/>	<hr/>
Total Assets	\$75,511	\$275,633	\$351,144
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Deferred Revenue	\$49,164	\$0	\$49,164
	<hr/>	<hr/>	<hr/>
<u>Fund Balance</u>			
Unreserved	26,347	275,633	301,980
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$75,511	\$275,633	\$351,144
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Wapakoneta
Combining Statement of Revenues, Expenditures,
and Change in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$106,388	\$0	\$0	\$106,388
Other Local Taxes	72,614	0	0	72,614
Special Assessments	0	14,115	0	14,115
Charges for Services	25,108	0	0	25,108
Fees, Licenses, and Permits	350	0	0	350
Fines and Forfeitures	2,357	0	0	2,357
Intergovernmental	1,149,980	0	0	1,149,980
Interest	120,343	2,266	0	122,609
Gifts and Donations	25,290	0	0	25,290
Other	2,422	0	0	2,422
Total Revenues	1,504,852	16,381	0	1,521,233
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	2,380	0	0	2,380
Other	107,976	0	0	107,976
Leisure Time Activities	284,270	0	0	284,270
Community Environment	57,572	0	0	57,572
Transportation	858,345	0	0	858,345
Debt Service:				
Principal Retirement	7,266	225,280	0	232,546
Interest and Fiscal Charges	1,055	49,046	0	50,101
Total Expenditures	1,318,864	274,326	0	1,593,190
Excess of Revenues Over (Under) Expenditures	185,988	(257,945)	0	(71,957)
<u>Other Financing Sources</u>				
Transfers In	0	330,000	17,000	347,000
Change in Fund Balance	185,988	72,055	17,000	275,043
Fund Balance Beginning of Year	2,229,987	229,925	304,432	2,764,344
Fund Balance End of Year	<u>\$2,415,975</u>	<u>\$301,980</u>	<u>\$321,432</u>	<u>\$3,039,387</u>

City of Wapakoneta
Combining Statement of Revenues, Expenditures,
and Change in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Street Maintenance	State Highway	Motor Vehicle Permissive Tax	Community Block Grant	Recreation
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$0	\$106,388
Other Local Taxes	0	0	72,614	0	0
Charges for Services	25,108	0	0	0	0
Fees, Licenses, and Permits	0	0	0	0	350
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	394,193	31,962	43,782	543,189	28,878
Interest	2,481	1,772	13,539	21,174	81,377
Gifts and Donations	0	0	0	0	25,031
Other	2,409	0	0	0	13
Total Revenues	424,191	33,734	129,935	564,363	242,037
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	0
Other	0	0	0	0	0
Leisure Time Activities	0	0	0	0	284,190
Community Environment	0	0	0	57,572	0
Transportation	375,364	131,400	351,581	0	0
Debt Service:					
Principal Retirement	7,266	0	0	0	0
Interest and Fiscal Charges	1,055	0	0	0	0
Total Expenditures	383,685	131,400	351,581	57,572	284,190
Change in Fund Balance	40,506	(97,666)	(221,646)	506,791	(42,153)
Fund Balance Beginning of Year	116,299	117,385	598,043	146,484	1,225,339
Fund Balance End of Year	\$156,805	\$19,719	\$376,397	\$653,275	\$1,183,186

Law Enforcement	Enforcement and Education	Drug Law Enforcement	FEMA	Recreation Trust	Rudd Park Trust	Total
\$0	\$0	\$0	\$0	\$0	\$0	\$106,388
0	0	0	0	0	0	72,614
0	0	0	0	0	0	25,108
0	0	0	0	0	0	350
140	1,398	819	0	0	0	2,357
0	0	0	107,976	0	0	1,149,980
0	0	0	0	0	0	120,343
0	0	0	0	0	259	25,290
0	0	0	0	0	0	2,422
<u>140</u>	<u>1,398</u>	<u>819</u>	<u>107,976</u>	<u>0</u>	<u>259</u>	<u>1,504,852</u>
0	2,380	0	0	0	0	2,380
0	0	0	107,976	0	0	107,976
0	0	0	0	0	80	284,270
0	0	0	0	0	0	57,572
0	0	0	0	0	0	858,345
0	0	0	0	0	0	7,266
0	0	0	0	0	0	1,055
<u>0</u>	<u>2,380</u>	<u>0</u>	<u>107,976</u>	<u>0</u>	<u>80</u>	<u>1,318,864</u>
140	(982)	819	0	0	179	185,988
<u>963</u>	<u>1,828</u>	<u>1,902</u>	<u>0</u>	<u>21,600</u>	<u>144</u>	<u>2,229,987</u>
<u>\$1,103</u>	<u>\$846</u>	<u>\$2,721</u>	<u>\$0</u>	<u>\$21,600</u>	<u>\$323</u>	<u>\$2,415,975</u>

City of Wapakoneta
Combining Statement of Revenues, Expenditures,
and Change in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2005

	<u>Debt Service</u>	<u>Downtown Debt</u>	<u>Total</u>
<u>Revenues</u>			
Special Assessments	\$14,115	\$0	\$14,115
Interest	2,266	0	2,266
Total Revenues	<u>16,381</u>	<u>0</u>	<u>16,381</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	40,800	184,480	225,280
Interest and Fiscal Charges	6,946	42,100	49,046
Total Expenditures	<u>47,746</u>	<u>226,580</u>	<u>274,326</u>
Excess of Revenues Under Expenditures	(31,365)	(226,580)	(257,945)
<u>Other Financing Sources</u>			
Transfers In	<u>30,000</u>	<u>300,000</u>	<u>330,000</u>
Change in Fund Balance	(1,365)	73,420	72,055
Fund Balance Beginning of Year	<u>27,712</u>	<u>202,213</u>	<u>229,925</u>
Fund Balance End of Year	<u><u>\$26,347</u></u>	<u><u>\$275,633</u></u>	<u><u>\$301,980</u></u>

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, 2005

	Dependent Coverage	Police Auxiliary	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$988	\$23,648	\$24,636
<u>Liabilities</u>			
Deposits Held and Due to Others	\$988	\$0	\$988
Undistributed Assets	0	23,648	23,648
Total Liabilities	\$988	\$23,648	\$24,636

City of Wapakoneta
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2005

	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
<u>Dependent Coverage</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$717	\$131,339	\$131,068	\$988
<u>Liabilities</u>				
Deposits Held and Due to Others	\$717	\$131,339	\$131,068	\$988
<u>Police Auxiliary</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$24,315	\$16,242	\$16,909	\$23,648
<u>Liabilities</u>				
Undistributed Assets	\$24,315	\$16,242	\$16,909	\$23,648
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$25,032	\$147,581	\$147,977	\$24,636
<u>Liabilities</u>				
Deposits Held and Due to Others	\$717	\$131,339	\$131,068	\$988
Undistributed Assets	24,315	16,242	16,909	23,648
Total Liabilities	\$25,032	\$147,581	\$147,977	\$24,636

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

City of Wapakoneta
General Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<u>Revenues</u>				
Property Taxes	\$344,705	\$357,166	\$357,162	(\$4)
Municipal Income Taxes	2,075,000	2,080,775	2,134,161	53,386
Other Local Taxes	501,000	550,280	651,955	101,675
Charges for Services	197,600	265,065	296,365	31,300
Fees, Licenses, and Permits	47,800	51,490	51,897	407
Fines and Forfeitures	18,500	16,438	17,562	1,124
Intergovernmental	571,293	700,978	761,638	60,660
Interest	155,000	352,602	490,159	137,557
Gifts and Donations	5,500	8,021	7,791	(230)
Other	30,200	7,837	8,175	338
Total Revenues	3,946,598	4,390,652	4,776,865	386,213
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police Department				
Personal Services	1,074,600	1,049,600	1,026,241	23,359
Contractual Services	124,949	147,819	133,524	14,295
Materials and Supplies	19,017	21,677	18,641	3,036
Capital Outlay	42,120	42,120	30,835	11,285
Total Police Department	1,260,686	1,261,216	1,209,241	51,975
Fire Department				
Personal Services	1,010,040	1,010,040	1,011,753	(1,713)
Contractual Services	53,526	64,049	56,909	7,140
Materials and Supplies	55,755	84,232	52,201	32,031
Capital Outlay	104,015	93,015	88,888	4,127
Total Fire Department	1,223,336	1,251,336	1,209,751	41,585
Safety Director				
Personal Services	4,600	4,600	4,247	353
Contractual Services	7,100	7,100	6,975	125
Materials and Supplies	530	0	0	0
Total Safety Director	12,230	11,700	11,222	478
Total Security of Persons and Property	2,496,252	2,524,252	2,430,214	94,038

(continued)

City of Wapakoneta
General Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Public Health				
Emergency Medical				
Personal Services	\$161,415	\$161,415	\$126,654	\$34,761
Contractual Services	55,171	65,971	54,917	11,054
Materials and Supplies	12,696	10,896	7,939	2,957
Capital Outlay	29,850	27,850	25,533	2,317
Other	300	300	0	300
Total Emergency Medical	<u>259,432</u>	<u>266,432</u>	<u>215,043</u>	<u>51,389</u>
Miscellaneous				
Contractual Services	3,000	3,000	604	2,396
Capital Outlay	26,400	26,400	3,608	22,792
Total Miscellaneous	<u>29,400</u>	<u>29,400</u>	<u>4,212</u>	<u>25,188</u>
Total Public Health	<u>288,832</u>	<u>295,832</u>	<u>219,255</u>	<u>76,577</u>
Community Environment				
Boards and Commissions				
Contractual Services	63,804	63,804	52,739	11,065
Materials and Supplies	19,492	19,492	9,122	10,370
Capital Outlay	30,000	30,000	2,700	27,300
Total Community Environment	<u>113,296</u>	<u>113,296</u>	<u>64,561</u>	<u>48,735</u>
General Government				
Council				
Personal Services	37,000	37,000	36,900	100
Materials and Supplies	10,035	10,035	7,687	2,348
Total Council	<u>47,035</u>	<u>47,035</u>	<u>44,587</u>	<u>2,448</u>
Clerk of Council				
Personal Services	3,200	3,200	3,200	0
Contractual Services	5,275	5,275	3,405	1,870
Materials and Supplies	100	100	12	88
Total Clerk of Council	<u>8,575</u>	<u>8,575</u>	<u>6,617</u>	<u>1,958</u>
Administrative				
Personal Services	76,300	76,300	67,345	8,955
Contractual Services	34,200	52,154	51,757	397
Materials and Supplies	44,631	43,677	39,844	3,833
Capital Outlay	1,000	8,112	998	7,114
Total Administrative	<u>156,131</u>	<u>180,243</u>	<u>159,944</u>	<u>20,299</u>

(continued)

City of Wapakoneta
General Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Finance				
Personal Services	\$26,500	\$27,000	\$27,000	\$0
Contractual Services	56,678	56,003	51,600	4,403
Materials and Supplies	1,200	1,375	1,045	330
Total Finance	84,378	84,378	79,645	4,733
Income Tax				
Personal Services	49,000	49,000	40,172	8,828
Contractual Services	7,414	7,734	6,791	943
Materials and Supplies	21,918	21,598	15,460	6,138
Capital Outlay	1,600	1,600	639	961
Other	219,800	164,800	58,229	106,571
Total Income Tax	299,732	244,732	121,291	123,441
Law Director				
Personal Services	20,000	20,000	20,000	0
Contractual Services	900	800	0	800
Materials and Supplies	300	400	335	65
Total Law Director	21,200	21,200	20,335	865
Civil Service				
Personal Services	1,100	1,100	1,000	100
Materials and Supplies	1,000	4,000	1,061	2,939
Total Civil Service	2,100	5,100	2,061	3,039
Elections				
Contractual Services	2,500	2,500	501	1,999
Auglaize County				
Contractual Services	20,100	20,100	5,249	14,851
Administrative Support				
Other	6,800	6,800	164	6,636
Total General Government	648,551	620,663	440,394	180,269
Total Expenditures	3,546,931	3,554,043	3,154,424	399,619
Excess of Revenues Over Expenditures	399,667	836,609	1,622,441	785,832

(continued)

City of Wapakoneta
General Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<u>Other Financing Sources (Uses)</u>				
Advances In	\$0	\$21,500	\$21,500	\$0
Advances Out	(33,000)	(33,000)	0	33,000
Transfers Out	(912,000)	(912,000)	(897,000)	15,000
Total Other Financing Sources (Uses)	<u>(945,000)</u>	<u>(923,500)</u>	<u>(875,500)</u>	<u>48,000</u>
Change in Fund Balance	(545,333)	(86,891)	746,941	833,832
Fund Balance Beginning of Year	732,373	732,373	732,373	0
Prior Year Encumbrances Appropriated	<u>50,302</u>	<u>50,302</u>	<u>50,302</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$237,342</u></u>	<u><u>\$695,784</u></u>	<u><u>\$1,529,616</u></u>	<u><u>\$833,832</u></u>

City of Wapakoneta
Street and Sewer Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$133,904	\$136,301	\$2,397
Interest	6,106	6,106	0
Total Revenues	<u>140,010</u>	<u>142,407</u>	<u>2,397</u>
<u>Expenditures</u>			
Current:			
Transportation			
Street and Sewer Improvement			
Contractual Services	75,000	67,988	7,012
Capital Outlay	478,112	296,398	181,714
Total Transportation	<u>553,112</u>	<u>364,386</u>	<u>188,726</u>
Debt Service:			
Principal Retirement	91,800	91,800	0
Interest and Fiscal Charges	12,700	12,045	655
Total Debt Service	<u>104,500</u>	<u>103,845</u>	<u>655</u>
Total Expenditures	<u>657,612</u>	<u>468,231</u>	<u>189,381</u>
Excess of Revenues Under Expenditures	(517,602)	(325,824)	191,778
<u>Other Financing Sources</u>			
Transfers In	21,000	21,000	0
Change in Fund Balance	(496,602)	(304,824)	191,778
Fund Balance Beginning of Year	526,848	526,848	0
Prior Year Encumbrances Appropriated	255,612	255,612	0
Fund Balance End of Year	<u>\$285,858</u>	<u>\$477,636</u>	<u>\$191,778</u>

City of Wapakoneta
Electric Enterprise Fund

Schedule of Revenues, Expenses,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$7,528,350	\$7,622,235	\$93,885
Other Local Taxes	285,000	56,071	(228,929)
Utility Deposits	25,000	7,177	(17,823)
Sale of Capital Assets	3,257	3,257	0
Other	21,215	27,431	6,216
Total Revenues	7,862,822	7,716,171	(146,651)
<u>Expenses</u>			
Personal Services	831,150	721,256	109,894
Contractual Services	6,562,273	6,245,788	316,485
Materials and Supplies	475,360	381,263	94,097
Capital Outlay	1,956,580	329,530	1,627,050
Utility Refunds	25,000	13,640	11,360
Other	9,378,318	78,550	9,299,768
Debt Service:			
Principal Retirement	26,000	25,680	320
Interest Expense	9,000	7,334	1,666
Total Expenses	19,263,681	7,803,041	11,460,640
Excess of Revenues Under Expenses	(11,400,859)	(86,870)	11,313,989
Transfers In	529,000	529,000	0
Change in Fund Balance	(10,871,859)	442,130	11,313,989
Fund Balance Beginning of Year	10,654,727	10,654,727	0
Prior Year Encumbrances Appropriated	608,881	608,881	0
Fund Balance End of Year	\$391,749	\$11,705,738	\$11,313,989

City of Wapakoneta
Water Enterprise Fund

Schedule of Revenues, Expenses,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$1,224,383	\$1,289,040	\$64,657
Proceeds of Bond Anticipation Notes	2,732,024	2,732,024	0
Other	3,630	6,336	2,706
	<u>3,960,037</u>	<u>4,027,400</u>	<u>67,363</u>
<u>Expenses</u>			
Personal Services	275,900	256,923	18,977
Contractual Services	247,175	176,983	70,192
Materials and Supplies	341,273	287,195	54,078
Capital Outlay	673,583	502,707	170,876
Other	181,500	0	181,500
Debt Service:			
Principal Retirement	3,126,028	3,074,742	51,286
Interest Expense	113,472	78,424	35,048
	<u>4,958,931</u>	<u>4,376,974</u>	<u>581,957</u>
Change in Fund Balance	(998,894)	(349,574)	649,320
Fund Balance Beginning of Year	882,950	882,950	0
Prior Year Encumbrances Appropriated	494,930	494,930	0
Fund Balance End of Year	<u>\$378,986</u>	<u>\$1,028,306</u>	<u>\$649,320</u>

City of Wapakoneta
Sewer Enterprise Fund

Schedule of Revenues, Expenses,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$1,770,577	\$1,805,543	\$34,966
Licenses and Permits	50	50	0
Proceeds of Bond Anticipation Notes	6,829,400	6,656,376	(173,024)
Sale of Capital Assets	500	0	(500)
Interest	18,930	10,904	(8,026)
Other	27,203	26,585	(618)
Total Revenues	8,646,660	8,499,458	(147,202)
<u>Expenses</u>			
Personal Services	578,813	548,208	30,605
Contractual Services	413,024	334,347	78,677
Materials and Supplies	188,031	160,877	27,154
Capital Outlay	995,089	502,552	492,537
Other	439,700	5,201	434,499
Debt Service:			
Principal Retirement	6,597,471	6,257,715	339,756
Interest Expense	318,573	306,844	11,729
Total Expenses	9,530,701	8,115,744	1,414,957
Change in Fund Balance	(884,041)	383,714	1,267,755
Fund Balance Beginning of Year	992,214	992,214	0
Prior Year Encumbrances Appropriated	447,902	447,902	0
Fund Balance End of Year	\$556,075	\$1,823,830	\$1,267,755

City of Wapakoneta
Storm Sewer Enterprise Fund

Schedule of Revenues, Expenses,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$150,000	\$153,979	\$3,979
Other	7,078	7,078	0
	<u>157,078</u>	<u>161,057</u>	<u>3,979</u>
<u>Expenses</u>			
Contractual Services	28,320	21,294	7,026
Materials and Supplies	14,193	5,501	8,692
Capital Outlay	441,384	61,951	379,433
	<u>483,897</u>	<u>88,746</u>	<u>395,151</u>
Change in Fund Balance	(326,819)	72,311	399,130
Fund Balance Beginning of Year	288,388	288,388	0
Prior Year Encumbrances Appropriated	<u>45,897</u>	<u>45,897</u>	<u>0</u>
Fund Balance End of Year	<u>\$7,466</u>	<u>\$406,596</u>	<u>\$399,130</u>

City of Wapakoneta
Refuse Enterprise Fund

Schedule of Revenues, Expenses,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$817,553	\$912,146	\$94,593
Sale of Capital Assets	2,682	2,682	0
Other	3,224	3,224	0
Total Revenues	823,459	918,052	94,593
<u>Expenses</u>			
Personal Services	352,100	340,785	11,315
Contractual Services	686,382	483,452	202,930
Materials and Supplies	69,148	53,654	15,494
Capital Outlay	114,000	85,314	28,686
Other	279,500	0	279,500
Debt Service:			
Principal Retirement	46,000	45,880	120
Interest Expense	12,000	11,262	738
Total Expenses	1,559,130	1,020,347	538,783
Total of Revenues Under Expenses	(735,671)	(102,295)	633,376
Advances In	66,000	0	(66,000)
Change in Fund Balance	(669,671)	(102,295)	567,376
Fund Balance Beginning of Year	626,801	626,801	0
Prior Year Encumbrances Appropriated	52,330	52,330	0
Fund Balance End of Year	\$9,460	\$576,836	\$567,376

City of Wapakoneta
Street Maintenance Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$19,630	\$24,680	\$5,050
Intergovernmental	368,500	392,750	24,250
Interest	1,750	2,481	731
Other	1,110	2,409	1,299
Total Revenues	390,990	422,320	31,330
<u>Expenditures</u>			
Current:			
Transportation			
Street Maintenance			
Personal Services	261,050	259,777	1,273
Contractual Services	85,815	64,605	21,210
Materials and Supplies	76,217	66,969	9,248
Capital Outlay	31,225	0	31,225
Other	650	0	650
Total Expenditures	454,957	391,351	63,606
Change in Fund Balance	(63,967)	30,969	94,936
Fund Balance Beginning of Year	65,051	65,051	0
Prior Year Encumbrances Appropriated	25,056	25,056	0
Fund Balance End of Year	\$26,140	\$121,076	\$94,936

City of Wapakoneta
State Highway Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$27,820	\$31,845	\$4,025
Interest	1,615	1,772	157
	<u>29,435</u>	<u>33,617</u>	<u>4,182</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway			
Contractual Services	7,500	0	7,500
Capital Outlay	131,400	131,400	0
	<u>138,900</u>	<u>131,400</u>	<u>7,500</u>
Total Expenditures	<u>138,900</u>	<u>131,400</u>	<u>7,500</u>
Change in Fund Balance	(109,465)	(97,783)	11,682
Fund Balance Beginning of Year	<u>114,731</u>	<u>114,731</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$5,266</u></u>	<u><u>\$16,948</u></u>	<u><u>\$11,682</u></u>

City of Wapakoneta
Motor Vehicle Permissive Tax Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$62,500	\$72,564	\$10,064
Intergovernmental	51,780	43,782	(7,998)
Interest	11,220	13,539	2,319
	<u>125,500</u>	<u>129,885</u>	<u>4,385</u>
<u>Expenditures</u>			
Current:			
Transportation			
Motor Vehicle Permissive Tax			
Contractual Services	25,000	10,000	15,000
Capital Outlay	375,000	341,581	33,419
Other	305,500	0	305,500
	<u>705,500</u>	<u>351,581</u>	<u>353,919</u>
Total Expenditures	<u>705,500</u>	<u>351,581</u>	<u>353,919</u>
Change in Fund Balance	(580,000)	(221,696)	358,304
Fund Balance Beginning of Year	<u>592,564</u>	<u>592,564</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$12,564</u></u>	<u><u>\$370,868</u></u>	<u><u>\$358,304</u></u>

City of Wapakoneta
Community Block Grant Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$588,189	\$588,189	\$0
Interest	4,710	4,680	(30)
Revolving Loan Payments	82,900	80,982	(1,918)
	<u>675,799</u>	<u>673,851</u>	<u>(1,948)</u>
<u>Expenditures</u>			
Current:			
Community Environment			
Community Block Grant			
Contractual Services	665,855	617,927	47,928
Materials and Supplies	200	0	200
	<u>666,055</u>	<u>617,927</u>	<u>48,128</u>
Total Expenditures	<u>666,055</u>	<u>617,927</u>	<u>48,128</u>
Change in Fund Balance	9,744	55,924	46,180
Fund Balance Beginning of Year	32,496	32,496	0
Prior Year Encumbrances Appropriated	355	355	0
Fund Balance End of Year	<u>\$42,595</u>	<u>\$88,775</u>	<u>\$46,180</u>

City of Wapakoneta
Recreation Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$106,421	\$106,388	(\$33)
Fees, Licenses, and Permits	350	350	0
Intergovernmental	43,419	28,878	(14,541)
Interest	50,000	49,861	(139)
Gifts and Donations	24,980	25,031	51
Other	0	13	13
Total Revenues	225,170	210,521	(14,649)
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Recreation			
Personal Services	58,800	53,116	5,684
Contractual Services	60,343	55,139	5,204
Materials and Supplies	27,734	21,561	6,173
Capital Outlay	252,600	206,754	45,846
Total Expenditures	399,477	336,570	62,907
Change in Fund Balance	(174,307)	(126,049)	48,258
Fund Balance Beginning of Year	219,910	219,910	0
Prior Year Encumbrances Appropriated	3,977	3,977	0
Fund Balance End of Year	\$49,580	\$97,838	\$48,258

City of Wapakoneta
Law Enforcement Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$300	\$175	(\$125)
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Law Enforcement			
Materials and Supplies	1,150	0	1,150
Change in Fund Balance	(850)	175	1,025
Fund Balance Beginning of Year	928	928	0
Fund Balance End of Year	\$78	\$1,103	\$1,025

City of Wapakoneta
Enforcement and Education Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$1,800	\$1,438	(\$362)
<u>Expenditures</u>			
Current:			
Security of Persons and Property Enforcement and Education Materials and Supplies	3,000	2,380	620
Change in Fund Balance	(1,200)	(942)	258
Fund Balance Beginning of Year	1,628	1,628	0
Fund Balance End of Year	\$428	\$686	\$258

City of Wapakoneta
Drug Law Enforcement Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$600	\$859	\$259
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Drug Law Enforcement			
Materials and Supplies	2,300	0	2,300
Change in Fund Balance	(1,700)	859	2,559
Fund Balance Beginning of Year	1,862	1,862	0
Fund Balance End of Year	\$162	\$2,721	\$2,559

City of Wapakoneta
FEMA Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$107,976	\$107,976	\$0
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
FEMA			
Personal Services	31,313	31,313	0
Contractual Services	25,378	25,378	0
Materials and Supplies	2,696	2,696	0
Capital Outlay	48,589	48,589	0
Total Expenditures	107,976	107,976	0
Change in Fund Balance	0	0	0
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

City of Wapakoneta
Recreation Trust Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0
<u>Expenditures</u>	0	0	0
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
Rudd Park Trust Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Gifts and Donations	\$259	\$259	\$0
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Rudd Park			
Materials and Supplies	344	80	264
Change in Fund Balance	(85)	179	264
Fund Balance Beginning of Year	144	144	0
Fund Balance End of Year	\$59	\$323	\$264

City of Wapakoneta
Debt Service Debt Service Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Special Assessments	\$6,691	\$6,691	\$0
Interest	1,074	1,074	0
	<u>7,765</u>	<u>7,765</u>	<u>0</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	41,000	40,800	200
Interest and Fiscal Charges	8,100	6,946	1,154
	<u>49,100</u>	<u>47,746</u>	<u>1,354</u>
Excess of Revenues			
Under Expenditures	(41,335)	(39,981)	1,354
<u>Other Financing Sources</u>			
Transfers In	30,000	30,000	0
Change in Fund Balance	(11,335)	(9,981)	1,354
Fund Balance Beginning of Year	<u>27,712</u>	<u>27,712</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$16,377</u></u>	<u><u>\$17,731</u></u>	<u><u>\$1,354</u></u>

City of Wapakoneta
Downtown Debt Debt Service Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	186,000	184,480	1,520
Interest and Fiscal Charges	44,000	42,100	1,900
Total Expenditures	<u>230,000</u>	<u>226,580</u>	<u>3,420</u>
Excess of Revenues Under Expenditures	(230,000)	(226,580)	3,420
<u>Other Financing Sources</u>			
Transfers In	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Change in Fund Balance	70,000	73,420	3,420
Fund Balance Beginning of Year	<u>202,213</u>	<u>202,213</u>	<u>0</u>
Fund Balance End of Year	<u>\$272,213</u>	<u>\$275,633</u>	<u>\$3,420</u>

City of Wapakoneta
Issue II Capital Projects Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$21,496	\$21,496	\$0
<u>Expenditures</u>	0	0	0
Excess of Revenues Over Expenditures	21,496	21,496	0
<u>Other Financing Uses</u>			
Advances Out	(21,500)	(21,500)	0
Change in Fund Balance	(4)	(4)	0
Fund Balance Beginning of Year	4	4	0
Fund Balance End of Year	\$0	\$0	\$0

City of Wapakoneta
Capital Fire Truck Capital Projects Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Capital Outlay	321,400	309,007	12,393
Excess of Revenues			
Under Expenditures	(321,400)	(309,007)	12,393
<u>Other Financing Sources</u>			
Transfers In	17,000	17,000	0
Change in Fund Balance	(304,400)	(292,007)	12,393
Fund Balance Beginning of Year	304,432	304,432	0
Fund Balance End of Year	<u>\$32</u>	<u>\$12,425</u>	<u>\$12,393</u>

City of Wapakoneta
Engineering Internal Service Fund

Schedule of Revenues, Expenses,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2005

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$195,000	\$195,048	\$48
Fees, Licenses, and Permits	12,170	15,476	3,306
Other	1,524	982	(542)
Total Revenues	208,694	211,506	2,812
<u>Expenses</u>			
Personal Services	182,900	177,796	5,104
Contractual Services	16,074	13,138	2,936
Materials and Supplies	20,136	16,028	4,108
Capital Outlay	5,200	2,669	2,531
Other	58,600	242	58,358
Total Expenses	282,910	209,873	73,037
Change in Fund Balance	(74,216)	1,633	75,849
Fund Balance Beginning of Year	114,722	114,722	0
Prior Year Encumbrances Appropriated	2,010	2,010	0
Fund Balance End of Year	\$42,516	\$118,365	\$75,849

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SCHEDULES OF CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

City of Wapakoneta

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Program and Department
 December 31, 2005

Program/Department	Total	Land	Construction in Progress	Land Improvements	Buildings
Security of Persons and Property					
Police	\$1,321,945	\$46,702	\$0	\$0	\$1,057,574
Fire	1,492,743	46,702	0	0	468,679
Total Security of Persons and Property	2,814,688	93,404	0	0	1,526,253
Public Health					
Emergency Medical	587,073	0	0	0	342,156
Leisure Time Activities					
Recreation	805,940	63,300	21,500	404,894	236,085
Transportation					
Street	23,759,141	32,860	0	0	89,450
General Government					
City Offices	1,204,927	0	0	0	1,088,679
Total General Capital Assets Allocated to Programs	<u>\$29,171,769</u>	<u>\$189,564</u>	<u>\$21,500</u>	<u>\$404,894</u>	<u>\$3,282,623</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. The capital assets of the internal service fund are included as part of governmental activities on the statement of net assets.

<u>Equipment</u>	<u>Vehicles</u>	<u>Streets</u>
\$62,372	\$155,297	\$0
133,344	844,018	0
195,716	999,315	0
0	244,917	0
80,161	0	0
58,510	644,838	22,933,483
78,212	38,036	0
<u>\$412,599</u>	<u>\$1,927,106</u>	<u>\$22,933,483</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, 2005

Program/Department	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
Security of Persons and Property				
Police	\$1,321,945	\$0	\$0	\$1,321,945
Fire	1,423,227	69,516	0	1,492,743
Total Security of Persons and Property	2,745,172	69,516	0	2,814,688
Public Health				
Emergency Medical	587,073	0	0	587,073
Leisure Time Activities				
Recreation	720,118	85,822	0	805,940
Transportation				
Street	23,659,943	424,811	325,613	23,759,141
General Government				
City Offices	1,183,199	21,728	0	1,204,927
Total General Capital Assets Allocated to Programs	<u>\$28,895,505</u>	<u>\$601,877</u>	<u>\$325,613</u>	<u>\$29,171,769</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. The capital assets of the internal service fund are included as part of governmental activities on the statement of net assets.

City of Wapakoneta

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Source
 December 31, 2005

	<u>Amounts</u>
<u>Governmental Funds Capital Assets</u>	
Land	\$189,564
Construction in Progress	21,500
Land Improvements	404,894
Buildings	3,282,623
Equipment	412,599
Vehicles	1,927,106
Streets	<u>22,933,483</u>
Total Capital Assets	<u><u>\$29,171,769</u></u>
 <u>Investment in Governmental Funds Capital Assets</u>	
General Fund	\$2,695,969
Special Revenue Funds	1,456,929
Capital Projects Funds	1,036,725
Enterprise Funds	2,446,397
General Capital Assets Acquired Prior to 1986	<u>21,535,749</u>
Total Investment in Capital Assets	<u><u>\$29,171,769</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. The capital assets of the internal service fund are included as part of governmental activities on the statement of net assets.

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Statistical Section

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

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City of Wapakoneta
Net Assets
Last Four Years
(Accrual Basis of Accounting)

	2005	2004	2003	2002
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$14,957,082	\$14,695,619	\$14,325,984	\$14,289,011
Restricted for				
Debt Service	344,370	550,261	555,349	526,506
Capital Projects	842,208	816,352	1,469,441	670,264
Other Purposes	2,557,353	2,352,316	2,002,016	1,975,374
Unrestricted	2,471,796	1,874,180	1,184,646	1,501,892
Total Governmental Activities Net Assets	\$21,172,809	\$20,288,728	\$19,537,436	\$18,963,047
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	\$18,859,104	\$18,380,759	\$18,897,701	\$18,717,036
Restricted	355,195	396,777	413,447	243,745
Unrestricted	16,125,101	14,648,742	12,696,857	11,411,235
Total Business-Type Activities Net Assets	\$35,339,400	\$33,426,278	\$32,008,005	\$30,372,016
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$33,816,186	\$33,076,378	\$33,223,685	\$33,006,047
Restricted	4,099,126	4,115,706	4,440,253	3,415,889
Unrestricted	18,596,897	16,522,922	13,881,503	12,913,127
Total Primary Government Net Assets	\$56,512,209	\$53,715,006	\$51,545,441	\$49,335,063

City of Wapakoneta
Change in Net Assets
Last Four Years
(Accrual Basis of Accounting)

	2005	2004	2003	2002
<u>Expenses</u>				
Governmental Activities				
Security of Persons and Property				
Police	\$1,221,018	\$1,145,709	\$1,142,760	\$1,070,085
Fire	1,182,460	1,166,485	1,011,846	1,009,275
Other	119,623	20,226	56,884	70,022
Public Health	212,986	226,206	222,529	199,262
Leisure Time Activities	223,249	165,540	161,832	134,702
Community Environment	120,691	62,593	99,744	86,357
Transportation	1,439,048	1,596,994	937,128	1,130,944
General Government	434,292	390,067	441,101	319,163
Interest and Fiscal Charges	103,670	120,857	203,770	169,643
Total Governmental Activities Expenses	<u>5,057,037</u>	<u>4,894,677</u>	<u>4,277,594</u>	<u>4,189,453</u>
Business-Type Activities				
Electric	7,035,506	6,772,154	6,718,403	6,318,919
Water	813,587	1,196,319	1,072,455	1,131,496
Sewer	1,736,226	1,540,649	1,426,900	1,392,847
Storm Sewer	102,578	147,612	71,095	223,165
Refuse	872,598	766,336	857,056	809,936
Total Business-Type Activities Expenses	<u>10,560,495</u>	<u>10,423,070</u>	<u>10,145,909</u>	<u>9,876,363</u>
Total Primary Government Expenses	<u>\$15,617,532</u>	<u>\$15,317,747</u>	<u>\$14,423,503</u>	<u>\$14,065,816</u>
<u>Program Revenues</u>				
Governmental Activities				
Charges for Services				
Security of Persons and Property				
Police	\$7,352	\$9,314	\$6,203	\$4,981
Fire	38,084	37,657	41,073	40,655
Public Health	295,465	181,748	180,201	188,157
Leisure Time Activities	350	1,130	0	0
Transportation	322,510	241,842	170,253	211,536
General Government	26,651	35,148	30,855	39,593
Total Charges for Services	<u>690,412</u>	<u>506,839</u>	<u>428,585</u>	<u>484,922</u>
Operating Grants, Contributions, and Interest	1,263,577	778,158	604,227	463,262
Capital Grants and Contributions	29,847	512,480	384,169	0
Total Governmental Activities Program Revenues	<u>1,983,836</u>	<u>1,797,477</u>	<u>1,416,981</u>	<u>948,184</u>
Business-Type Activities				
Charges for Services				
Electric	7,785,644	7,250,248	7,250,893	7,352,151
Water	1,312,634	1,210,189	1,155,879	1,185,685
Sewer	1,827,371	1,799,788	1,677,186	1,486,318
Storm Sewer	154,160	151,128	149,247	147,618
Refuse	924,455	890,986	902,553	884,524
Total Charges for Services	<u>12,004,264</u>	<u>11,302,339</u>	<u>11,135,758</u>	<u>11,056,296</u>
Capital Grants and Contributions	0	155,203	50,000	0
Total Business-Type Activities Program Revenues	<u>12,004,264</u>	<u>11,457,542</u>	<u>11,185,758</u>	<u>11,056,296</u>
Total Primary Government Program Revenues	<u>\$13,988,100</u>	<u>\$13,255,019</u>	<u>\$12,602,739</u>	<u>\$12,004,480</u>
<u>Net (Expense) Revenue</u>				
Governmental Activities	(\$3,073,201)	(\$3,097,200)	(\$2,860,613)	(\$3,241,269)
Business-Type Activities	1,443,769	1,034,472	1,039,849	1,179,933
Total Primary Government Net Expense	<u>(\$1,629,432)</u>	<u>(\$2,062,728)</u>	<u>(\$1,820,764)</u>	<u>(\$2,061,336)</u>

(continued)

City of Wapakoneta
Change in Net Assets
Last Four Years
(continued)
(Accrual Basis of Accounting)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>General Revenues and Other Changes in Net Assets</u>				
Governmental Activities				
Property Taxes Levied for General Purposes	\$356,201	\$343,628	\$349,783	\$334,631
Property Taxes Levied for Recreation	105,934	102,350	104,731	103,501
Municipal Income Taxes	2,136,920	2,118,637	2,004,839	1,970,435
Other Local Taxes	656,921	639,180	641,975	673,523
Grants and Entitlements not Restricted to Specific Programs	483,500	653,985	515,817	554,922
Franchise Taxes	39,650	37,741	57,486	40,210
Interest	546,259	236,441	260,864	310,150
Gifts and Donations	7,791	17,348	22,090	0
Other	9,090	24,438	32,297	13,384
Transfers	<u>(384,984)</u>	<u>(325,256)</u>	<u>(554,880)</u>	<u>(1,149,664)</u>
Total Governmental Activities	<u>3,957,282</u>	<u>3,848,492</u>	<u>3,435,002</u>	<u>2,851,092</u>
Business-Type Activities				
Interest	10,904	30,482	2,001	4,937
Other	73,465	28,063	39,259	297,796
Transfers	<u>384,984</u>	<u>325,256</u>	<u>554,880</u>	<u>1,149,664</u>
Total Business-Type Activities	<u>469,353</u>	<u>383,801</u>	<u>596,140</u>	<u>1,452,397</u>
Total Primary Government	<u>\$4,426,635</u>	<u>\$4,232,293</u>	<u>\$4,031,142</u>	<u>\$4,303,489</u>
<u>Change in Net Assets</u>				
Governmental Activities	\$884,081	\$751,292	\$574,389	(\$390,177)
Business-Type Activities	<u>1,913,122</u>	<u>1,418,273</u>	<u>1,635,989</u>	<u>2,632,330</u>
Total Primary Government Change in Net Assets	<u>\$2,797,203</u>	<u>\$2,169,565</u>	<u>\$2,210,378</u>	<u>\$2,242,153</u>

City of Wapakoneta
Fund Balance
Governmental Funds
Last Four Years
(Modified Accrual Basis of Accounting)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund				
Reserved	\$40,641	\$38,253	\$59,165	\$273,285
Unreserved	<u>1,731,727</u>	<u>899,035</u>	<u>690,012</u>	<u>965,471</u>
Total General Fund	<u>1,772,368</u>	<u>937,288</u>	<u>749,177</u>	<u>1,238,756</u>
All Other Governmental Funds				
Reserved	841,079	298,187	142,587	191,622
Unreserved, Reported in				
Special Revenue Funds	1,894,745	2,175,390	1,805,603	1,681,597
Debt Service Funds	301,980	229,925	161,129	118,215
Capital Projects Funds	<u>478,067</u>	<u>831,123</u>	<u>1,364,097</u>	<u>628,285</u>
Total All Other Governmental Funds	<u>3,515,871</u>	<u>3,534,625</u>	<u>3,473,416</u>	<u>2,619,719</u>
Total Governmental Funds	<u><u>\$5,288,239</u></u>	<u><u>\$4,471,913</u></u>	<u><u>\$4,222,593</u></u>	<u><u>\$3,858,475</u></u>

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City of Wapakoneta
Change in Fund Balance
Governmental Funds
Last Four Years
(Modified Accrual Basis of Accounting)

	2005	2004	2003	2002
<u>Revenues</u>				
Property Taxes	\$463,550	\$450,912	\$449,601	\$437,305
Municipal Income Taxes	2,155,844	2,064,190	2,031,494	1,986,327
Other Local Taxes	729,535	712,250	714,371	675,548
Special Assessments	141,800	110,523	122,025	151,789
Charges for Services	314,313	282,566	272,376	232,494
Fees, Licenses, and Permits	53,014	54,022	44,452	51,123
Fines and Forfeitures	19,469	28,312	25,471	30,010
Intergovernmental	1,932,243	1,319,319	1,202,606	974,282
Interest	622,515	497,487	304,393	375,824
Gifts and Donations	33,081	35,090	105,535	46,921
Other	9,443	24,085	30,794	13,384
Total Revenues	6,474,807	5,578,756	5,303,118	4,975,007
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,184,347	1,115,067	1,175,836	1,071,413
Fire	1,201,714	1,127,628	995,116	972,477
Other	119,204	20,343	56,880	73,680
Public Health	188,684	204,721	315,559	187,207
Leisure Time Activities	284,270	140,660	249,335	135,161
Community Environment	121,393	133,654	134,590	93,989
Transportation	1,203,088	1,395,155	995,578	1,061,111
General Government	416,606	374,390	426,549	322,148
Debt Service:				
Principal Retirement	448,060	431,989	3,020,000	280,000
Interest and Fiscal Charges	94,174	118,485	306,967	147,511
Total Expenditures	5,261,540	5,062,092	7,676,410	4,344,697
Excess of Revenues Over (Under) Expenditures	1,213,267	516,664	(2,373,292)	630,310
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	0	0	1,510	0
Capital Loans Issued	0	0	145,000	0
General Obligation Bonds Issued	0	0	288,400	0
General Obligation Refunding Bonds Issued	0	0	2,836,000	0
Transfers In	500,059	876,428	1,225,000	977,138
Transfers Out	(897,000)	(1,143,772)	(1,758,500)	(2,130,908)
Total Other Financing Sources (Uses)	(396,941)	(267,344)	2,737,410	(1,153,770)
Change in Fund Balance	\$816,326	\$249,320	\$364,118	(\$523,460)
Debt Service as a Percentage of Noncapital Expenditures	11.61%	11.90%	48.13%	10.91%

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

Year	Real Property				Public Utility Personal Property		
	Assessed Value		Public Utility	Total Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial					
2005	\$85,608,830	\$33,803,110	\$76,420	\$119,488,360	\$341,395,314	\$3,715,910	\$4,222,625
2004	84,027,250	33,452,810	75,780	117,555,840	335,873,829	3,816,660	4,337,114
2003	82,548,700	33,025,070	74,390	115,648,160	330,423,314	3,954,800	4,494,091
2002	76,609,370	32,569,640	71,520	109,250,530	312,144,371	4,045,290	4,596,920
2001	74,844,900	33,066,020	73,910	107,984,830	308,528,086	4,711,420	5,353,886
2000	72,754,680	32,587,890	87,770	105,430,340	301,229,543	3,802,580	4,321,114
1999	60,169,690	28,788,710	65,400	89,023,800	254,353,714	4,623,490	5,253,966
1998	58,485,680	27,131,710	60,100	85,677,490	244,792,830	4,781,650	5,433,690
1997	57,706,770	26,494,870	54,430	84,256,070	240,731,629	4,347,540	4,940,386
1996	50,218,000	25,357,637	53,563	75,629,200	216,083,428	4,414,810	5,016,830

Source: Auglaize County Auditor

Note: Weighted average tax rate for 1996 unavailable.

Tangible Personal Property		Total		Weighted Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$14,938,545	\$59,754,180	\$138,142,815	\$405,372,119	\$3.55
21,012,884	84,051,536	142,385,384	424,262,479	3.56
22,326,522	89,306,088	141,929,482	424,223,493	3.56
22,437,024	89,748,096	135,732,844	406,489,387	3.59
25,315,900	101,263,600	138,012,150	415,145,572	3.59
22,119,150	88,476,600	131,352,070	394,027,257	3.59
20,180,660	80,722,640	113,827,950	340,330,320	3.68
22,239,512	79,426,828	112,698,652	329,653,348	3.68
19,951,835	71,256,554	108,555,445	316,928,569	3.68
19,861,835	70,935,125	99,905,845	292,035,383	n/a

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

Collection Year	2005	2004	2003	2002	2001
City of Wapakoneta					
2002 Recreation - 5 Years	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Effective Millage Rates					
Residential/Agriculture	0.7014	0.7028	0.7035	0.7451	0.7477
Commercial/Industrial	0.9316	0.9314	0.9301	0.9256	0.8999
Tangible/Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000
Total Voted Millage	1.0000	1.0000	1.0000	1.0000	1.0000
Total Effective Voted Millage by Type of Property					
Residential/Agriculture	0.7014	0.7028	0.7035	0.7451	0.7477
Commercial/Industrial	0.9316	0.9314	0.9301	0.9256	0.8999
Tangible/Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000
General	2.1500	2.1500	2.1500	2.1500	2.1500
Effective Millage Rates					
Residential/Agriculture	2.1500	2.1500	2.1500	2.1500	2.1500
Commercial/Industrial	2.1500	2.1500	2.1500	2.1500	2.1500
Tangible/Public Utility Personal	2.1500	2.1500	2.1500	2.1500	2.1500
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Effective Millage Rates					
Residential/Agriculture	0.3000	0.3000	0.3000	0.3000	0.3000
Commercial/Industrial	0.3000	0.3000	0.3000	0.3000	0.3000
Tangible/Public Utility Personal	0.3000	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Effective Millage Rates					
Residential/Agriculture	0.3000	0.3000	0.3000	0.3000	0.3000
Commercial/Industrial	0.3000	0.3000	0.3000	0.3000	0.3000
Tangible/Public Utility Personal	0.3000	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	2.7500	2.7500	2.7500	2.7500	2.7500
Total Effective Unvoted Millage by Type of Property					
Residential/Agriculture	2.7500	2.7500	2.7500	2.7500	2.7500
Commercial/Industrial	2.7500	2.7500	2.7500	2.7500	2.7500
Tangible/Public Utility Personal	2.7500	2.7500	2.7500	2.7500	2.7500
Total Millage	3.7500	3.7500	3.7500	3.7500	3.7500
Total Effective Millage by Type of Property					
Residential/Agriculture	3.4514	3.4528	3.4535	3.4951	3.4977
Commercial/Industrial	3.6816	3.6814	3.6801	3.6756	3.6499
Tangible/Public Utility Personal	3.7500	3.7500	3.7500	3.7500	3.7500
Auglaize County	11.2500	11.2500	9.3700	9.4000	9.4000
Wapakoneta City School District	29.0000	29.6000	29.8000	30.7000	30.7000
Apollo Career Center	2.2000	2.2000	2.2000	2.2000	2.2000
Duchouquet Township	0.2000	0.2000	0.2000	0.2000	0.2000

Source: Auglaize County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

Overlapping rates are those of local and county governments that apply to property owners within the City of Wapakoneta. Property tax rates for all overlapping governments are based upon the original voted levy.

n/a - not available

2000	1999	1998	1997	1996
\$1.0000	\$1.0000	\$1.0000	\$1.0000	n/a
0.7509	0.8780	0.8791	0.8828	n/a
0.8985	0.9623	0.9621	0.9638	n/a
1.0000	1.0000	1.0000	1.0000	n/a
1.0000	1.0000	1.0000	1.0000	n/a
0.7509	0.8780	0.8791	0.8828	n/a
0.8985	0.9623	0.9621	0.9638	n/a
1.0000	1.0000	1.0000	1.0000	n/a
2.1500	2.1500	2.1500	2.1500	n/a
2.1500	2.1500	2.1500	2.1500	n/a
2.1500	2.1500	2.1500	2.1500	n/a
2.1500	2.1500	2.1500	2.1500	n/a
0.3000	0.3000	0.3000	0.3000	n/a
0.3000	0.3000	0.3000	0.3000	n/a
0.3000	0.3000	0.3000	0.3000	n/a
0.3000	0.3000	0.3000	0.3000	n/a
0.3000	0.3000	0.3000	0.3000	n/a
0.3000	0.3000	0.3000	0.3000	n/a
0.3000	0.3000	0.3000	0.3000	n/a
2.7500	2.7500	2.7500	2.7500	n/a
2.7500	2.7500	2.7500	2.7500	n/a
2.7500	2.7500	2.7500	2.7500	n/a
2.7500	2.7500	2.7500	2.7500	n/a
3.7500	3.7500	3.7500	3.7500	n/a
3.5009	3.6280	3.6291	3.6328	n/a
3.6485	3.7123	3.7121	3.7138	n/a
3.7500	3.7500	3.7500	3.7500	n/a
9.4000	9.5000	9.5000	9.5000	7.6100
30.7000	31.8000	32.0000	32.3000	33.5000
2.2000	2.2000	2.2000	2.2000	1.7000
0.2000	0.2000	0.2000	0.2000	0.2000

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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 Outstanding Delinquent Taxes
2005	\$548,783	\$583,413	106.31%	\$583,413	\$7,559
2004	508,913	491,031	96.49	491,031	13,257
2003	502,468	486,704	96.86	486,704	20,341
2002	494,903	469,867	94.94	469,867	12,646
2001	481,194	471,669	98.02	471,669	8,475
2000	461,863	456,994	98.95	456,994	8,545
1999	424,489	408,828	96.31	408,828	9,381
1998	407,044	405,461	99.61	405,461	12,246
1997	397,875	384,411	96.62	384,411	13,464
1996	273,485	266,229	97.35	266,229	7,256

Source: Auglaize County Auditor

Note: The County does not maintain delinquency information by tax year

City of Wapakoneta
Principal Real Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2005		
		Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Schlenker Enterprises	Land Developments and Apartments	\$1,577,460	1	1.32%
Ametek, Inc.	Plastic Compounds	1,393,500	2	1.17
GAMCO Components Group LLC	Automotive Suspension Manufacturing	1,268,870	3	1.06
Normandy Ridge Limited	Residential Apartments	1,254,620	4	1.05
Wal-Mart Stores East LP	Retail Business	1,161,450	5	0.97
DW 28 Wapakoneta LLC	Retail Business	1,092,510	6	0.91
LRV Acquisition Corporation	Hotel Properties	1,081,670	7	0.91
Quaker Run Farms	Warehousing and Distribution	987,140	8	0.83
Dr. L.Y. Soo	Individual Property Owner	757,120	9	0.63
Auglaize Investment Company	Big Bear Department Store	703,310	10	0.59
L & G Truckers	Truck Stop			
Quaker Run	Residential Apartments			
Hi Pockets, Inc.	Residential Investments			
WGP Holding	Superior Tube			
Superior Metal Products, Inc.	Metal Stamping			
Roger L. and Dianne Bornhorst	Individual Property Owner			
Kenneth J. Steinke	Individual Property Owner			
	Total	11,277,650		9.44
	All Other Taxpayers	108,210,710		90.56
	Total Assessed Valuation	<u>\$119,488,360</u>		<u>100.00%</u>

Source: Auglaize County Auditor

1996		
<u>Real Property Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
\$2,036,340	1	2.69%
1,383,390	2	1.83
707,010	6	0.93
883,250	3	1.17
751,170	4	0.99
731,170	5	0.97
547,660	7	0.72
519,960	8	0.69
518,130	9	0.69
<u>506,540</u>	10	<u>0.67</u>
8,584,620		11.35
<u>67,044,580</u>		<u>88.65</u>
<u><u>\$75,629,200</u></u>		<u><u>100.00%</u></u>

City of Wapakoneta
Principal Personal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2005		
		Personal Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Superior Metal Products, Inc.	Metal Stamping	\$2,288,860	1	15.32%
Ametek, Inc.	Plastic Compounds	1,323,330	2	8.86
Midwest Elastomers, Inc.	Rubber Products	1,221,070	3	8.17
Koneta, Inc.	Rubber Truck Accessories Manufacturing	1,217,540	4	8.15
Durez Corporation	Manufacturing	1,125,980	5	7.54
ICX Corporation	Equipment Leasing	974,050	6	6.52
E I Dupont De Nemours & Company	Plastic Compounds	654,240	7	4.38
Ruck Brady Company	Paper Bag Manufacturing	577,050	8	3.86
Wapakoneta Machine Company	Machine Knives	549,160	9	3.68
Mike Swaney Pontiac/Buick/GMC Trucks	Car Dealership	531,080	10	3.56
JB Tool and Machine Company	Metal Stamping			
NuTek Foods, Inc.	Cheese Processing			
LRV Acquisition Corporation	Hotel Properties			
Penn Traffic Company	Retail Grocery and Department Store			
Besnier Scerma USA	Import/Export Milk Protein			
Niswonger Chevrolet	Car Dealership			
	Total	10,462,360		70.04
	All Other Taxpayers	4,476,185		29.96
	Total Assessed Valuation	\$14,938,545		100.00%

Source: Auglaize County Auditor

1996		
Personal Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$3,076,330	2	15.49%
821,830	6	4.14
450,395	8	2.27
438,900	9	2.21
3,602,420	1	18.14
1,891,000	3	9.52
1,317,910	4	6.64
948,230	5	4.77
801,870	7	4.04
431,630	10	2.17
13,780,515		69.39
6,081,320		30.61
<u>\$19,861,835</u>		<u>100.00%</u>

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City of Wapakoneta
Income Tax Revenue Base and Collections
Last Two Years

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes from Net Profits	Percentage of Taxes from Net Profits	Taxes From Individual Payments	Percentage of Taxes from Individual Payments
2005	1.00%	\$2,136,920	\$1,726,299	80.78%	\$139,636	6.53%	\$270,985	12.68%
2004	1.00	2,118,637	1,648,114	77.79	157,669	7.44	312,854	14.77

Source: City Records

Note: Tax years prior to 2004 not available.

City of Wapakoneta
Electric Utility Statistics
Last Ten Years

	2005	2004	2003	2002	2001
Kilowatt Hours Purchased from:					
American Electric Power	187,080,998	182,064,625	179,583,038	179,215,817	169,197,813
AMP-Ohio	4,096,736	4,172,642	4,749,257	5,021,624	4,706,427
Total Kilowatt Hours Purchased	191,177,734	186,237,267	184,332,295	184,237,441	173,904,240
Payments for Purchased Power to:					
American Electric Power	\$5,252,736	\$5,035,490	\$4,939,067	\$4,977,901	\$4,744,500
AMP-Ohio	165,854	97,896	115,651	121,407	112,609
Total Payments for Purchased Power	\$5,418,590	\$5,133,386	\$5,054,718	\$5,099,308	\$4,857,109
Kilowatt Hours Sold to Users					
Residential	51,072,037	48,335,392	47,658,779	49,167,864	45,955,454
Commercial	61,528,576	56,617,209	55,814,108	56,865,233	57,127,766
Industrial	63,297,900	65,596,500	68,457,100	69,255,300	62,258,000
Total Kilowatt Hours Sold to Users	175,898,513	170,549,101	171,929,987	175,288,397	165,341,220
Charges for Kilowatt Hours Sold to Users					
Residential	\$2,568,233	\$2,404,143	\$2,364,694	\$2,442,441	\$2,309,352
Commercial	3,158,202	2,862,108	2,817,770	2,867,954	2,896,209
Industrial	2,604,184	2,548,999	2,601,531	2,646,084	2,466,596
Total Dollar Amount of Kilowatt Hours Sold to Users	\$8,330,619	\$7,815,250	\$7,783,995	\$7,956,479	\$7,672,157

Rates (effective 9/1/85 through 12/31/05)

Residential		
Service Charge (base)	\$2.50	per month
Energy Charge:		
0 - 750 kwh	\$0.053	per kwh
751 - 9,999,999 kwh	\$0.045	per kwh
Commercial		
Service Charge (base)	\$10.00	per month
Demand:		
First 5 kwh	No Charge	
6 - 9,999,999 kwh	\$4.00	per kwh
Energy Charge:		
First 1,000 kwh	\$0.600	per kwh
1,001 - 9,999,999 kwh	\$0.400	per kwh
Industrial (Large Power)		
Service Charge (base)	\$100.00	per month
Demand	\$6.00	per kwh
Energy Charge	\$0.0277	per kwh

Source: City Records

Note: Charges for kilowatt hours sold are based on billing cycles which will differ from collection cycles as reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
177,338,340	169,407,160	164,244,364	161,208,985	162,168,714
<u>5,537,652</u>	<u>5,814,896</u>	<u>7,179,238</u>	<u>6,186,215</u>	<u>6,181,686</u>
<u>182,875,992</u>	<u>175,222,056</u>	<u>171,423,602</u>	<u>167,395,200</u>	<u>168,350,400</u>
\$5,000,663	\$4,845,661	\$5,306,816	\$5,008,843	\$4,949,843
<u>100,395</u>	<u>116,745</u>	<u>155,880</u>	<u>155,071</u>	<u>145,286</u>
<u>\$5,101,058</u>	<u>\$4,962,406</u>	<u>\$5,462,696</u>	<u>\$5,163,914</u>	<u>\$5,095,129</u>
43,937,445	45,558,562	42,378,075	42,071,778	43,637,455
58,086,396	60,089,223	60,078,541	68,872,203	65,338,837
<u>70,867,400</u>	<u>65,245,700</u>	<u>61,784,367</u>	<u>47,527,160</u>	<u>49,941,580</u>
<u>172,891,241</u>	<u>170,893,485</u>	<u>164,240,983</u>	<u>158,471,141</u>	<u>158,917,872</u>
\$2,202,581	\$2,285,449	\$2,178,704	\$2,105,650	\$2,155,121
2,946,545	3,049,840	3,086,543	3,396,085	3,177,749
<u>2,679,322</u>	<u>2,532,610</u>	<u>2,519,449</u>	<u>1,952,854</u>	<u>1,958,924</u>
<u>\$7,828,448</u>	<u>\$7,867,899</u>	<u>\$7,784,696</u>	<u>\$7,454,589</u>	<u>\$7,291,794</u>

City of Wapakoneta
Water Utility Statistics
Last Ten Years

Type of Customer	2005	2004	2003	2002	2001
Residential	\$803,042	\$709,519	\$707,773	\$754,799	\$743,662
Industrial	209,814	207,575	167,426	156,204	159,939
Commercial	256,465	204,331	227,810	246,097	228,353
Total	\$1,269,321	\$1,121,425	\$1,103,009	\$1,157,100	\$1,131,954
Billed in Cubic Feet					
Rate in Cubic Feet:					
All Customers					
0 - 200	\$5.67	\$5.25	\$5.25	\$5.25	\$5.25
201 - 1,300	2.39	2.21	2.21	2.21	2.21
1,301 - 6,100	1.99	1.84	1.84	1.84	1.84
6,101 - 22,800	1.62	1.50	1.50	1.50	1.50
22,801 and up	1.45	1.34	1.34	1.34	1.34
Multi Residential					
0 - 200	\$5.67	\$5.25	\$5.25	\$5.25	\$5.25
Each Additional 100	2.31	2.14	2.14	2.14	2.14

Outside Rates prior to February 1, 2005 add 150%

Outside Rates after February 1, 2005 add 200%

Source: City Records

Note: Charges are based on billing cycles which will differ from collection cycles as reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

2000	1999	1998	1997	1996
\$609,917	\$530,869	\$512,859	\$501,767	\$521,526
118,322	75,824	94,198	84,796	63,964
198,081	172,012	146,091	149,884	184,046
<u>\$926,320</u>	<u>\$778,705</u>	<u>\$753,148</u>	<u>\$736,447</u>	<u>\$769,536</u>

\$4.50	\$3.80	\$3.80	\$3.80	\$3.80
1.81	1.49	1.49	1.49	1.49
1.44	1.12	1.12	1.12	1.12
1.10	0.78	0.78	0.78	0.78
0.94	0.62	0.62	0.62	0.62
\$4.50	\$3.80	\$3.80	\$3.80	\$3.80
1.74	1.42	1.42	1.42	1.42

City of Wapakoneta
Sewer Utility Statistics
Last Ten Years

Type of Customer	2005	2004	2003	2002	2001
Residential	\$1,016,743	\$994,203	\$974,159	\$854,661	\$667,021
Commercial	365,911	304,829	342,570	318,176	231,829
Industrial	414,251	425,951	337,538	285,997	233,445
Total	\$1,796,905	\$1,724,983	\$1,654,267	\$1,458,834	\$1,132,295

Billed in Cubic Feet

Base Rate for First 200 Cubic Feet:

Residential	\$9.60	\$9.46	\$9.32	\$7.76	\$6.21
Commercial	9.60	9.46	9.32	7.76	6.21
Industrial	9.60	9.46	9.32	7.76	6.21

Additional per 100 Cubic Feet:

Residential	\$3.01	\$2.97	\$2.93	\$2.44	\$1.95
Commercial	2.81	2.77	2.73	2.28	1.82
Industrial	2.81	2.77	2.73	2.28	1.82

Outside Rates add 115%

Source: City Records

Note: Charges are based on billing cycles which will differ from collection cycles as reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

2000	1999	1998	1997	1996
\$641,624	\$658,871	\$557,966	\$504,272	\$498,636
273,393	297,845	237,008	234,171	258,409
236,919	210,233	326,503	336,742	333,281
<u>\$1,151,936</u>	<u>\$1,166,949</u>	<u>\$1,121,477</u>	<u>\$1,075,185</u>	<u>\$1,090,326</u>

\$6.03	\$6.03	\$5.94	\$5.01	\$5.01
6.03	6.03	5.94	5.01	5.01
6.03	6.03	5.94	5.01	5.01
\$1.89	\$1.89	\$1.86	\$1.57	\$1.57
1.76	1.76	1.73	1.46	1.46
1.76	1.76	1.73	1.46	1.46

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City of Wapakoneta
Storm Sewer Utility Statistics
Last Seven Years

Type of Customer	2005	2004	2003	2002	2001	2000	1999
Residential	\$85,832	\$84,732	\$83,888	\$82,568	\$82,146	\$81,802	\$80,926
Commercial/Industrial	66,755	64,812	63,852	63,684	62,757	62,799	61,378
Total	<u>\$152,587</u>	<u>\$149,544</u>	<u>\$147,740</u>	<u>\$146,252</u>	<u>\$144,903</u>	<u>\$144,601</u>	<u>\$142,304</u>

Rates:

Residential: \$2 per month

Commercial/Industrial:

Area of Property (square feet)	Monthly Fee
1 to 10,000	\$4
10,001 to 25,000	7
25,001 to 50,000	10
50,001 to 100,000	20
100,000 and over	40

Source: City Records

Note: Charges are based on billing cycles which will differ from collection cycles as reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

Note: Information prior to 1999 not available.

City of Wapakoneta
Refuse Utility Statistics
Last Ten Years

Type of Customer	2005	2004	2003	2002	2001
Residential	\$291,252	\$290,097	\$289,368	\$288,412	\$289,659
Commercial/Industrial	141,192	128,449	128,209	124,606	125,568
Bag Sales (all customers)	241,800	195,500	188,450	209,700	225,200
Total	<u>\$674,244</u>	<u>\$614,046</u>	<u>\$606,027</u>	<u>\$622,718</u>	<u>\$640,427</u>
Amount Paid by City to Waste Management	<u>\$180,182</u>	<u>\$161,692</u>	<u>\$160,854</u>	<u>\$146,767</u>	<u>\$144,449</u>
Amount per Ton Paid to Waste Management	\$41.60	\$39.30	\$37.30	\$37.30	\$36.50

Monthly Base Rate (for all ten years):

Residential Inside	\$6
Residential Outside	\$10

Commercial/Industrial (dumpsters) \$3 per cubic yard, plus \$4.50 stop charge

In addition to a flat fee, customers must also purchase trash bags from the City, which sell for \$.60 or \$1.00 each. Customers are also charged a monthly fee for landfill monitoring that varies for type of customer and size of commercial dumpster.

Source: City Records

Note: Charges are based on billing cycles which will differ from collection cycles as reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

2000	1999	1998	1997	1996
\$287,472	\$287,472	\$287,616	\$287,178	\$287,064
116,691	116,691	108,874	99,879	102,025
200,000	200,000	191,650	165,757	139,650
<u>\$604,163</u>	<u>\$604,163</u>	<u>\$588,140</u>	<u>\$552,814</u>	<u>\$528,739</u>
<u>\$112,203</u>	<u>\$112,203</u>	<u>\$107,685</u>	<u>\$105,192</u>	<u>\$105,223</u>
\$36.50	\$36.50	\$36.50	\$33.00	\$30.00

City of Wapakoneta
Ratios of Outstanding Debt by Type
Last Ten Years

Year	Governmental Activities				Business-Type Activities	
	General Obligation Bonds	Special Assessment Bonds	Capital Loans	Police and Fire Pension	General Obligation Bonds	Mortgage Revenue Refunding Bonds
2005	\$2,704,100	\$0	\$90,251	\$0	\$130,900	\$3,105,000
2004	3,123,900	0	118,511	0	151,100	3,280,000
2003	3,529,400	0	145,000	0	170,600	3,445,000
2002	3,425,000	0	0	0	0	3,605,000
2001	3,705,000	0	0	0	0	3,760,000
2000	3,982,541	17,459	30,059	0	0	3,910,000
1999	4,250,083	34,917	80,955	90,155	0	4,055,000
1998	4,502,625	52,375	158,652	91,506	0	4,190,000
1997	3,943,909	76,091	169,481	92,540	0	1,420,000
1996	4,157,709	87,291	224,795	93,532	0	1,490,000

Source: City Records

(1) See S-37 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Due to Auglaize County	OWDA Loans	Capital Loans	Landfill Closure	Total Debt	Percentage of Personal Income (1)	Per Capita (1)
\$18,750	\$0	\$105,765	\$1,294,710	\$7,449,476	4.12%	\$782
21,250	0	151,762	1,315,484	8,162,007	4.52	858
23,750	0	195,789	1,342,111	8,851,650	4.92	934
26,250	0	115,913	1,380,609	8,552,772	4.76	903
28,750	943,414	53,977	1,404,221	9,895,362	5.50	1,044
31,250	943,414	56,370	1,436,123	10,407,216	5.79	1,099
33,750	943,414	104,716	1,458,248	11,051,238	8.92	1,073
33,750	943,414	104,716	1,493,596	11,570,634	9.33	1,123
38,750	943,414	193,542	1,440,000	8,317,727	6.71	807
41,250	934,047	131,783	1,400,000	8,560,407	6.91	831

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

Year	Population	Estimated Actual Value	Gross (1) Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
2005	9,531	\$405,372,119	\$2,835,000	\$0	\$2,835,000	0.70%	\$297.45
2004	9,518	424,262,479	3,275,000	0	3,275,000	0.77	344.08
2003	9,474	424,223,493	3,700,000	161,129	3,538,871	0.83	373.54
2002	9,474	406,489,387	3,425,000	118,215	3,306,785	0.81	349.04
2001	9,474	415,145,572	3,705,000	60,695	3,644,305	0.88	384.66
2000	9,474	394,027,257	3,982,541	64,024	3,918,517	0.99	413.61
1999	10,303	340,330,320	4,250,083	120,707	4,129,376	1.21	400.79
1998	10,303	329,653,348	4,502,625	181,796	4,320,829	1.31	419.38
1997	10,303	316,928,569	3,943,909	240,432	3,703,477	1.17	359.46
1996	10,303	292,035,383	4,157,709	185,689	3,972,020	1.36	385.52

Source: City Records
Auglaize County Auditor

(1) Includes general obligation bonds only.

City of Wapakoneta
 Computation of Direct and Overlapping Debt
 December 31, 2005

Jurisdiction	General Tax Supported Debt	Percentage Applicable to City of Wapakoneta (1)	Amount Applicable to City of Wapakoneta
City of Wapakoneta			
1998 Various Purpose	\$250,000	100.00%	\$250,000
2003 Various Purpose	2,454,100	100.00	2,454,100
	<u>\$2,704,100</u>		<u>\$2,704,100</u>
Wapakoneta City School District	1,875,000	49.43	926,813
Auglaize County	<u>854,617</u>	17.01	<u>145,370</u>
Subtotal	<u>2,729,617</u>		<u>1,072,183</u>
Total	<u><u>\$5,433,717</u></u>		<u><u>\$3,776,283</u></u>

Source: City 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
Computation of Legal Debt Margin
Last Ten Years

	2005	2004	2003	2002
Population	9,531	9,518	9,474	9,474
Total Assessed Valuation	<u>\$138,142,815</u>	<u>\$142,385,384</u>	<u>\$141,929,482</u>	<u>\$135,732,844</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	14,504,996	14,950,465	14,902,596	14,251,949
Gross Indebtedness	14,724,416	15,082,873	14,762,589	9,958,036
Less Debt Outside Limitation				
Bond Anticipation Notes	8,588,400	8,257,600	7,276,800	2,547,941
Special Assessment Notes	0	0	0	0
General Obligation Bonds	130,900	151,100	170,600	0
Special Assessment Bonds	0	0	0	0
Mortgage Revenue Refunding Bonds	3,105,000	3,280,000	3,445,000	3,605,000
OWDA Loans	0	0	0	1,123
Capital Loans	<u>196,016</u>	<u>270,273</u>	<u>340,789</u>	<u>115,913</u>
Net Indebtedness	2,704,100	3,123,900	3,529,400	3,688,059
Less Fund Balance in Debt Service Fund	<u>0</u>	<u>0</u>	<u>161,129</u>	<u>118,215</u>
Net Debt Within 10.5 Percent Limitation	<u>2,704,100</u>	<u>3,123,900</u>	<u>3,368,271</u>	<u>3,569,844</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$11,800,896</u>	<u>\$11,826,565</u>	<u>\$11,534,325</u>	<u>\$10,682,105</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	81.36%	79.10%	77.40%	74.95%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$7,597,855	\$7,831,196	\$7,806,122	\$7,465,306
Gross Indebtedness	14,724,416	15,082,873	14,762,589	9,958,036
Less Debt Outside Limitation				
Bond Anticipation Notes	8,588,400	8,257,600	7,276,800	2,547,941
Special Assessment Notes	0	0	0	0
General Obligation Bonds	130,900	151,100	170,600	0
Special Assessment Bonds	0	0	0	0
Mortgage Revenue Refunding Bonds	3,105,000	3,280,000	3,445,000	3,605,000
OWDA Loans	0	0	0	1,123
Capital Loans	<u>196,016</u>	<u>270,273</u>	<u>340,789</u>	<u>115,913</u>
Net Indebtedness	2,704,100	3,123,900	3,529,400	3,688,059
Less Fund Balance in Debt Service Fund	<u>0</u>	<u>0</u>	<u>161,129</u>	<u>118,215</u>
Net Debt Within 5.5 Percent Limitation	<u>2,704,100</u>	<u>3,123,900</u>	<u>3,368,271</u>	<u>3,569,844</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$4,893,755</u>	<u>\$4,707,296</u>	<u>\$4,437,851</u>	<u>\$3,895,462</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	64.41%	60.11%	56.85%	52.18%

Source: City Records

2001	2000	1999	1998	1997	1996
9,474	9,474	10,303	10,303	10,303	10,303
<u>\$138,012,150</u>	<u>\$131,352,070</u>	<u>\$113,827,950</u>	<u>\$112,698,652</u>	<u>\$108,555,445</u>	<u>\$99,905,845</u>
14,491,276	13,791,967	11,951,935	11,833,358	11,398,322	10,490,114
13,323,554	12,869,843	11,561,840	10,272,573	7,981,437	7,836,513
4,730,977	3,835,860	2,072,500	275,000	1,146,204	0
0	0	0	0	88,796	927,466
0	0	0	0	888,200	955,000
0	17,459	34,917	64,191	76,091	87,291
3,760,000	3,910,000	4,055,000	4,190,000	1,420,000	1,490,000
943,414	943,414	943,414	943,414	943,414	934,047
53,977	86,429	185,671	309,159	363,023	0
3,835,186	4,076,681	4,270,338	4,490,809	3,055,709	3,442,709
60,695	64,024	120,707	181,796	240,432	185,689
3,774,491	4,012,657	4,149,631	4,309,013	2,815,277	3,257,020
<u>\$10,716,785</u>	<u>\$9,779,310</u>	<u>\$7,802,304</u>	<u>\$7,524,345</u>	<u>\$8,583,045</u>	<u>\$7,233,094</u>
73.95%	70.91%	65.28%	63.59%	75.30%	68.95%
\$7,590,668	\$7,224,364	\$6,260,537	\$6,198,426	\$5,970,549	\$5,494,821
13,323,554	12,869,843	11,561,840	10,272,573	7,981,437	7,836,513
4,730,977	3,835,860	2,072,500	275,000	1,146,204	0
0	0	0	0	88,796	927,466
0	0	0	0	888,200	955,000
0	17,459	34,917	64,191	76,091	87,291
3,760,000	3,910,000	4,055,000	4,190,000	1,420,000	1,490,000
943,414	943,414	943,414	943,414	943,414	934,047
53,977	86,429	185,671	309,159	363,023	0
3,835,186	4,076,681	4,270,338	4,490,809	3,055,709	3,442,709
60,695	64,024	120,707	181,796	240,432	185,689
3,774,491	4,012,657	4,149,631	4,309,013	2,815,277	3,257,020
<u>\$3,816,177</u>	<u>\$3,211,707</u>	<u>\$2,110,906</u>	<u>\$1,889,413</u>	<u>\$3,155,272</u>	<u>\$2,237,801</u>
50.27%	44.46%	33.72%	30.48%	52.85%	40.73%

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	
2005	\$1,864,785	\$963,590	\$901,195	\$175,000	\$155,092	\$330,092	2.73
2004	1,832,802	896,473	936,329	165,000	161,610	326,610	2.87
2003	1,693,997	860,093	833,904	160,000	167,770	327,770	2.54
2002	1,495,944	829,276	666,668	155,000	173,583	328,583	2.03
2001	1,217,966	659,164	558,802	150,000	179,058	329,058	1.70
2000	1,311,695	865,523	446,172	145,000	186,348	331,348	1.35
1999	1,312,885	831,324	481,561	135,000	188,600	323,600	1.49
1998	1,383,945	1,039,990	343,955	75,000	100,517	175,517	1.96
1997	1,337,755	974,294	363,461	70,000	105,137	175,137	2.08
1996	1,317,483	695,594	621,889	65,000	109,363	174,363	3.57

Source: City Records

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

City of Wapakoneta
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate Auglaize County (5)
2005	9,531	\$180,860,256	\$18,976	3,163	4.20%
2004	9,518	180,613,568	18,976	3,119	3.30
2003	9,474	179,778,624	18,976	3,069	5.50
2002	9,474	179,778,624	18,976	3,269	5.30
2001	9,474	179,778,624	18,976	3,285	4.60
2000	9,474	179,778,624	18,976	3,334	2.80
1999	10,303	123,955,393	12,031	3,455	2.90
1998	10,303	123,955,393	12,031	3,610	4.90
1997	10,303	123,955,393	12,031	3,479	4.80
1996	10,303	123,955,393	12,031	2,949	4.50

(1) Source: Chamber of Commerce and U.S. Census Bureau

(2) Source: U.S. Census Bureau - Computation of per capita personal income multiplied by population.

(3) Source: U.S. Census Bureau

(4) Source: Wapakoneta City School District

(5) Source: Ohio Bureau of Employment Services

City of Wapakoneta
Principal Employers
Current Year and Seven Years Ago

Employer	Nature of Business	2005		Percentage of Total Employment
		Number of Employees	Rank	
Auglaize County	Government	516	1	10.89%
Wapakoneta City School District	Government	324	2	6.84
American Trim, LLC	Product Design/Manufacturing	233	3	4.92
Koneta Rubber Company	Manufacturing	202	4	4.26
Auglaize Provico	Agricultural Commodities Supplier	165	5	3.48
City of Wapakoneta	Government	141	6	2.98
General Aluminum Manufacturing Company	Aluminum Manufacturing	130	7	2.74
Ametek, Inc.	Plastic Compounds	116	8	2.45
Miller's Textile Services, Inc.	Commercial Laundry	115	9	2.43
Frost & Company	Contractor	100	10	2.10
JB Tool and Machine Company	Metal Stamping			
Superior Metal Products, Inc.	Metal Stamping			
Nu-Tek Foods	Cheese Processing			
Penn Traffic Company	Retail Grocery and Department Store			
Amcast Industrial Corporation	Automotive Parts			
Total		2,042		43.09%
Total Employment Within the City		4,739		

Source: City Records

Note: Information prior to 1998 not available.

1998		
Number of Employees	Rank	Percentage of Total Employment
516	1	12.91%
324	2	8.10
206	5	5.15
141	6	3.53
115	10	2.88
324	3	8.10
250	4	6.25
138	7	3.45
135	8	3.38
122	9	3.05
<u>2,271</u>		<u>56.80%</u>
<u>3,998</u>		

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City of Wapakoneta
 Full Time Equivalent City Government Employees by Function/Program
 Last Two Years

Function/Program	2005	2004
General Government		
Mayor	1.00	1.00
Council	8.00	8.00
Clerk of Council	0.50	0.50
Auditor	1.00	1.00
Treasurer	1.00	1.00
Income Tax Administrator	1.00	1.00
Income Tax Clerk	1.00	1.00
Law Director	1.00	1.00
Administrative Assistant	1.00	1.00
Security of Persons and Property		
Police	14.00	19.00
Police - Dispatchers	5.00	5.00
Police - Auxiliary	15.00	16.00
Fire	15.00	14.00
Fire - Auxiliary	14.00	16.00
Safety Director	1.00	1.00
Public Health		
Emergency Medical Services	10.00	12.00
Leisure Time Activities		
Recreation Director	0.50	0.50
Transportation		
Public Works	10.00	10.00
Basic Utility Services		
Engineering	4.00	4.00
Utility Clerks	3.00	3.00
Electric	12.00	12.00
Water	4.00	4.00
Sewer	6.00	6.00
Refuse	7.00	7.00
Total	136.00	145.00

Using 1.0 for each full-time employee and 0.50 for each part-time employee as of December 31

Source: City Payroll Records

Note: Information prior to 2004 not available.

City of Wapakoneta
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2005	2004	2003	2002
Security of Persons and Property-Police				
Vehicle Mileage	104,561	108,388	102,354	96,139
Number of Traffic Citations and Arrests	845	1,278	1,068	1,228
Number of Parking Tickets Issued	371	377	465	465
Dollar Amount Collected for Tickets	\$3,930	\$3,280	\$4,420	\$4,280
Security of Persons and Property-Fire				
Number of EMS Calls	926	899	841	789
Number of Fire Calls	46	57	56	54
Miscellaneous Calls	422	423	294	271
Transportation				
Number of Gallons of R-S-2 Used to Fill Potholes	2,569	4,920	2,186	750
Number of Pounds of Crack Sealer Used	4,630	6,120	n/a	n/a
General Government				
Income Tax				
Number of Individual Accounts	4,392	4,541	4,600	4,544
Number of Business Accounts	464	756	681	657
Number of Business Withholding Accounts	805	816	764	789
Total Receipts Collected	\$2,155,844	\$2,064,190	\$2,031,494	\$1,986,327
Amount of Interest and Penalties Charged	\$5,576	\$15,676	\$20,887	\$22,313
Amount of Interest and Penalties Collected	\$1,211	\$7,387	\$15,611	\$18,655
City Commission				
Number of Ordinances Passed	48	47	72	62
Number of Resolutions Passed	5	12	13	20
Electric Department				
Kilowatt Hours Used	189,896,955	186,237,267	184,332,295	184,237,441
City Cost of Power	\$5,215,780	\$5,133,386	\$5,054,718	\$5,099,308
Reactive Demand Cost	\$14,325	\$8,913	\$7,389	\$9,579
Power Factor Average	93.60%	93.90%	94.20%	93.80%
Electric Charges	\$7,129,573	\$7,198,446	\$7,196,963	\$7,249,001
Water Department				
Number of Wells Operating	7	7	7	7
Millions of Gallons of Finished Water	561.44	562.37	564.50	589.20
Chlorine Used (pounds)	10,349	9,403	8,948	8,246
Phosphate Used (gallons)	2,639	11,449	10,571	11,346
Salt in Tons (regenerates softening units)	2,232	2,181	2,047	2,257
Number of Gallons of Water Able to be Pumped a Day Combined	2,000,000	n/a	n/a	n/a
Daily Average Consumption (gallons)	1,540,000	1,540,000	1,500,000	1,614,000
Maximum Daily Capacity of Treatment Plant (gallons)	2,722,000	2,722,000	2,722,000	2,722,000
Water Charges	\$1,312,634	\$1,210,189	\$1,155,879	\$1,185,685
Sewer Department				
Number of Gallons of Sewage Treated (in millions)	1,208	1,132	1,267	922
Average Daily Flow (millions of gallons per day)	3.31	3.10	3.50	2.60
Maximum Daily Capacity of Treatment Plant (gallons)	8,000,000	8,000,000	4,000,000	4,000,000
Number of Tons of N-Viro Produced (fertilizer)	3,145	3,285	2,693	2,288
Sewer Charges	\$1,827,321	\$1,799,788	\$1,677,186	\$1,486,318
Refuse Department				
Number of Tons of Refuse Collected	4,346	4,129	4,120	3,953
Number of Trash Bags Sold (in cases of 250 bags)	1,058	889	889	982
Refuse Charges	\$924,455	\$890,986	\$902,553	\$884,524
Number of Tons of Recycling Collected	1,429	1,466	1,444	1,473
Number of Gallons of Used Motor Oil Collected and Recycled	3,800	4,200	3,100	2,400
Engineering				
Number of Registered Contractors	226	194	190	153
Number of Building Permits Issued	192	197	203	176

Source: City Records

2001	2000	1999	1998	1997	1996
97,946	93,293	100,494	99,789	104,325	n/a
1,135	1,044	1,129	1,112	989	n/a
389	428	624	492	331	n/a
\$3,630	\$4,050	\$5,400	\$4,800	\$3,655	n/a
885	824	914	803	782	n/a
37	59	71	46	72	n/a
281	240	247	296	190	n/a
1,160	2,760	1,100	5,000	n/a	n/a
n/a	13,645	11,316	n/a	n/a	n/a
4,659	4,751	4,821	4,838	4,181	3,561
665	676	699	685	649	584
820	794	799	837	n/a	n/a
\$1,962,036	\$1,969,733	\$1,902,741	\$1,788,261	\$1,765,207	\$1,605,296
\$33,012	\$33,847	\$15,535	\$90,397	\$271	n/a
\$25,927	\$27,446	\$10,794	\$75,143	\$271	n/a
56	54	52	61	75	59
14	17	15	18	13	24
173,904,240	182,875,992	175,222,056	171,423,602	167,395,200	168,350,400
\$4,857,109	\$5,101,058	\$4,962,406	\$5,448,627	\$5,135,555	\$5,095,129
\$8,576	\$6,634	\$5,979	\$9,289	\$6,802	\$4,858
93.90%	94.40%	94.60%	94.00%	94.60%	95.10%
\$7,436,796	\$7,917,949	\$8,025,957	\$7,872,771	\$7,516,384	\$7,200,757
7	7	7	7	7	7
599.20	622.80	684.90	676.00	640.04	n/a
7,174	6,804	7,220	5,849	5,782	n/a
10,979	10,139	11,256	9,856	n/a	n/a
2,163	2,187	2,293	2,154	2,092	n/a
n/a	n/a	n/a	n/a	n/a	n/a
1,641,100	1,706,300	1,876,400	1,794,000	1,794,000	1,794,000
2,722,000	2,722,000	2,722,000	2,722,000	2,722,000	2,722,000
\$1,166,918	\$961,400	\$829,777	\$795,113	\$768,650	\$799,169
945	871	829	875	n/a	n/a
2.60	2.39	2.27	1.79	1.79	1.79
4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
n/a	n/a	n/a	n/a	n/a	n/a
\$1,181,040	\$1,181,298	\$1,199,653	\$1,327,128	\$1,287,025	\$1,273,521
3,917	3,750	3,345	3,352	3,314	n/a
950	887	851	706	870	n/a
\$805,061	\$793,757	\$728,416	\$704,635	\$677,814	\$599,611
1,524	1,488	1,496	1,145	1,400	n/a
3,400	2,700	3,200	2,200	2,100	n/a
192	100	124	104	114	161
170	56	158	147	168	79

City of Wapakoneta
 Capital Assets by Function/Program
 Last Ten Years

Function/Program	2005	2004	2003	2002
Security of Persons and Property-Police				
Stations	1	1	1	1
Vehicles	9	8	8	8
Security of Persons and Property-Fire				
Stations	1	1	1	1
Fire Trucks	6	6	6	6
Trailer	1	1	1	1
Vehicles	2	2	2	2
Public Health				
Vehicles	3	3	3	2
Leisure Time Activities				
Vehicles	0	1	0	1
Transportation				
Streets (miles)	45.90	45.90	45.00	45.00
Vehicles	20	19	20	19
General Government				
Vehicles	1	1	1	1
Electric				
Electric Lines (miles)	106.37	102.15	98.72	98.72
Number of Substations	8	8	8	8
Vehicles	11	11	11	11
Water				
Water Lines (miles)	59.73	59.73	58.72	58.52
Number of Treatment Plants	1	1	1	1
Vehicles	4	4	4	3
Sewer				
Sanitary Sewer Lines (miles)	47.93	47.93	47.05	47.05
Storm Sewer Lines (miles)	27.80	27.80	26.27	25.83
Number of Treatment Plants	1	1	1	1
Vehicles	4	4	4	3
Refuse				
Vehicles	4	6	6	6
Recycling				
Vehicles	3	3	3	3
Engineering				
Vehicles	3	3	3	3

Source: City Records

2001	2000	1999	1998	1997	1996
1 7	1 7	1 7	1 6	1 6	1 6
1 6 1 3	1 6 1 2	1 6 1 3	1 6 1 2	1 6 1 2	1 6 1 2
2	2	2	2	2	2
1	0	0	0	0	0
46.00 17	46.00 18	46.00 15	44.80 14	44.40 12	44.40 12
1	1	1	1	1	1
98.22 7 12	96.18 7 11	89.52 7 9	87.59 7 9	67.07 7 10	67.07 7 10
58.52 1 3	58.27 1 3	58.27 1 5	n/a n/a 5	n/a n/a 5	n/a n/a 5
47.05 25.50 1 4	47.05 25.40 1 4	47.05 25.40 1 4	45.88 24.52 1 4	42.22 26.00 1 5	41.67 24.00 1 5
5	6	6	5	6	7
3	3	3	2	2	2
4	4	4	4	2	2

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**Auditor of State
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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
SEPTEMBER 5, 2006**