

**CITY OF SIDNEY  
SHELBY COUNTY, OHIO**

***SUPPLEMENTAL REPORTS***

FOR THE YEAR ENDED  
DECEMBER 31, 2006





Mary Taylor, CPA  
Auditor of State

Honorable Mayor and City Council  
City of Sidney  
201 West Poplar Street  
Sidney, Ohio 45365

We have reviewed the *Independent Auditors' Report* of the City of Sidney, Shelby County, prepared by Julian & Grube, Inc., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 24, 2007

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**CITY OF SIDNEY  
SHELBY COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report on Supplementary Schedule of Expenditures of Federal Awards .....	1
Schedule of Expenditures of Federal Awards .....	2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	3 - 4
Report on Compliance With Requirements Applicable To the City's Major Federal Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	5 - 6
Schedule of Findings <i>OMB Circular A-133 § .505</i> .....	7 - 8

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditors' Report on Supplementary Schedule of Expenditures of Federal Awards**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 18, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Sidney's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Julian & Grube, Inc.  
June 18, 2007

**CITY OF SIDNEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>			
Summer Food Service Program for Children	10.559	N/A	\$ 7,903
<b>Total U.S. Department of Agriculture</b>			<u>7,903</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE OFFICE OF HOUSING AND COMMUNITY PARTNERSHIPS</b>			
Home Investment Partnerships Program	14.239	A-C-05-177-2	115,120
Community Development Block Grant/State's Program	14.228	A-C-05-177-1	48,477
Community Development Block Grant/State's Program	14.228	A-F-05-177-1	160,055
Community Development Block Grant/State's Program	14.228	A-F-06-177-1	12,022
<b>Total Community Development Block Grant/State's Program</b>			<u>220,554</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>335,674</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION PASSED THROUGH THE N/A</b>			
Airport Improvement Program	20.106	N/A	17,579
<b>U.S. DEPARTMENT OF TRANSPORTATION FEDERAL TRANSIT ADMINISTRATION PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION</b>			
Formula Grants for Other Than Urbanized Areas	20.509	RPT-0075-025-062	186,240
Formula Grants for Other Than Urbanized Areas	20.509	RPT-4075-024-061	229,351
<b>Total Grants for Other Than Urbanized Areas</b>			<u>415,591</u>
<b>Total U.S. Department of Transportation</b>			<u>433,170</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE N/A</b>			
Assistance to Firefighters Grant	97.044	N/A	77,459
<b>Total U.S. Department of Homeland Security</b>			<u>77,459</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 854,206</u>

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

(B) The City received in \$14,046 in repayment of revolving loan funds in the year ended December 31, 2006

(C) Grant was received directly from the Federal Emergency Management Agency



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the City of Sidney as of and for the year ended December 31, 2006, and have issued our report thereon dated June 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Members of Council and Mayor  
City of Sidney

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the City of Sidney in a separate letter dated June 18, 2007.

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



Julian & Grube, Inc.  
June 18, 2007



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Report on Compliance With Requirements Applicable To the City's Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133***

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

#### Compliance

We have audited the compliance of the City of Sidney with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2006. The City of Sidney's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Sidney's management. Our responsibility is to express an opinion on the City of Sidney's compliance based on our audit.

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

In our opinion, the City of Sidney complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2006.

To the Mayor and City Council  
City of Sidney

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Julian & Grube, Inc.  
June 18, 2007

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2006**

**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 non-compliance at the financial statement level (GAGAS)?	No
(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	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Program:	Formula Grants for Other Than Urbanized Areas, CFDA #20.509
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF FINDINGS**  
***OMB CIRCULAR A-133 § .505***  
**DECEMBER 31, 2006**

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

# City of Sidney Ohio



## Comprehensive Annual Financial Report

For the Year Ended  
December 31, 2006

**City of Sidney, Ohio**  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2006**



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

City of Sidney



Ohio

**City of Sidney**  
**Comprehensive Annual Financial Report**  
**Table of Contents**  
**For the Year Ended December 31, 2006**

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
A. LIST OF PRINCIPAL OFFICIALS	i
B. LETTER OF TRANSMITTAL	ii – ix
C. CITY ORGANIZATIONAL CHART	x
D. CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	xi
<b>II. FINANCIAL SECTION</b>	
A. INDEPENDENT AUDITORS' REPORT	1-2
B. MANAGEMENT'S DISCUSSION AND ANALYSIS	3-13
C. BASIC FINANCIAL STATEMENTS	
<b><u>Government-wide Financial Statements</u></b>	
Statement of Net Assets	14
Statement of Activities	15
<b><u>Fund Statements</u></b>	
Balance Sheet – Governmental Funds	16-17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18-19
Balance Sheet – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22-23
Statement of Fiduciary Net Assets – Fiduciary Funds	24
Notes to the Basic Financial Statements	25-46
D. REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – General Fund	47
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – Street Repair & Maintenance Fund	48
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – Municipal Income Tax Fund	49

**City of Sidney**  
**Comprehensive Annual Financial Report**  
**Table of Contents**  
**For the Year Ended December 31, 2006**

	<u>Page</u>
Notes to the Required Supplementary Information	50-51
E. SUPPLEMENTAL SECTION	
<b><u>Fund Descriptions</u></b>	53-56
<b><u>Combining Statements – Non-Major Funds:</u></b>	
Combining Balance Sheet – Non-major Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	58
Combining Balance Sheet – Non-major Special Revenue Funds	59-61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Special Revenue Funds	62-64
Combining Balance Sheet – Non-major Capital Projects Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Capital Projects Funds	66
Combining Balance Sheet – Non-major Enterprise Funds	67
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets– Non-major Enterprise Funds	68
Combining Statement of Cash Flows – Non-major Enterprise Funds	69
Combining Balance Sheet – Internal Service Funds	70
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets– Non-major Internal Service Funds	71
Combining Statement of Cash Flows – Internal Service Funds	72
Combining Statement of Fiduciary Net Assets– Fiduciary Funds	73
Combining Statement of Changes in Assets and Liabilities – Fiduciary Funds	74
<b><u>Budget-to-Actual Schedules – General Fund</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control - General Fund	76-78
<b><u>Budget-to-Actual Schedules – Special Revenue Funds</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Street Repair & Maintenance Fund	80
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary	81

**City of Sidney**  
**Comprehensive Annual Financial Report**  
**Table of Contents**  
**For the Year Ended December 31, 2006**

	<u>Page</u>
Control – Municipal Income Tax Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – State Highway Fund	82
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – County Auto License Fund	82
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Stormwater Management Fund	83
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Capital Investment Fund	83
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Cemetery Fund	84
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Transportation Fund	85
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – C.D.B.G. Fund	86
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – C.D.B.G. Revolving Loan Fund	86
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – C.D.B.G. Program Income Fund	87
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – H.O.M.E. Program Income Fund	87
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Parking Meter and Off-Street Parking Fund	88
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Probation Grant Fund	88
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Convention & Visitors’ Bureau Fund	89
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Health Department Building Lease Fund	89
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – FEMA Grant Fund	90
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget	90

**City of Sidney**  
**Comprehensive Annual Financial Report**  
**Table of Contents**  
**For the Year Ended December 31, 2006**

	<u>Page</u>
and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Separation Payment Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Insurance Fund	91
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Drug Law Enforcement Fund	91
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Law Enforcement Fund	92
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Indigent Driver Alcohol Treatment Fund	92
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Enforcement & Education Fund	93
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – OCJS Grant Fund	93
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Imprest Cash Fund	94
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Fire Loss Security Fund	94
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Cemetery Maintenance Fund	95
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Mausoleum Maintenance Fund	95
 <b><u>Budget-to-Actual Schedules – Capital Projects Funds</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Capital Improvement Fund	97
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Special Assessment Fund	98
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Police Station Construction Fund	98
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – At Legal Level of Budgetary Control – Walkway Grant Fund	99

**City of Sidney**  
**Comprehensive Annual Financial Report**  
**Table of Contents**  
**For the Year Ended December 31, 2006**

	<u>Page</u>
<b>III STATISTICAL SECTION</b>	
Narrative overview	101
Schedule 1 – Net Assets by Category – Last Seven Fiscal Years	103
Schedule 2 – Changes in Net Assets – Last Seven Fiscal Years	104-105
Schedule 3 – Fund Balances, Governmental Funds – Last 10 Fiscal Years	106
Schedule 4 – Changes in Fund Balances, Governmental Funds – Last 10 Fiscal Years	107
Schedule 5 – Income Tax by Payer Type and Income Tax Rate – Last 10 Fiscal Years	108
Schedule 6 – Ranking of Top Ten Income Tax Withholders, Current Year and 10 Years Ago	109
Schedule 7 – Ratios of Outstanding Debt and Legal Debt Margins – Last 10 Fiscal Years	110
Schedule 8 – Computation of Direct and Overlapping General Obligation Debt – December 31, 2006	111
Schedule 9 – Demographic and Economic Statistics – Last 10 Fiscal Years	112
Schedule 10 – Principal Employers – Current Year and Four Years Ago	113
Schedule 11 – Full-Time Equivalent City Government Employees by Function – Last Eight Fiscal Years	114
Schedule 12 – Operating Indicators by Function / Program – Last Eight Fiscal Years	115
Schedule 13 – Capital Asset and Infrastructure Statistics by Function / Program – Last Eight Fiscal Years	116



**CITY OF SIDNEY, OHIO  
LIST OF PRINCIPAL OFFICIALS  
DECEMBER 31, 2006**

**CITY COUNCIL MEMBERS**

Frank Mariano, Mayor

Rick Sims, Vice-Mayor

Patrick Echemann

Steve Hamby

Martha Milligan

Thomas Miller

Terry Pellman

**CITY MANAGER**

Steve Stilwell

**SENIOR DIRECTORS**

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



**City of Sidney**

**Letter of Transmittal for 2006 Comprehensive Annual Financial Report**

June 18, 2007

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

The Comprehensive Annual Financial Report (CAFR) of the City of Sidney, Ohio for the year ended December 31, 2006, is hereby submitted for your review.

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

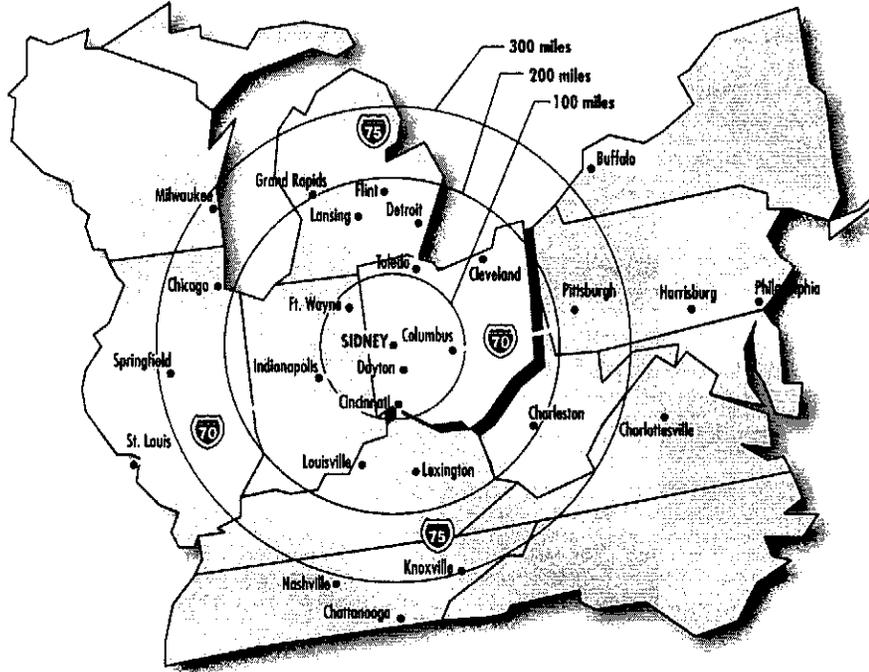
City of Sidney staff prepared all statements, schedules, and other presentations in this report. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that is established for this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

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

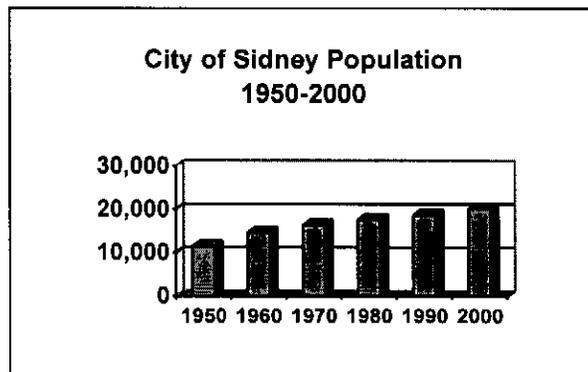
The independent accounting firm Julian & Grube, Inc. audited the basic financial statements of the City of Sidney that are included in this report. The financial statements have received an unqualified ("clean") opinion. The independent auditor's report is located at the front of the financial section of this report. The audit was also designed to meet the requirements of the Federal Single Audit Act and the related U.S. Office of Management and Budget's Circular A-133. The auditors' report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

## THE CITY OF SIDNEY

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



The City's population growth trend averaged 12.2% per decade from 1950 to 2000. The 2000 Census reported a total population of 20,211, an increase of 8.0% over the 1990 census. During more recent years, the City's population has remained relatively constant. The most recent population estimate, as determined by the U.S. Census Bureau, was 20,188.



### **Municipal Services and Facilities**

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

## **Governmental Organization**

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

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

## **Budgetary Controls**

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

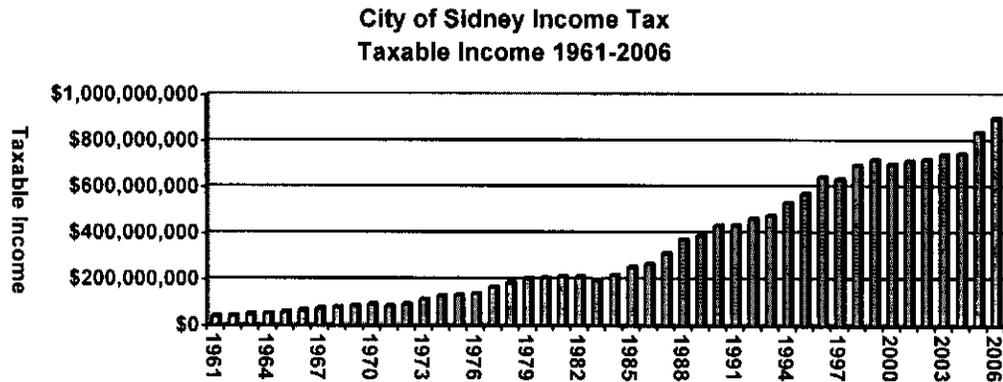
As a budgetary control, a purchasing control system is maintained which generally requires that an applicable appropriation be encumbered, or reserved, before a purchase may be made or a contract executed.

## **ECONOMIC CONDITIONS AND OUTLOOK**

### **Economic Environment – Historically**

Sidney’s history as a strong industrial center is rooted in its strategic location. The construction of the Miami-Erie Canal between 1825 and 1837 connected Sidney with the major trade centers in Ohio to the north and south. The need for labor to construct the canals provided an influx of settlers to the area. The opening of the canal in 1837 brought an increase in regional trade and the first significant period of economic growth in Sidney. As the influence of the canal declined, railroads emerged. East-west rail began to be laid in Sidney in 1851, followed by north-south rail in 1856. The rail system offered a more rapid and economical means of transport for goods and passengers, further enhancing growth in Sidney. Sidney is still served by these railroad lines today. The construction of I-75 through Sidney in 1962 was another major event in the City’s development. Creating a transportation link between Michigan and Florida, the interstate sparked an inflow of automobile-related factories, as well as warehouse and distribution facilities. Today, Sidney has four interchanges on Interstate 75, providing quick and convenient access for both commercial and industrial users.

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



After 1999, the City began to experience an economic slowdown. Average annual growth in the income tax base slowed to 0.8% from 1999 through 2004. During 2005, signs of a recovery were felt with taxable income increasing 12.2% from the prior year. While this was a considerable jump for a one year period, the average annual growth since 1999 remains at only 2.8%, far below historical averages. The 2005 increase in taxable income, and thus income tax collections, was primarily due to collections of taxes on businesses' net profits. By the nature of this net profits tax, it can be subject to more volatile swings. On the other hand, collections of amounts withheld by employers from employees' wages have shown moderate growth since 1999, indicating an apparently stable employment base.

**Economic Environment – Today**

The City of Sidney is an attractive location for industrial development. *Site Selection Magazine* (March 2007) ranked Sidney 12<sup>th</sup> among all U.S. small towns for attracting new or expanded business development.

The City of Sidney has a strong industrial base that is diversified and not totally dependent upon one sector of the economy. The ten largest employers operating within the City in 2006 were:

<u>Employer</u>	<u>Primary Business</u>	<u>Ave. no. of employees</u>
Copeland Corporation	Air compressor manufacturing	2,100
NK Parts Industries	Test, assemble, and ship auto parts	1,000
American Trim	Auto and appliance stampings	800
Wilson Memorial Hospital	Acute care facility	724
Wal-Mart Super Center	Discount retail	600
Norcold	Refrigerators for the RV, marine & truck industries	500
Sidney Board of Education	Public education	500
Con Agra	Producer of pizzas, sandwiches and lasagna	484
Alcoa Home Exteriors	Vinyl and aluminum siding	450
Ross Aluminum Foundries	Aluminum castings, wood & metal patterns	425

Source: West Ohio Development Council

In addition, a Honda of America Mfg., Inc. auto engine plant with approximately 2,800 employees is located just eight miles outside of the City. It significantly benefits the City's industrial, commercial, residential and income tax bases.

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

### **2006 Economic Activity and Outlook for the Future**

The City of Sidney's economy is fundamentally strong. The Sidney-Shelby County area has a very strong job market. According to Labor Department statistics, Shelby County realizes a net gain of 5,587 workers on a daily basis. While Sidney and Shelby County import a significant portion of their workers, surrounding counties export workers. Miami County sustains a net loss of 5,421 workers per day, Darke County loses 5,432 workers, and Auglaize County loses a net 2,123 workers each day. Shelby County continues to have one of the lowest unemployment rates in the State of Ohio with a 4.5% rate at the end of December 2006, seventh lowest of Ohio's 88 Counties. According to the West Ohio Development Council, nearly 152 new jobs were created in the Sidney and Shelby County area during 2006.

One factor that contributes to the growth and stability in Sidney is a spirit of cooperation between the public and private sectors. The West Ohio Development Council (WODC) is a non-profit corporation organized to create more employment opportunities and retain the existing employment base in the Sidney and Shelby County area. The WODC reports the following development activity during 2006:

- The CM Cole Property containing nearly 253 acres was annexed into the City. This site serves as one of the few sites available in West-Central Ohio large enough for a major industrial or distribution location.
- Menard's constructed a new retail location that was opened in early 2007. This, as well as the front frontage that is being developed, will allow further commercial and retail growth in Sidney.
- Although not located within City limits, Honda of America Mfg. announced during 2006 that it is planning to expand the engine plant just north of Sidney by 135,000 square feet and to purchase additional equipment to allow it to produce more internal engine steel parts which currently are imported from Japan.

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

In April of 2006, the City entered into its first tax incremental financing (TIF) arrangement to open up approximately 43 acres on the west end of the City for commercial development. The TIF arrangement is an economic development tool which, in this case, financed the elimination of the sewer pump station at the corner of Vandemark Road and Fair Road and the construction of a 24" extension of the Southwest Sanitary Sewer Interceptor.

In 2007, there are plans underway to enter into another TIF arrangement to construct water and sewer infrastructure that would not only allow an area manufacturer to relocate its operations within the City, but would also open up an additional 290 acres for possible future industrial development. Where appropriate, the City will continue to utilize this economic development tool to help grow our community.

### **Focuses on Long –Term Planning and Financial Policies**

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

### **Major Initiatives**

#### **For the Year:**

- Continued emphasis and funding of repair and maintenance of City streets and traffic improvements. Street resurfacing paid for by the Capital Improvement Fund doubled from \$200,000 in 2005 to \$400,000 in 2006.
- Preliminary design and testing for water system improvements and a new water source were ongoing during the year.
- To combat the rising costs of health insurance, the City changed to a fully insured employee health plan, discontinued the self-funded arrangement, and entered into a group purchasing arrangement with a number of other cities. Efforts to maintain only modest increases in health insurance premiums will continue in the future.

#### **Future Plans:**

The City of Sidney's five-year capital and operating plan for 2007–2011 identified operating initiatives and scheduled several capital projects that will have a positive impact on the quality of life in the community and/or facilitate future growth.

- In 2007, the City will resume its additional funding of the Capital Improvement Fund. Amounts received from the City's income tax are paid into the Municipal Income Tax Fund and 20% of the net proceeds after collection are transferred to the Capital Improvement Fund. Until recent years, it was the practice of the City to devote even more than 20% to capital. This was done by transferring additional funds each year from the General Fund to the Capital Improvement Fund. As a result, effectively 25% or more of income tax dollars were devoted to capital improvements. An additional transfer to \$600,000 from the General Fund to the Capital Improvement Fund is planned for 2007.
- With the implementation of a stormwater utility fee (the smallest stormwater fee in the State of Ohio), the funds necessary to perform stormwater monitoring and management will no longer be subsidized by income tax dollars. This will save the General Fund nearly \$300,000 for 2007. Stormwater capital projects will continue to be supported by income tax collections.

- Continued widening of Russell Road from west of Vandemark Avenue to Sixth Avenue, including the bridge over Interstate 75 is currently slated for construction in 2008 and 2009. This will significantly improve the east-west flow of traffic in the City. Projected costs total \$3.6 million with grant funding of \$2.4 million expected from the State of Ohio.
- The Street Fund is now in a financial position to fund \$300,000 of the street resurfacing expense in 2007 instead of relying on income tax collections from the Capital Improvement Fund.
- Construction of the bikeway / walkway from Graceland Cemetery to the Westlake area is scheduled for 2007. This project will be largely grant-funded with the net cost to the City expected to be \$65,000.
- Plans are underway to continue the testing of a potential new water source. The next step will be the drilling of additional borings, monitoring wells, testing of the proposed well field and continued modeling of the aquifer. A new water source will meet a long term need for increased water quantity and improved water quality permitting the City continued growth. This long-term project of acquiring a new water source will be planned in coordination with making any necessary improvements to the water treatment and water distribution systems within the City. Existing general obligation bonds in the water fund were repaid in 2006. Issuance of new debt will likely occur to finance these projects.
- To increase the air traffic flow to and from Sidney, the extension of a runway and other improvements at the Sidney Municipal Airport are planned. These improvements are contingent on federal funding.
- Renovation of the first floor of City Hall during late-2007 into 2008 will allow the space vacated by the police department when they moved to their new facility to be once again utilized. The renovation will move our utility billing and tax collections departments to this centrally-located, first floor location providing easier access for City residents and taxpayers.

#### AWARDS

*Certificate of Achievement for Excellence in Financial Reporting.* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sidney for its comprehensive annual financial report for the fiscal year ended December 31, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The City of Sidney has received the Certificate of Achievement for eight consecutive years. We believe that this comprehensive annual financial report for the year ended December 31, 2006 continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to determine its eligibility for another certificate.

*Distinguished Budget Presentation Award.* The City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2007, the eighth consecutive year that the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several

categories, including as a policy document, a financial plan, an operations guide, and a communications device.

#### **ACKNOWLEDGEMENTS**

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

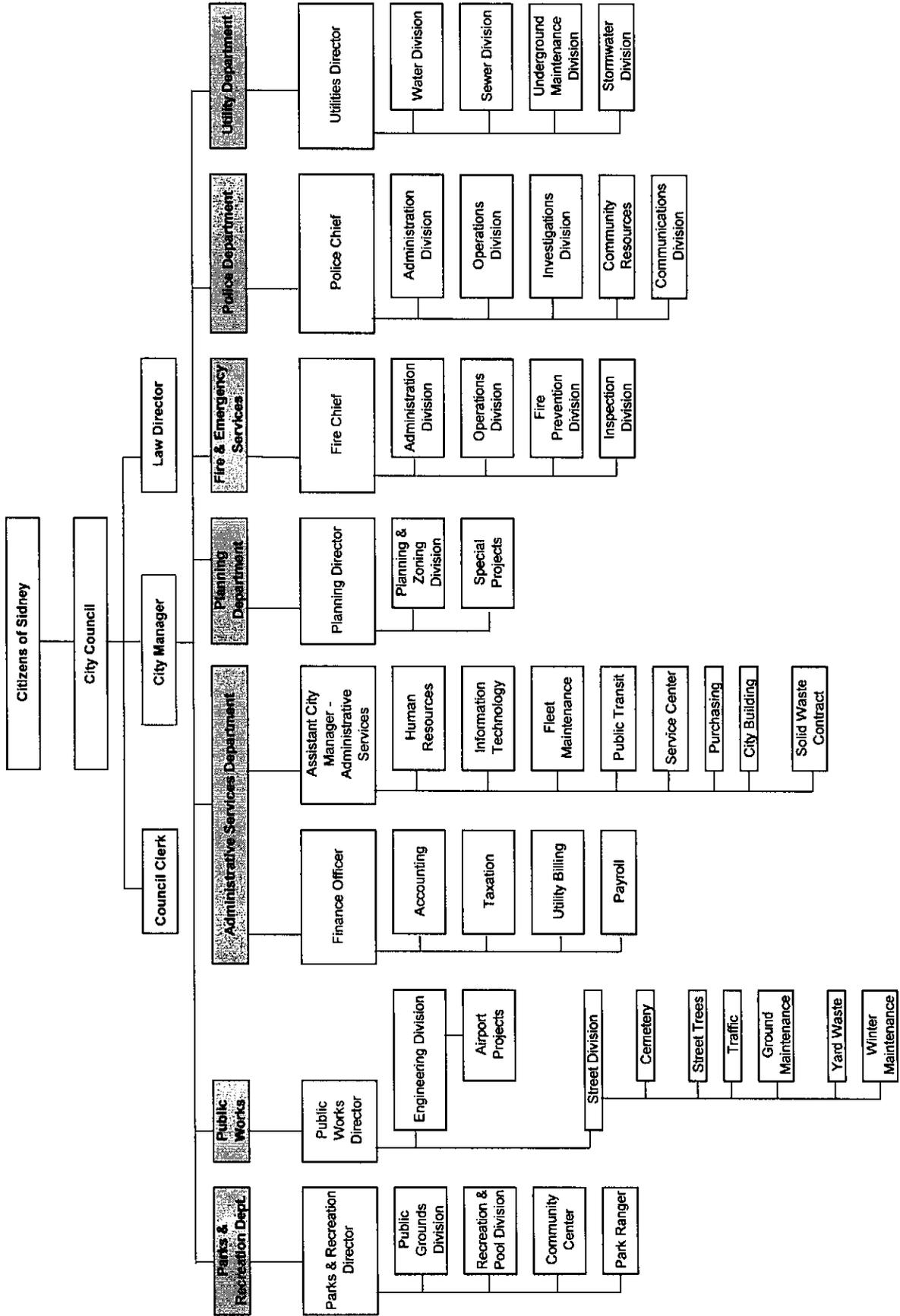
Finally, special thanks are extended to Mayor Frank Mariano and all other members of City Council whose support enables the City of Sidney to strive for excellence in its financial reporting and to maintain high standards of financial integrity.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ginger Adams".

Ginger S. Adams, CPA  
Finance Officer

# CITY OF SIDNEY, OHIO ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sidney  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

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



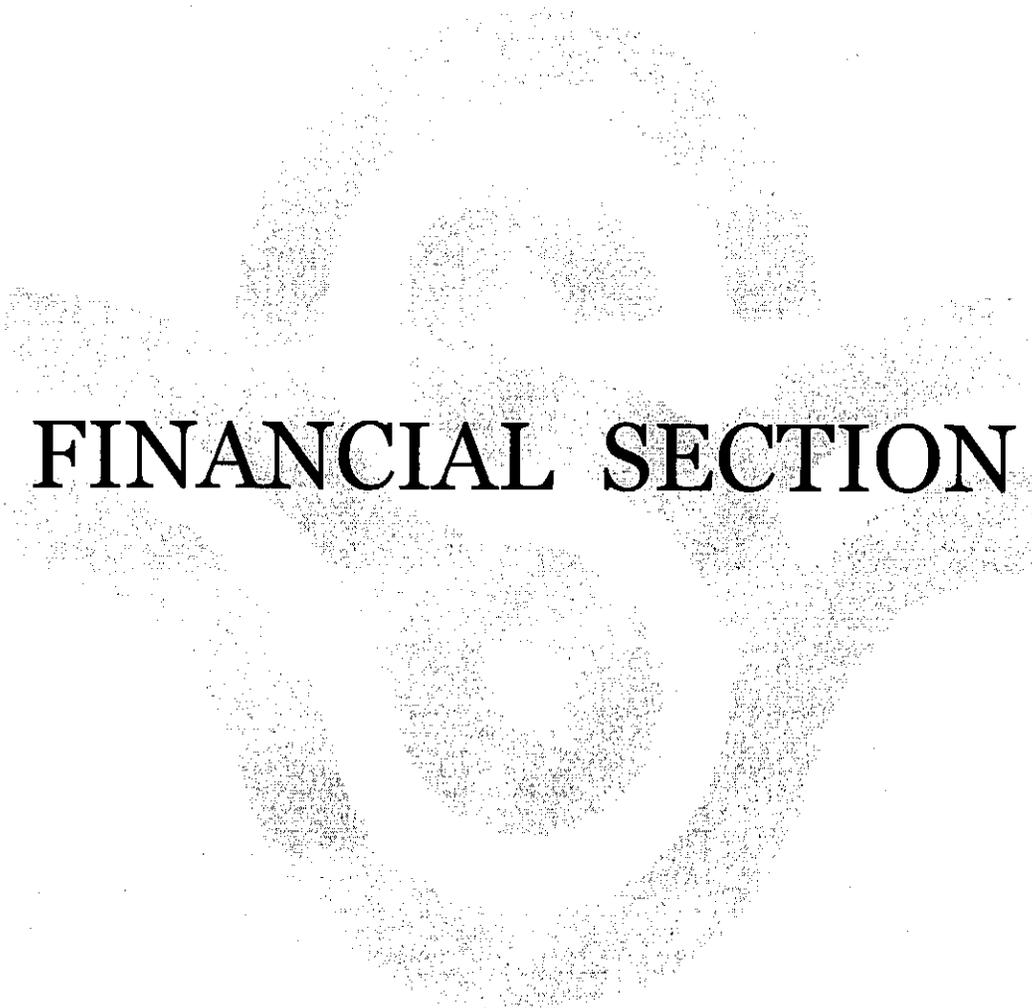
President

Executive Director

**CITY OF SIDNEY**



**OHIO**



**FINANCIAL SECTION**



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney, Ohio, as of and for the year ended December 31, 2006, 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

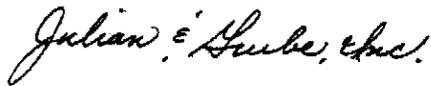
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2007, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditors' Report  
City of Sidney, Ohio  
Page 2

The management's discussion and analysis on pages 3-13 and analysis and budgetary comparison information on pages 47-49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Julian & Grube, Inc.  
June 18, 2007

**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

The management of the City of Sidney provides the following information as an introduction, overview and analysis of the City's financial statements for the year ended December 31, 2006. Readers should also review the basic financial statements on pages 14 – 24 to further enhance their understanding of the City's financial performance.

**Using this Annual Financial Report**

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

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

**Reporting on the City of Sidney as a Whole**

***Statement of Net Assets and Statement of Activities***

These government-wide statements answer the question, "How did the City as a whole do financially during 2006?" They are prepared on the accrual basis of accounting, much the same way as for a private enterprise. This basis of accounting includes all assets and liabilities and takes into account all of the reporting year's revenues and expenses regardless of when the cash was received or paid.

- *The Statement of Net Assets.* This statement (page 14) reports all assets and liabilities of the City as of December 31, 2006. The difference between total assets and total liabilities is reported as "net assets". Over time, increases in net assets generally indicate an improvement in financial position while decreases may indicate a deterioration of financial position.
- *The Statement of Activities.* This statement (page 15) serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City for the year ended December 31, 2006. Changes in net assets are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expense of the City's various programs net of related revenues, as well as a separate presentation of revenues available for general purposes.

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

**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

**Reporting on the City of Sidney's Most Significant Funds**

***Fund financial statements***

These statements provide financial position and results of the City's major funds. A fund is an accounting entity created to account for a specific activity or purpose. Major funds of the City of Sidney are the General Fund, Street Repair & Maintenance Fund, Municipal Income Tax Fund, Capital Improvement Fund, Water Fund, Sewer Fund and Solid Waste Fund. The creation of some funds is mandated by law and others are created by management to demonstrate financial compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

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

The City of Sidney maintains 34 separate governmental funds. The governmental fund financial statements on pages 16 through 19 separately display the governmental funds considered to be major funds. All other governmental funds - the "non-major" funds - are combined into a single column. Detailed financial data for each of the non-major governmental funds is provided in combining statements in the supplementary information section of this report.

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

The City of Sidney's Water Fund, Sewer Fund and Solid Waste Fund are all considered to be major funds and are displayed separately in the proprietary fund statements on pages 20 through 23. The City has two other proprietary funds, the activities of which are combined into one column for non-major funds.

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

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

**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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

The City of Sidney's four fiduciary funds are combined into a single column in the fiduciary fund statement on page 24 of this report. Detailed financial data for those funds can be found in the combining statements in the supplementary information section of this report.

**Other Information**

***Notes to the basic financial statements.***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25 – 46 of this report.

***Required supplementary information.***

In addition to the basic financial statements and notes, this report also contains required supplementary information (RSI). RSI includes budgetary schedules for the general fund and major special revenue funds. This data is on pages 47 to 49 of this report.

**The City of Sidney as a Whole**

The following table presents condensed information on net assets as of December 31, 2006 and 2005.

	<b>Net Assets</b>					
	<b>December 31, 2006 and 2005</b>					
	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>		<b><u>Total</u></b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005, as restated</u></b>	<b><u>2006</u></b>	<b><u>2005, as restated</u></b>
<b><u>Assets:</u></b>						
Current and other assets	\$ 19,967,131	\$ 18,628,501	\$ 5,134,367	\$ 4,687,142	\$ 25,101,498	\$ 23,315,643
Capital assets	<u>56,877,839</u>	<u>55,576,755</u>	<u>31,201,406</u>	<u>31,628,096</u>	<u>88,079,245</u>	<u>87,204,851</u>
Total assets	<u>76,844,970</u>	<u>74,205,256</u>	<u>36,335,773</u>	<u>36,315,238</u>	<u>113,180,743</u>	<u>110,520,494</u>
<b><u>Liabilities:</u></b>						
Long-term liabilities	10,136,403	10,402,357	7,014,416	7,745,904	17,150,819	18,148,261
Other liabilities	<u>3,529,937</u>	<u>3,492,998</u>	<u>2,059,750</u>	<u>1,702,928</u>	<u>5,589,687</u>	<u>5,195,926</u>
Total liabilities	<u>13,666,340</u>	<u>13,895,355</u>	<u>9,074,166</u>	<u>9,448,832</u>	<u>22,740,506</u>	<u>23,344,187</u>
<b><u>Net Assets:</u></b>						
Invested in capital assets, net of debt	47,927,839	46,330,165	23,201,765	23,223,096	71,129,604	69,553,261
Restricted	1,611,972	1,342,722	-	-	1,611,972	1,342,722
Unrestricted	<u>13,638,819</u>	<u>12,637,014</u>	<u>4,059,842</u>	<u>3,643,310</u>	<u>17,698,661</u>	<u>16,280,324</u>
Total net assets	<u>\$ 63,178,630</u>	<u>\$ 60,309,901</u>	<u>\$ 27,261,607</u>	<u>\$ 26,866,406</u>	<u>\$ 90,440,237</u>	<u>\$ 87,176,307</u>

**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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

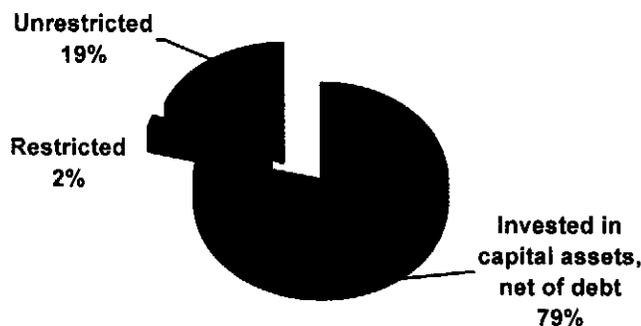
In total, net assets increased \$3.2 million from \$87.2 million to \$90.4 million in 2006. Of this increase, \$1.6 million is from the component, "invested in capital assets, net of related debt" which increased from \$69.5 million at December 31, 2005 to \$71.1 million at December 31, 2006. Increases in this category of net assets generally means that the sum of capital asset additions and bond principal repayments were greater than the sum of depreciation expense and additional debt now associated with capital assets. Capital asset additions totaled \$4.9 million and bond principal repayments were approximately \$1.3 million. Depreciation expense was approximately \$4.1 million. Approximately \$500,000 of the 2006 bond proceeds for the southwest sanitary sewer improvements were spent during 2006.

Restricted net assets are subject to external restrictions as to their use. This category increased approximately \$269,000 or 20% from \$1.3 million at December 31, 2005 to \$1.6 million at December 31, 2006. Recent state legislation increased the gasoline tax and increased distributions to municipalities. Such increases contributed largely to this rise in restricted net assets. These resources are to be used to maintain and repair City streets.

Unrestricted net assets are available for future use as directed by City Council. Overall, this category increased \$1.4 million from \$16.3 million at December 31, 2005 to \$17.7 million at December 31, 2006. It is important to note that although the total unrestricted net assets are \$17.7 million, the unrestricted net assets of the City's business-type activities, \$4.1 million, may not be used to fund governmental activities. Unrestricted net assets of the City's governmental activities increased \$1.0 million, while unrestricted net assets of the business-type activities increased \$400,000. Generally, increases in net assets indicate an improvement in financial position.

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

**Components of Net Assets**  
**December 31, 2006 and 2005**



**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

The following table presents condensed information on the changes in net assets for the years ended December 31, 2006 and 2005.

	<b>Changes in Net Assets</b>					
	<b>For the Years Ended December 31, 2006 and 2005</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005, as restated</u>	<u>2006</u>	<u>2005, as restated</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	2,156,768	2,095,597	8,049,250	8,450,379	10,206,018	10,545,976
Operating grants and contributions	2,032,720	2,117,622	4,250	-	2,036,970	2,117,622
Capital grants and contributions	2,483,459	2,608,004	316,775	417,514	2,800,234	3,025,518
General revenues:						
Income taxes	13,261,167	12,707,698	-	-	13,261,167	12,707,698
Property taxes	1,492,187	1,336,737	-	-	1,492,187	1,336,737
Other taxes	507,960	688,045	-	-	507,960	688,045
Grants and other contributions not restricted to specific programs	1,183,356	1,174,034	-	-	1,183,356	1,174,034
Investment income	545,906	340,469	118,884	64,736	664,790	405,205
Gain on sale of capital assets	27,398	10,430	4,202	1,500	31,600	11,930
Miscellaneous	48,053	76,941	-	-	48,053	76,941
<b>Total revenues</b>	<b>23,738,974</b>	<b>23,155,577</b>	<b>8,493,361</b>	<b>8,934,129</b>	<b>32,232,335</b>	<b>32,089,706</b>
<b>Expenses:</b>						
General government	1,741,846	1,614,428	-	-	1,741,846	1,614,428
Police	5,796,813	5,539,643	-	-	5,796,813	5,539,643
Fire	4,120,953	3,855,945	-	-	4,120,953	3,855,945
Judicial	1,517,325	1,496,683	-	-	1,517,325	1,496,683
Health	214,883	202,737	-	-	214,883	202,737
Public transportation	652,739	608,704	-	-	652,739	608,704
Street repair & maintenance	2,692,044	2,466,174	-	-	2,692,044	2,466,174
Community development	453,261	448,168	-	-	453,261	448,168
Community environment	973,205	920,618	-	-	973,205	920,618
Parks and recreation	1,461,172	1,469,323	-	-	1,461,172	1,469,323
Basic utility services	644,140	487,141	-	-	644,140	487,141
Interest on long-term debt	411,424	425,995	-	-	411,424	425,995
Water	-	-	3,253,577	2,959,127	3,253,577	2,959,127
Sewer	-	-	3,464,976	3,466,500	3,464,976	3,466,500
Solid waste	-	-	1,126,873	1,048,669	1,126,873	1,048,669
Airport	-	-	261,630	336,187	261,630	336,187
Swimming pool	-	-	181,544	157,804	181,544	157,804
<b>Total expenses</b>	<b>20,679,805</b>	<b>19,535,559</b>	<b>8,288,600</b>	<b>7,968,287</b>	<b>28,968,405</b>	<b>27,503,846</b>
Excess before transfers	3,059,169	3,620,018	204,761	965,842	3,263,930	4,585,860
Transfers	(190,440)	(295,727)	190,440	295,727	-	-
Change in net assets	2,868,729	3,324,291	395,201	1,261,569	3,263,930	4,585,860
Net assets, beginning of year	60,309,901	56,985,610	26,866,406	25,604,837	87,176,307	82,590,447
<b>Net assets, end of year</b>	<b>\$ 63,178,630</b>	<b>\$ 60,309,901</b>	<b>\$ 27,261,607</b>	<b>\$ 26,866,406</b>	<b>\$ 90,440,237</b>	<b>\$ 87,176,307</b>

**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

The City's net assets increased \$3.2 million for the year ended December 31, 2006 as compared to an increase of \$4.6 million for the prior year.

Total revenues increased approximately \$143,000, or .4%. The greatest fluctuation was the line item "income taxes" which increased nearly \$550,000 from 2005 to 2006. This represented a 4.3% increase in income taxes during 2006 compared to a 12.3% increase for the year ended December 31, 2005. The City's income tax revenues experienced a recovery during 2005 after rather stagnant revenues since the year 2000.

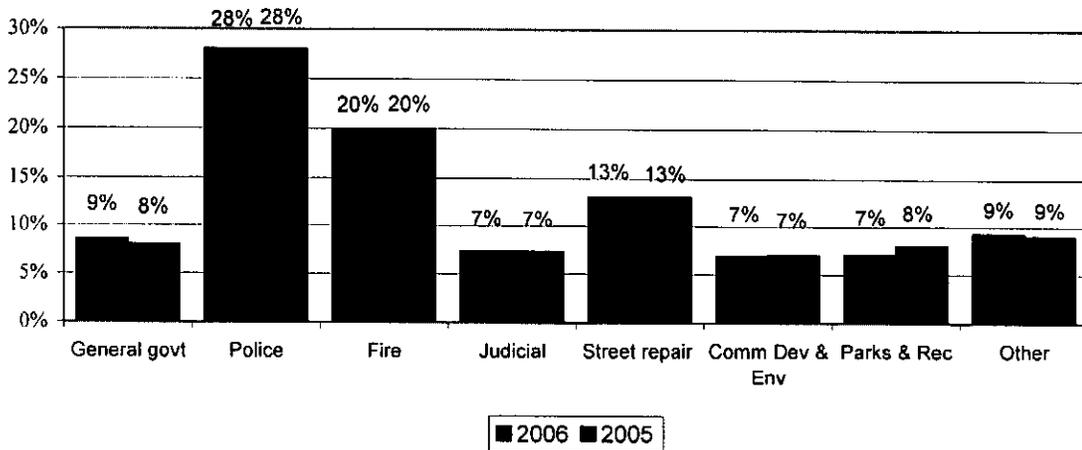
Charges for services decreased nearly \$340,000 from 2005 to 2006 primarily because of a drop in airport rental and fuel sales. During 2006, the City contracted with a fixed based operator to handle all operating aspects of the airport, thus ending the City's sale of hangar rentals and fuel. The decrease in other taxes of \$180,000 is due in large part to the decrease in estate tax receipts. Such income is susceptible to year to year swings.

Total expenses increased approximately \$1.5 million, or 5.3%. Water expenses increased from \$3.0 million in 2005 to \$3.3 million in 2006, primarily because of expenses attributable to research for a new water source. Police expenses increased from \$5.5 million during 2005 to \$5.8 million during 2006. The majority of this increase was due to a full year of costs for the new police facility. Basic utility services increased 32.3% representing the additional stormwater monitoring expenses incurred as a result of the Ohio EPA's mandate that the City participate in the stormwater NPDES Phase II program.

Governmental activities

Governmental net assets increased \$2.9 million, or 4.8%, from \$60.3 million to \$63.2 million. Net assets invested in capital assets, net of related debt, increased about \$1.6 million, or 3.5%. Restricted net assets increased only \$270,000 during the year. Unrestricted net assets increased about \$1.0 million, or 8.0%. Increases in unrestricted net assets generally indicate an improved financial position. The components of governmental activities' expenses are as follows:

**Governmental Expenses by Program**



The composition of expenses by program remained stable from 2005 to 2006. The two largest components of governmental expenses are public safety -- police and fire. Police makes up 28% of the total, while fire contributes another 20%. Judicial - consisting mainly of municipal court activities - comprises about 7% of governmental activities' expenses. Street repair and maintenance (which includes winter street clean-up) accounts for about 13% of expenses. The community

**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

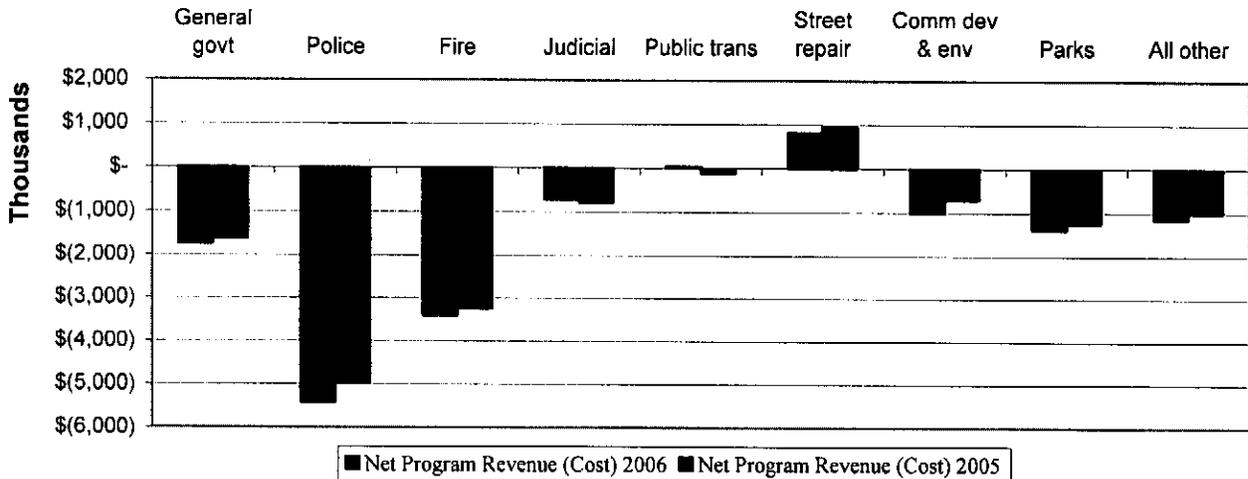
development and environment program, which includes such activities as community planning, engineering, building inspection and code enforcement, makes up about 7% of expenses. The parks and recreation program is responsible for 7% to 8% of governmental expenses.

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

**Expenses and Program Revenues - Governmental Activities**

	<u>Year Ended December 31, 2006</u>			<u>Year Ended December 31, 2005</u>		
	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Revenue (Cost)</u>	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Revenue (Cost)</u>
General government	\$ 1,741,846	\$ -	\$ (1,741,846)	\$ 1,614,428	\$ -	\$ (1,614,428)
Police	5,796,813	368,777	(5,428,036)	5,539,643	570,464	(4,969,179)
Fire	4,120,953	687,561	(3,433,392)	3,855,945	607,655	(3,248,290)
Judicial	1,517,325	800,751	(716,574)	1,496,683	715,396	(781,287)
Public Transportation	652,739	697,374	44,635	608,704	487,542	(121,162)
Street repair & maintenance	2,692,044	3,505,690	813,646	2,466,174	3,429,467	963,293
Community development	453,261	334,276	(118,985)	448,168	450,043	1,875
Community environment	973,205	76,179	(897,026)	920,618	209,990	(710,628)
Parks & recreation	1,461,172	72,453	(1,388,719)	1,469,323	235,638	(1,233,685)
All others	1,270,447	129,886	(1,140,561)	1,115,873	115,028	(1,000,845)
<b>Total net assets</b>	<b><u>\$20,679,805</u></b>	<b><u>\$6,672,947</u></b>	<b><u>\$(14,006,858)</u></b>	<b><u>\$19,535,559</u></b>	<b><u>\$6,821,223</u></b>	<b><u>\$(12,714,336)</u></b>

**Net Program Revenue (Cost) - Governmental Activities**



Overall, the net program cost of governmental activities increased by \$1.3 million or 10%. The most significant improvement in net program results was in the City's public transportation program, improving from net program cost of \$121,000 to net program revenue of \$44,000. Key factors for this include:

**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

- ✓ The Ohio Department of Transportation made a capital grant of approximately \$180,000 during 2006 for the purchase of several new transit vehicles.
- ✓ During 2006 the city and county transit operations merged into one and now transportation is operated by the city. Therefore all funding was paid to the city during 2006 and not to the county. The increase in revenue offsets the increase in expenses.

The Police program experienced the largest increase in net program cost going from a \$5.0 million net program cost in 2005 to a \$5.4 million net cost in 2006. Police-related program revenue decreased nearly \$200,000 due to the loss of a state drug unit grant. Police expenses increased as a result of one full year of utilities and costs associated with the new police facility.

*Business-type activities*

Business-type activities' net assets increased \$395,000 from \$26.9 million to \$27.3 million. While the category, "invested in capital assets, net of debt" decreased \$21,000, the unrestricted category increased \$416,000.

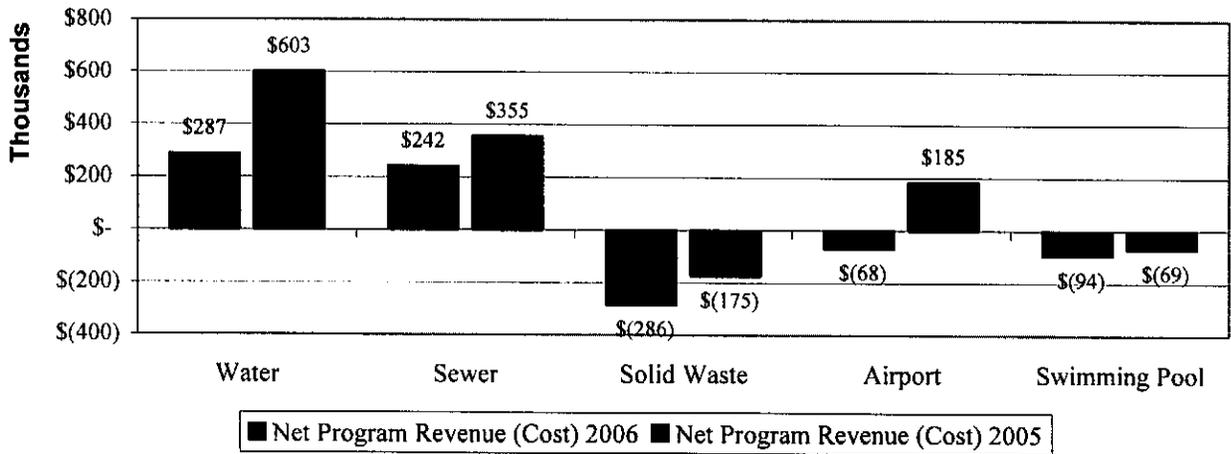
It is the City's policy that revenues of some of the City's business-type activities (water, sewer and residential curbside waste pickup in the Solid Waste Fund) are expected to cover all program costs. The revenues of other business-type activities cover specified portions of program costs. The following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

**Expenses and Program Revenues - Business-Type Activities**

	<u>Year Ended December 31, 2006</u>			<u>Year Ended December 31, 2005</u>		
	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Revenue (Cost)</u>	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Revenue (Cost)</u>
Water	\$ 3,253,577	\$ 3,540,699	\$ 287,122	\$ 2,959,127	\$ 3,562,350	\$ 603,223
Sewer	3,464,976	3,706,858	241,882	3,466,500	3,821,448	354,948
Solid Waste	1,126,873	841,242	(285,631)	1,048,669	874,119	(174,550)
Airport	261,630	194,092	(67,538)	336,187	520,915	184,728
Swimming Pool	<u>181,544</u>	<u>87,384</u>	<u>(94,160)</u>	<u>157,804</u>	<u>89,061</u>	<u>(68,743)</u>
Total business-type activities	<u>\$ 8,288,600</u>	<u>\$ 8,370,275</u>	<u>\$ 81,675</u>	<u>\$ 7,968,287</u>	<u>\$ 8,867,893</u>	<u>\$ 899,606</u>

**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

**Net Program Revenue (Cost) - Business-Type Activities**



Program revenue for business-type activities decreased \$498,000, or 6%, while program expenses increased \$320,000, or 4%. Key components of the changes in net program cost for each program are as follows:

- ✓ A decrease in airport revenue related to the change in operations to a fixed based operator in 2006.
- ✓ The operating deficit in the Solid Waste Fund was primarily created because there is no user fee for yard waste pickup. A cash subsidy of \$102,427, from the General Fund covered the cost of the yard waste program for 2006.
- ✓ While water program revenues remained relatively constant, water program expenses increased due to the cost of research for a new water source.

**Individual funds summary and analysis**

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

The combined fund balance of the City's governmental funds at December 31, 2006 was \$12.8 million. Approximately 85% of this total amount constitutes unreserved fund balances available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending. Approximately \$1,589,000 of this reserved fund balance has already been committed to liquidate purchase orders of the prior period.

Total fund balances of the City's governmental funds increased \$1.3 million from \$11.5 at December 31, 2005 to \$12.8 million at December 31, 2006. This is due in large part to the results in the General Fund. (See the governmental funds' balance sheets on pages 16 – 17.)

The General Fund is the primary operating fund of the City of Sidney, accounting for such activities as police and fire protection, emergency medical services, and parks and recreation. The General Fund balance increased \$1.3 million for the year ended December 31, 2006. Local taxes increased approximately 11% primarily due to the periodic reevaluation of all property subject to real estate taxes. The 13% growth in funds invested during 2006 is the primary factor in the increase

**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

in investment income. Increases in the transfer from the Municipal Income Tax Fund and decreases in transfers to other funds more than offset the 2% increase in General Fund expenditures. Amounts received from the City's income tax are paid into the Municipal Income Tax Fund and 80% of the net proceeds after collection are transferred to the General Fund. Increased tax revenues during 2006 led to transfers to the General Fund totaling \$10.4 million compared to \$9.7 million during 2005.

The Capital Improvement Fund also realized the benefits of the increased income tax collections discussed above. Twenty percent of the net proceeds after collection are transferred in from the Municipal Income Tax Fund. Transfers in increased from \$2.5 million in 2005 to \$2.9 million in 2006. As a result, its fund balance grew from \$1.8 million to \$2.1 million.

The Street Repair & Maintenance Fund, used to account for the state-levied gasoline tax and motor vehicle registration fees, is restricted by law for street maintenance and repair activities. Revenues increased approximately 8% from \$1.3 million to \$1.4 million which is in line with recent State legislation that increased the gasoline tax and increased distributions to municipalities. Expenditures decreased about \$112,000 or 9% because of milder winter conditions as compared to 2005. As a result, the fund balance increased by \$261,000.

The collection of the City's income tax is recorded in the Municipal Income Tax Fund. Income tax revenues, on the fund's financial statement, increased 2.4% from \$12.8 million to \$13.1 million. In the discussion of income tax revenues on the government-wide basis, found on page 8, municipal income tax revenue increased by 4.3%. This variance is because the governmental fund statements measure only current financial resources, while the government-wide financial statements measure total economic resources. Therefore, timing differences under the two measurement focuses may create slightly different results from year to year.

The City of Sidney's proprietary fund statements (found on pages 20-21) provide the same type of information found in the government-wide financial statements, but in more detail.

**Budget variations**

A significant variation of actual results compared to the General Fund budget was that transfers in were \$10,243,360 compared to a budget of \$9,923,360 a variance of \$320,000. This variance is entirely due to the transfer from the Municipal Income Tax Fund. Amounts received from the City's income tax are paid into the Municipal Income Tax Fund and 80% of the net proceeds after collection are transferred to the General Fund. The budget had projected a growth in income tax collection in 2006 of about 2.3% over 2005. However, actual income tax cash collections, net of refunds, increased 9.8%. This increase in general fund transfers in correlates directly to the significant variation of actual results compared to the Municipal Income Tax Fund budget. Local taxes in the Municipal Income Tax Fund were \$13,213,686 compared to the budget of \$12,307,510, a variance of \$906,176.

**Capital asset and debt administration**

**Capital asset activity**

Significant capital activity for the year included:

- ✓ Developers donated streets to the City with a total estimated cost of \$1,735,000.
- ✓ The third phase of a multiple year State of Ohio project to overlay asphalt on the state routes within the City limits was continued during 2006. The State is directly funding 80% of these costs.
- ✓ At a cost of \$800,000, the sewer pump station at the corner of Vandemark Road and Fair Road was eliminated and the construction of a 24" extension of the Southwest Sanitary

**CITY OF SIDNEY, OHIO**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

Sewer Inceptor was begun. This project when completed in 2007 will open up approximately 43 acres on the west end of the City for commercial development and increase the capacity to handle flows from the City's industrial customers.

Additional detail on the capital asset activity for the year ended December 31, 2006 is presented in the Notes to the Basic Financial Statements in note 5 on pages 36 – 38.

Debt

In order to finance the \$800,000 southwest sanitary sewer project as discussed above, the City issued \$600,000 of bond anticipation notes (BANs). (The remainder of the project was paid for by a state grant.) The BANs will eventually be rolled over into long-term bonds payable. The funds to pay for the bonds' debt service will come from the City's first tax incremental financing (TIF) arrangement.

Ohio law restricts the amount of debt that a City may issue. The aggregate principal amount of unvoted "net indebtedness" may not exceed 5.5% of the assessed valuation for property tax purposes of all real and personal property located within the City. At December 31, 2006, that debt ceiling was \$23.6 million. Certain debt with a repayment source other than general tax revenues, is excluded from the definition of net indebtedness. Under that definition, the City has approximately \$9.0 million of net indebtedness as of December 31, 2006, leaving a legal debt margin for unvoted debt of approximately \$14.6 million.

An additional statutory limitation restricts total indebtedness – both voted and unvoted – to 10.5% of the real and personal property assessed valuation. That limitation would restrict total City net indebtedness to \$45.0 million, leaving a total debt margin of approximately \$36.0 million.

A summary of debt outstanding at December 31, 2006 and 2005 is as follows:

	<u>General Obligation Bonds</u>	
	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Governmental activities	\$ 8,950,000	\$ 9,385,000
Business-type activities	<u>8,105,000</u>	<u>8,405,000</u>
Total	<u>\$ 17,055,000</u>	<u>\$ 17,790,000</u>

Additional detailed data for all debt of the City of Sidney is presented in the Notes to the Basic Financial Statements in note 8 on pages 41 - 43 and in Schedules 7 and 8 in the Statistical Section of this report.

**Contacting the City's management**

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

**CITY OF SIDNEY, OHIO  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2006**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Pooled cash and investments	\$ 12,591,412	\$ 3,011,814	\$ 15,603,226
Restricted cash and investments	57,640	105,359	162,999
Cash held by outside agent	7,871	-	7,871
Receivables (net):			
Income taxes	3,591,312	-	3,591,312
Property taxes	1,503,935	-	1,503,935
Other taxes	34,913	-	34,913
Accounts	-	1,426,356	1,426,356
Interest	93,850	20,454	114,304
Loans	55,066	-	55,066
Special assessments	137,151	-	137,151
Other	458,569	48,958	507,527
Internal balances	(8,495)	8,495	-
Receivables from other governments	1,133,348	219,117	1,352,465
Inventory	178,890	208,034	386,924
Prepaid items	131,669	85,780	217,449
Capital assets:			
Capital assets not subject to depreciation:			
Land	7,298,824	526,604	7,825,428
Construction in progress	144,783	597,019	741,802
Capital assets net of accumulated depreciation	<u>49,434,232</u>	<u>30,077,783</u>	<u>79,512,015</u>
 Total assets	 <u>\$ 76,844,970</u>	 <u>\$ 36,335,773</u>	 <u>\$ 113,180,743</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 711,319	\$ 309,139	\$ 1,020,458
Salaries and benefits payable	853,370	266,628	1,119,998
Unearned revenue	1,413,141	163,331	1,576,472
Accrued interest payable	30,807	40,652	71,459
Noncurrent liabilities:			
Due within one year	521,300	1,280,000	1,801,300
Due in more than one year	<u>10,136,403</u>	<u>7,014,416</u>	<u>17,150,819</u>
 Total liabilities	 <u>13,666,340</u>	 <u>9,074,166</u>	 <u>22,740,506</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	47,927,839	23,201,765	71,129,604
Restricted for:			
Capital projects	77,640	-	77,640
Street repair and maintenance	765,668	-	765,668
Community development projects	427,985	-	427,985
Other purposes - externally imposed restrictions	340,679	-	340,679
Unrestricted	<u>13,638,819</u>	<u>4,059,842</u>	<u>17,698,661</u>
 Total net assets	 <u>63,178,630</u>	 <u>27,261,607</u>	 <u>90,440,237</u>
 Total liabilities and net assets	 <u>\$ 76,844,970</u>	 <u>\$ 36,335,773</u>	 <u>\$ 113,180,743</u>

See Notes to the Basic Financial Statements.

CITY OF SIDNEY, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 1,741,846	\$ -	\$ -	\$ -	\$ (1,741,846)		\$ (1,741,846)
Police	5,796,813	344,990	23,787	-	(5,428,036)		(5,428,036)
Fire	4,120,953	609,644	77,917	-	(3,433,392)		(3,433,392)
Judicial	1,517,325	750,344	50,407	-	(716,574)		(716,574)
Health	214,883	129,886	-	-	(84,997)		(84,997)
Public transportation	652,739	163,058	344,628	189,688	44,635		44,635
Street repair and maintenance	2,692,044	14,730	1,526,578	1,964,382	813,646		813,646
Community development	453,261	45,887	1,500	286,889	(118,985)		(118,985)
Community environment	973,205	76,179	-	-	(897,026)		(897,026)
Parks and recreation	1,461,172	22,050	7,903	42,500	(1,388,719)		(1,388,719)
Basic utility services	644,140	-	-	-	(644,140)		(644,140)
Interest on long-term debt	411,424	-	-	-	(411,424)		(411,424)
Total governmental activities	<u>20,679,805</u>	<u>2,156,768</u>	<u>2,032,720</u>	<u>2,483,459</u>	<u>(14,006,858)</u>		<u>(14,006,858)</u>
<b>Business-type activities:</b>							
Water	3,253,577	3,540,699	-	-		\$ 287,122	287,122
Sewer	3,464,976	3,460,315	-	246,543		241,882	241,882
Solid Waste	1,126,873	841,242	-	-		(285,631)	(285,631)
Airport	261,630	123,860	-	70,232		(67,538)	(67,538)
Swimming Pool	181,544	83,134	4,250	-		(94,160)	(94,160)
Total business-type activities	<u>8,288,600</u>	<u>8,049,250</u>	<u>4,250</u>	<u>316,775</u>		<u>81,675</u>	<u>81,675</u>
<b>Total</b>	<u>\$ 28,968,405</u>	<u>\$ 10,206,018</u>	<u>\$ 2,036,970</u>	<u>\$ 2,800,234</u>	<u>(14,006,858)</u>	<u>81,675</u>	<u>(13,925,183)</u>
<b>General revenues:</b>							
<b>Taxes:</b>							
Income taxes					13,261,167	-	13,261,167
Property taxes					1,492,187	-	1,492,187
Other taxes					507,960	-	507,960
Grants and contributions not restricted to specific programs					1,183,356	-	1,183,356
Investment earnings					545,906	118,884	664,790
Gain on sale of capital assets					27,398	4,202	31,600
Miscellaneous					48,053	-	48,053
Transfers					(190,440)	190,440	-
Total general revenues and transfers					<u>16,875,587</u>	<u>313,526</u>	<u>17,189,113</u>
Change in net assets					2,868,729	395,201	3,263,930
Net assets - beginning - restated					60,309,901	26,866,406	87,176,307
Net assets - ending					<u>\$ 63,178,630</u>	<u>\$ 27,261,607</u>	<u>\$ 90,440,237</u>

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	General Fund	Street Repair & Maintenance Fund	Municipal Income Tax Fund	Capital Improvement Fund	Non-major Governmental Funds
<b>ASSETS</b>					
Pooled cash and investments	\$ 5,107,986	\$ 623,456	\$ 1,256,040	\$ 1,953,712	\$ 2,874,880
Restricted cash and investments	-	-	-	57,640	-
Cash held by outside agent	-	-	-	-	7,871
Receivables (net):					
Income taxes	-	-	3,591,312	-	-
Property taxes	1,503,935	-	-	-	-
Other taxes	28,722	-	-	-	6,191
Interest	76,658	4,775	-	-	12,417
Loans	-	-	-	-	55,066
Special assessments	134,965	-	-	-	2,186
Other	429,046	938	-	-	28,585
Due from other funds	588,551	5,291	1,572	160,652	5,317
Receivables from other governments	175,244	887,223	-	-	70,881
Inventory	36,018	76,821	-	-	16,094
Prepaid items	24,389	271	968	83,368	1,244
<b>Total assets</b>	<b>\$ 8,105,514</b>	<b>\$ 1,598,775</b>	<b>\$ 4,849,892</b>	<b>\$ 2,255,372</b>	<b>\$ 3,080,732</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 121,998	\$ 11,988	\$ 295,096	\$ 182,441	\$ 67,037
Salaries and benefits payable	731,242	40,176	9,431	-	45,681
Due to other funds	300	39,444	606,040	-	-
Deferred revenue	2,154,758	796,170	1,855,514	-	104,199
<b>Total liabilities</b>	<b>3,008,298</b>	<b>887,778</b>	<b>2,766,081</b>	<b>182,441</b>	<b>216,917</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Inventory	36,018	76,821	-	-	16,094
Prepaid items	24,389	271	968	83,368	1,244
Long-term loans receivable	-	-	-	-	55,066
Encumbrances	692,064	36,055	-	763,458	97,040
<b>Unreserved, reported in:</b>					
General fund	4,344,745	-	-	-	-
Special revenue funds	-	597,850	2,082,843	-	2,667,703
Capital projects funds	-	-	-	1,226,105	26,668
<b>Total fund balances</b>	<b>5,097,216</b>	<b>710,997</b>	<b>2,083,811</b>	<b>2,072,931</b>	<b>2,863,815</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,105,514</b>	<b>\$ 1,598,775</b>	<b>\$ 4,849,892</b>	<b>\$ 2,255,372</b>	<b>\$ 3,080,732</b>

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO  
RECONCILIATION OF TOTAL  
GOVERNMENTAL FUND BALANCES TO NET  
ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2006**

<p>Total  Governmental  Funds</p> <hr/> <p>\$ 11,816,074  57,640  7,871</p> <p>3,591,312  1,503,935  34,913  93,850  55,066  137,151  458,569  761,383  1,133,348  128,933  110,240</p> <hr/> <p>\$ 19,890,285</p> <p>\$ 678,560  826,530  645,784</p> <hr/> <p>4,910,641</p> <hr/> <p>7,061,515</p> <p>128,933  110,240  55,066  1,588,617</p> <hr/> <p>4,344,745  5,348,396  1,252,773</p> <hr/> <p>12,828,770</p> <hr/> <p>\$ 19,890,285</p>	<p>Total governmental fund balances \$ 12,828,770</p> <p><i>Amounts reported for governmental activities in the statement of net assets are different because:</i></p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 56,258,823</p> <p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:</p> <p style="padding-left: 20px;">Income taxes receivable 1,855,514  Other taxes and intergovernmental receivables 874,631  Other receivables 767,355</p> <p>Internal service funds are used to charge the costs of certain activities, such as the central garage, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 1,282,047</p> <p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds:</p> <p style="padding-left: 20px;">Bonds payable (8,950,000)  Compensated absences (1,351,884)  Unfunded police and fire pension liability (355,819)  Accrued interest on long-term debt (30,807)</p> <hr/> <p>Net assets of governmental activities \$ 63,178,630</p> <hr/>
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**CITY OF SIDNEY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General Fund	Street Repair & Maintenance Fund	Municipal Income Tax Fund	Capital Improvement Fund	Non-major Governmental Funds
<b>REVENUES:</b>					
Local taxes	\$ 1,708,496	\$ -	\$ 13,066,614	\$ -	\$ 75,989
Intergovernmental revenues	1,468,138	1,223,622	-	412,248	967,725
Special assessments	216,793	-	-	-	6,717
Charges for services	1,307,061	-	-	-	280,430
Fines, licenses and permits	151,173	-	-	-	118,513
Investment income	483,998	19,649	-	-	109,285
Miscellaneous receipts and reimbursements	68,739	115,960	15	44,028	60,847
Total revenues	<u>5,404,398</u>	<u>1,359,231</u>	<u>13,066,629</u>	<u>456,276</u>	<u>1,619,506</u>
<b>EXPENDITURES:</b>					
Current:					
General government	1,253,403	-	195,623	-	93,326
Police	5,253,357	-	-	-	105,459
Fire	3,738,312	-	-	-	18,987
Judicial	1,298,759	-	-	-	68,751
Health	-	-	-	-	194,161
Public transportation	-	-	-	-	569,944
Street repair and maintenance	-	1,087,245	-	-	94,795
Community development	112,378	-	-	-	264,873
Community environment	900,330	-	-	-	8,648
Parks and recreation	1,255,863	-	-	-	-
Basic utility services	-	-	-	-	398,791
Capital outlay	19,375	-	-	2,219,441	484,370
Debt service:					
Principal	-	-	-	415,000	20,000
Interest and other charges	-	-	-	411,623	1,715
Total expenditures	<u>13,831,777</u>	<u>1,087,245</u>	<u>195,623</u>	<u>3,046,064</u>	<u>2,323,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,427,379)</u>	<u>271,986</u>	<u>12,871,006</u>	<u>(2,589,788)</u>	<u>(704,314)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	10,412,291	-	-	2,884,790	659,115
Sale of capital assets	16,999	-	-	8,000	6,449
Transfers out	(746,000)	(11,000)	(13,015,364)	(47,155)	(292,717)
Total other financing sources (uses)	<u>9,683,290</u>	<u>(11,000)</u>	<u>(13,015,364)</u>	<u>2,845,635</u>	<u>372,847</u>
Net change in fund balances	1,255,911	260,986	(144,358)	255,847	(331,467)
Fund balances, beginning of year	<u>3,841,305</u>	<u>450,011</u>	<u>2,228,169</u>	<u>1,817,084</u>	<u>3,195,282</u>
Fund balances, end of year	<u>\$ 5,097,216</u>	<u>\$ 710,997</u>	<u>\$ 2,083,811</u>	<u>\$ 2,072,931</u>	<u>\$ 2,863,815</u>

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

Net change in fund balances - total governmental funds \$ 1,296,919

Total  
Governmental  
Funds

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

\$ 14,851,099  
4,071,733  
223,510  
1,587,491  
269,686  
612,932  
289,589  
21,906,040

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

Capital asset additions 2,322,669  
Current year depreciation (2,634,207)

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

Net book value of assets sold at a gain (proceeds were \$31,448) (4,050)

1,542,352  
5,358,816  
3,757,299  
1,367,510  
194,161  
569,944  
1,182,040  
377,251  
908,978  
1,255,863  
398,791  
2,723,186

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

Net book value of transfers:  
From proprietary funds to governmental funds 15,889  
From governmental funds to proprietary funds (43,789)  
From governmental funds to internal service funds (14,757)

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

Income taxes 194,553  
Investment income (41,140)  
Other revenue (27,358)  
Contribution of capital assets 1,735,105

435,000  
413,338  
20,484,529

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

435,000

13,956,196  
31,448  
(14,112,236)

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

Vacation and sick leave benefits (215,513)  
Interest payable 1,914  
Unfunded pension liability 6,346

1,296,919  
11,531,851

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

(158,852)

\$ 12,828,770

Change in net assets of governmental activities

\$ 2,868,729

**CITY OF SIDNEY, OHIO  
BALANCE SHEET  
PROPRIETARY FUNDS  
DECEMBER 31, 2006**

	Business-type Activities					Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Non-major Enterprise Funds	Totals	
<b>ASSETS</b>						
Current assets:						
Pooled cash and investments	\$ 1,477,366	\$ 1,192,266	\$ 297,856	\$ 44,326	\$ 3,011,814	\$ 775,338
Restricted cash and cash equivalents	-	105,359	-	-	105,359	-
Receivables (net):						
Accounts	700,560	523,309	202,182	305	1,426,356	-
Interest	11,322	9,132	-	-	20,454	-
Other	769	48,189	-	-	48,958	-
Receivables from other governments	-	219,117	-	-	219,117	-
Inventory	145,812	62,222	-	-	208,034	49,957
Due from other funds	15,717	11,393	-	-	27,110	2,671
Prepaid items	13,399	70,767	-	1,614	85,780	21,429
Total current assets	<u>2,364,945</u>	<u>2,241,754</u>	<u>500,038</u>	<u>46,245</u>	<u>5,152,982</u>	<u>849,395</u>
Noncurrent assets:						
Capital assets:						
Capital assets not subject to depreciation:						
Land	143,179	62,820	11,340	309,265	526,604	-
Construction in progress	-	584,087	-	12,932	597,019	-
Capital assets net of accumulated depreciation	7,446,460	20,226,359	46,640	2,358,324	30,077,783	619,016
Total noncurrent assets	<u>7,589,639</u>	<u>20,873,266</u>	<u>57,980</u>	<u>2,680,521</u>	<u>31,201,406</u>	<u>619,016</u>
Total assets	<u>\$ 9,954,584</u>	<u>\$ 23,115,020</u>	<u>\$ 558,018</u>	<u>\$ 2,726,766</u>	<u>\$ 36,354,388</u>	<u>\$ 1,468,411</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 79,108	\$ 48,321	\$ 160,316	\$ 21,394	\$ 309,139	\$ 32,759
Salaries and benefits payable	173,543	91,510	154	1,421	266,628	26,840
Due to other funds	-	-	-	-	-	145,380
Bonds Payable	-	600,000	-	-	600,000	-
Current portion of long term debt	-	680,000	-	-	680,000	-
Deferred revenue	-	-	163,331	-	163,331	-
Accrued interest payable	-	40,652	-	-	40,652	-
	<u>252,651</u>	<u>1,460,483</u>	<u>323,801</u>	<u>22,815</u>	<u>2,059,750</u>	<u>204,979</u>
Noncurrent liabilities:						
Noncurrent portion of long term debt	-	6,825,000	-	-	6,825,000	-
Compensated absences	156,162	33,254	-	-	189,416	-
Total noncurrent liabilities	<u>156,162</u>	<u>6,858,254</u>	<u>-</u>	<u>-</u>	<u>7,014,416</u>	<u>-</u>
Total liabilities	<u>408,813</u>	<u>8,318,737</u>	<u>323,801</u>	<u>22,815</u>	<u>9,074,166</u>	<u>204,979</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	7,589,639	12,873,625	57,980	2,680,521	23,201,765	619,016
Unrestricted	1,956,132	1,922,658	176,237	23,430	4,078,457	644,416
Total net assets	<u>9,545,771</u>	<u>14,796,283</u>	<u>234,217</u>	<u>2,703,951</u>	<u>27,280,222</u>	<u>1,263,432</u>
Total liabilities and net assets	<u>\$ 9,954,584</u>	<u>\$ 23,115,020</u>	<u>\$ 558,018</u>	<u>\$ 2,726,766</u>	<u>\$ 36,354,388</u>	<u>\$ 1,468,411</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(18,615)	
Total net assets from above					<u>27,280,222</u>	
Net assets of business-type activities					<u>\$ 27,261,607</u>	

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Business-type Activities				Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Non-major Enterprise Funds		
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 3,340,295	\$ 3,460,230	\$ 841,242	\$ 186,426	\$ 7,828,193	\$ 1,008,648
Other revenue	200,404	85	-	24,818	225,307	472
Total operating revenues	<u>3,540,699</u>	<u>3,460,315</u>	<u>841,242</u>	<u>211,244</u>	<u>8,053,500</u>	<u>1,009,120</u>
<b>OPERATING EXPENSES:</b>						
Personal services	1,389,311	987,175	-	88,761	2,465,247	309,771
Operations and maintenance	1,471,240	1,212,692	1,119,244	268,416	4,071,592	832,327
Depreciation	352,163	881,986	8,610	85,829	1,328,588	90,537
Total operating expenses	<u>3,212,714</u>	<u>3,081,853</u>	<u>1,127,854</u>	<u>443,006</u>	<u>7,865,427</u>	<u>1,232,635</u>
Operating income (loss)	<u>327,985</u>	<u>378,462</u>	<u>(286,612)</u>	<u>(231,762)</u>	<u>188,073</u>	<u>(223,515)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income	55,709	63,175	-	-	118,884	20,831
Intergovernmental	-	246,543	-	70,232	316,775	-
Gain (loss) on disposal of assets	-	102	-	4,100	4,202	20
Interest expense	(18,620)	(368,998)	-	-	(387,618)	-
Total nonoperating revenues (expenses)	<u>37,089</u>	<u>(59,178)</u>	<u>-</u>	<u>74,332</u>	<u>52,243</u>	<u>20,851</u>
Income (loss) before contributions and transfers	365,074	319,284	(286,612)	(157,430)	240,316	(202,664)
Capital contributions	-	43,789	-	-	43,789	14,757
Transfers out	(25,000)	(6,000)	-	(15,889)	(46,889)	(6,500)
Transfers in	-	-	120,000	73,540	193,540	-
Change in net assets	340,074	357,073	(166,612)	(99,779)	430,756	(194,407)
Total net assets - beginning of year - restated	<u>9,205,697</u>	<u>14,439,210</u>	<u>400,829</u>	<u>2,803,730</u>		<u>1,457,839</u>
Total net assets - end of year	<u>\$ 9,545,771</u>	<u>\$ 14,796,283</u>	<u>\$ 234,217</u>	<u>\$ 2,703,951</u>		<u>\$ 1,263,432</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(35,555)	
Change in net assets of business-type activities					<u>\$ 395,201</u>	

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Business-type Activities				Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Non-major Enterprise Funds		
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 3,312,916	\$ 3,461,367	\$ 878,195	\$ 226,501	\$ 7,878,979	\$ -
Receipts from interfund services	174,186	(8,481)	-	-	165,705	1,007,466
Payments to suppliers	(1,224,309)	(775,488)	(919,998)	(223,853)	(3,143,648)	(888,915)
Payments to employees	(1,398,439)	(1,034,212)	(4,869)	(100,684)	(2,538,204)	(356,454)
Payments or reimbursements for interfund services used or provided	<u>(403,696)</u>	<u>(422,920)</u>	<u>(120,225)</u>	<u>(7,989)</u>	<u>(954,830)</u>	<u>103,700</u>
Net cash provided by (used for) operating activities	<u>460,658</u>	<u>1,220,266</u>	<u>(166,897)</u>	<u>(106,025)</u>	<u>1,408,002</u>	<u>(134,203)</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers in	-	-	120,000	73,540	193,540	-
Transfers out	(25,000)	(6,000)	-	(15,890)	(46,890)	(6,500)
Intergovernmental	<u>-</u>	<u>246,543</u>	<u>-</u>	<u>70,232</u>	<u>316,775</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>(25,000)</u>	<u>240,543</u>	<u>120,000</u>	<u>127,882</u>	<u>463,425</u>	<u>(6,500)</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition of capital assets	(72,342)	(657,221)	-	(75,358)	(804,921)	-
Proceeds from sale of capital assets	-	260	-	4,100	4,360	20
Bond Proceeds	-	600,000	-	-	600,000	-
Principal paid on capital debt	(250,000)	(650,000)	-	-	(900,000)	-
Interest paid on capital debt	<u>(20,312)</u>	<u>(364,669)</u>	<u>-</u>	<u>-</u>	<u>(384,981)</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>(342,654)</u>	<u>(1,071,630)</u>	<u>-</u>	<u>(71,258)</u>	<u>(1,485,542)</u>	<u>20</u>
<b>Cash flows from investing activities:</b>						
Interest on investments	48,815	50,703	-	-	99,518	27,392
Net unrealized gain on investments	<u>12,071</u>	<u>13,945</u>	<u>-</u>	<u>-</u>	<u>26,016</u>	<u>3,869</u>
Net cash provided by investing activities	<u>60,886</u>	<u>64,648</u>	<u>-</u>	<u>-</u>	<u>125,534</u>	<u>31,261</u>
Net increase (decrease) in cash and cash equivalents	153,890	453,827	(46,897)	(49,401)	511,419	(109,422)
Cash and cash equivalents, beginning of year	<u>1,323,476</u>	<u>843,798</u>	<u>344,753</u>	<u>93,727</u>	<u>2,605,754</u>	<u>884,760</u>
Cash and cash equivalents, end of year	<u>\$ 1,477,366</u>	<u>\$ 1,297,625</u>	<u>\$ 297,856</u>	<u>\$ 44,326</u>	<u>\$ 3,117,173</u>	<u>\$ 775,338</u>

See Notes to the Basic Financial Statements.

CITY OF SIDNEY, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

(continued)

	Business-type Activities				Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Non-major Enterprise Funds		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 327,985	\$ 378,462	\$ (286,612)	\$ (231,762)	\$ 188,073	\$ (223,515)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	352,163	881,986	8,610	85,829	1,328,588	90,537
Change in assets and liabilities:						
Accounts receivable	(45,592)	(4,338)	29,427	19,878	(625)	-
Other receivables	7,712	8,302	-	-	16,014	1,017
Due from other funds	8,230	(11,393)	-	-	(3,163)	(2,670)
Prepaid items	(15,717)	23,792	-	833	8,908	(12,218)
Inventory	129	(16,428)	-	17,150	851	(22,022)
Accounts payable	(165,124)	6,920	79,021	18,591	(60,592)	(64,029)
Salaries and benefits payable and compensated absences	(9,128)	(47,037)	(4,869)	(11,923)	(72,957)	(46,683)
Due to other funds	-	-	-	-	-	145,380
Deferred revenue	-	-	7,526	(4,621)	2,905	-
Net cash provided (used) by operating activities	<u>\$ 460,658</u>	<u>\$ 1,220,266</u>	<u>\$ (166,897)</u>	<u>\$ (106,025)</u>	<u>\$ 1,408,002</u>	<u>\$ (134,203)</u>
<b>Noncash investing, capital and financing activities:</b>						
Contributions of capital assets from governmental funds	<u>\$ -</u>	<u>\$ 43,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,789</u>	<u>\$ 14,757</u>

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2006**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Pooled cash and investments	\$ 32,425
Municipal Court checking account	158,106
Accounts receivable	<u>8,527</u>
Total assets	<u>\$ 199,058</u>
<b>LIABILITIES</b>	
Due to employees	\$ 8,950
Due to other governments	123,603
Undistributed monies	<u>66,505</u>
Total liabilities	<u>\$ 199,058</u>

See Notes to the Basic Financial Statements

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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1. Summary of Significant Accounting Policies:

A. Reporting Entity

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

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

For financial reporting purposes, the City includes in this report all funds, agencies, boards, commissions, and departments in accordance with criteria established in Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39. Under the provisions of GASB Statement No. 14 (as amended), the City of Sidney is the primary government, since it is a general purpose government that has a separate elected governing body; functions as a separate legal entity; and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue debt. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data is combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no blended or discretely presented component units at December 31, 2006.

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

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

B. Basis of Presentation

Government-wide financial statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements distinguish between activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues; and business-type activities,

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

---

which rely to a significant extent upon fees and charges for support. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water, sewer, and solid waste function and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The government-wide financial statements do not include the assets and liabilities of the City's agency funds.

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

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

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

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

#### Fund Financial Statements

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

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

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

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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and is used to aid management in demonstrating compliance with financial-related legal and contractual provisions.

Governmental Funds

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

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

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

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

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

Proprietary (Business-type) Funds

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

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

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

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

Additionally, the City reports the following fund types:

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

Fiduciary funds - Generally are used to account for assets held in a fiduciary capacity on behalf of others. The City holds assets in agency funds for three other entities: (1)

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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municipal court, (2) City employees' medical reimbursement plan, and (3) Village of Port Jefferson's sewer bills.

**C. Basis of Accounting**

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

The modified accrual basis of accounting is used for all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues available if they are collected within 30 days after year end. Expenditures are recorded generally when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

**D. Budgets and Budgetary Accounting**

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

- (1) The County Budget Commission has suspended the requirement to prepare a tax budget. In lieu of the tax budget, about January 1 of each year, the City will submit to the Budget Commission a report of estimated revenue and actual unencumbered cash balances by fund. Thereafter, the County Budget Commission will issue an Official Certificate of Estimated Resources (OCER).
- (2) Unencumbered appropriations lapse at year-end. No contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Finance Officer first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract.
- (3) All funds of the City have annual budgets legally adopted by the City Council.

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

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities.

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

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

---

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

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

**E. Cash and Cash Equivalents**

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

- Municipal Court, an agency fund, maintains its deposits in a separate checking account.
- An outside agency, Shelby County, is holding cash deposits for the County Auto License Fund.
- Bond proceeds from the 2006 issuance of general obligation bond anticipation notes are being held separately.
- Escrow deposit is being held for the Ohio Department of Transportation (ODOT).

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

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

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

**F. Inventory and Prepaid Items**

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

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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Payments made to vendors for services that will benefit periods beyond December 31, 2006 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

**G. Health Insurance and Risk**

Effective December 31, 2005 the city changed to a fully-insured health insurance plan. Until that time, the City of Sidney covered most of its risks of loss through a combination of self-funding and commercial insurance. During 2006, the City incurred claims of \$0.

**H. Capital Assets**

Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment, infrastructure and all other assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, sidewalks, and similar items.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

All capital assets are valued at historical cost, or estimated historical cost, if actual cost is not available. Donated capital assets are valued at their estimated fair market value at the time received. Interest incurred during the construction phase of capital assets of business-type activities and proprietary funds is capitalized.

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

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

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

**I. Bond Issuance Costs**

Bond issuance costs are deferred and amortized over the terms of the bonds using methods that approximate the effective interest method. Issuance costs at December 31, 2006 amounted to \$135,146 net of accumulated amortization of \$214,213. These costs are included in prepaid items in the accompanying financial statements.

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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J. Compensated Absences

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

Vested vacation and sick leave is recorded as an expense in the government-wide statements for the period in which such leave was earned. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences" in the separation pay fund.

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

K. Pensions

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

L. Reserves and Designations

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

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

M. Grants and Other Intergovernmental Revenues

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

N. Interfund Activity

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

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

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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O. Financial Disclosure

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

P. Estimates

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

2. Cash and Cash Equivalents:

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

- Municipal Court, an agency fund, maintains its deposits in a separate checking account.
- Bond proceeds from the 2006 issuance of general obligation bond anticipation notes are being held separately. These proceeds are being used to pay for the southwest sanitary sewer improvements.
- An outside agency, Shelby County, is holding cash deposits for the County Auto License Fund.
- Escrow deposit is being held for the Ohio Department of Transportation (ODOT). The deposit will be used for 20% of a road resurfacing project. The work has been completed, but the deposit has not yet been withdrawn.

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

At December 31, 2006 the carrying amount of the City's deposits was \$3,937,569 and the bank balance was \$4,424,532. Of the bank balance:

1. \$400,000 was covered by federal depository insurance;
2. \$214,552 was covered by collateral held by a financial institution as permitted by Section 135.18(B) of the Ohio Revised Code (ORC);
3. \$3,809,980 was covered by single financial institution collateralized pools held in the financial institution's name as specified by Section 135.181 of the ORC.

The State of Ohio by statute has established collateral requirements for financial institutions acting as public depositories. The public depositories must either pledge specific qualified securities with a market value of at least equal to 102% of the total amount of all public deposits to be secured, or pledge a pool of collateral with a market value of at least 105% of the total amount of public deposits

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

secured. Pooled securities so pledged provide the equivalent of a deposit insurance fund. This approach protects all public entities against a single public depository collapse. The state has implemented collateral pools to minimize the interest penalty to public entities for protecting public deposits.

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

The City's Pooled cash and investments consisted of the following at December 31, 2006:

	<u>Fair Value</u>	<u>Weighted Average Maturity ( in years)</u>	<u>% of Total Pool</u>
Cash and cash equivalents	\$ 3,419,958	N/A	21.9%
U.S. agencies and government-sponsored Corporations	11,801,140	1.78	75.5%
Certificates of deposit	<u>414,552</u>	0.94	<u>2.6%</u>
Total pooled cash and investments	<u>\$ 15,635,650</u>		<u>100.0%</u>
Portfolio weighted average maturity		<u>1.94</u>	

The City's restricted cash and investments arising from the 2006 issuance of general obligation bond anticipation notes are being held in a bank savings account at December 31, 2006.

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than two years. In calculating this weighted average maturity, the City assumes that its callable investments will be called. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than five years from the date of purchase.

*Credit Risk.* As of December 31, 2006, the City's investments in U.S. agencies (not explicitly guaranteed by the U.S. government) and government-sponsored corporations were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

*Custodial Credit Risk.* The ORC, the City's charter, and the City's investment policy authorize the City to invest in the State Treasury Asset Reserve of Ohio (STAROhio), certificates of deposit, repurchase agreements, United States treasury bills and notes, notes issued by United States agencies and government-sponsored corporations, bankers' acceptances and commercial paper of the highest rating. The above legislative investment policy applies to all funds and fund types. All deposits are made to authorized public depositories and contracts with such institutions that are in accordance with the ORC and the City's charter.

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

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

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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Investments in any one issuer that represent 5% or more of the total investments (excluding cash and cash equivalents) at December 31, 2006 include:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
U.S. Government-Sponsored Corporations:		
Federal Farm Credit	\$ 1,080,437	8.8%
Federal Home Loan Bank	\$ 7,325,052	60.0%
Federal Home Loan Mortgage Corporation	\$ 2,013,508	16.5%
Federal National Mortgage Corporation	\$ 1,382,144	11.3%

3. Income Taxes:

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

4. Property Taxes:

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

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

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

Real property and public utility taxes collected during 2006 were levied on December 31, 2005 on assessed values listed as of January 1, 2005, the lien date. One-half of these taxes were due on February 14, 2006, with the remaining balance due on July 20, 2006.

Tangible personal property taxes collected during 2006 had a levy date of December 31, 2005. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out – the assessment percentage for property, including inventory, is 18.75% for 2006. This percentage will be reduced to 12.5% for 2007, 6.25% for 2008, and zero for 2009. One-half of these taxes were due between February 14, 2006, and April 30, 2006, with the remaining balance due on October 20, 2006.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone, and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Assessed values of real property are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The last revaluation was completed in 2005. Public utility property taxes are assessed on tangible personal property as well as land and improvements at true value (50% of cost). Tangible personal property assessments are 25% of true value. The assessed value for 2005 upon which the 2006 levy was based was approximately \$454,122,536. The assessed value for 2006 upon which the 2007 levy will be based is approximately \$428,275,580.

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

5. Capital Assets:

Capital asset activity for the year ended December 31, 2006 was as follows:

Governmental activities:

	Beginning Balance	Additions	Disposals	Net Transfers	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 7,045,412	\$ 196,374	\$ -	\$ 57,038	\$ 7,298,824
Construction in progress	507,787	132,932	-	(495,936)	144,783
Subtotal	<u>7,553,199</u>	<u>329,306</u>	<u>-</u>	<u>(438,898)</u>	<u>7,443,607</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	16,635,404	69,492	-	(57,038)	16,647,858
Machinery and equipment	8,701,727	805,355	(169,084)	34,697	9,372,695
General infrastructure	41,665,185	2,809,834	-	495,936	44,970,955
Subtotal	<u>67,002,316</u>	<u>3,684,681</u>	<u>(169,084)</u>	<u>473,595</u>	<u>70,991,508</u>
Totals at historical cost	<u>74,555,515</u>	<u>4,013,987</u>	<u>(169,084)</u>	<u>34,697</u>	<u>78,435,115</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	2,787,383	399,052	-	-	3,186,435
Machinery and equipment	5,605,590	762,725	(165,034)	18,807	6,222,088
General infrastructure	10,585,787	1,562,966	-	-	12,148,753
Total accumulated depreciation	<u>18,978,760</u>	<u>2,724,743</u>	<u>(165,034)</u>	<u>18,807</u>	<u>21,557,276</u>
Net capital assets	<u>\$ 55,576,755</u>	<u>\$ 1,289,244</u>	<u>\$ (4,050)</u>	<u>\$ 15,890</u>	<u>\$ 56,877,839</u>

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

Depreciation was charged to governmental activities as follows:

General government	\$ 92,190
Police	328,075
Fire	230,205
Judicial	128,316
Health	15,887
Public transportation	93,566
Street repairs and maintenance	1,452,647
Community development	2,092
Community environment	35,148
Parks and recreation	158,125
Basic utility services	<u>175,029</u>

Total governmental activities depreciation expense \$ 2,711,280

Portion of internal service funds' depreciation included above allocable to business-type activities 13,463

Total additions to accumulated depreciation of governmental activities \$ 2,724,743

Business-type activities:

	Beginning Balance, as Restated	Additions	Disposals	Net Transfers	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 526,604	\$ -	\$ -	\$ -	\$ 526,604
Construction in progress	<u>-</u>	<u>597,019</u>	<u>-</u>	<u>-</u>	<u>597,019</u>
Subtotal	<u>526,604</u>	<u>597,019</u>	<u>-</u>	<u>-</u>	<u>1,123,623</u>
<i>Capital assets being depreciated:</i>					
Buildings, improvements and infrastructure	42,995,756	189,286	-	-	43,185,042
Machinery and equipment	8,218,837	131,645	(40,251)	(34,697)	8,275,534
Subtotal	<u>51,214,593</u>	<u>320,931</u>	<u>(40,251)</u>	<u>(34,697)</u>	<u>51,460,576</u>
Totals at historical cost	<u>51,741,197</u>	<u>917,950</u>	<u>(40,251)</u>	<u>(34,697)</u>	<u>52,584,199</u>
<i>Less accumulated depreciation for:</i>					
Buildings, improvements and infrastructure	14,454,458	1,013,664	-	-	15,468,122
Machinery and equipment	<u>5,658,650</u>	<u>314,921</u>	<u>(40,093)</u>	<u>(18,807)</u>	<u>5,914,671</u>
Total accumulated depreciation	<u>20,113,108</u>	<u>1,328,585</u>	<u>(40,093)</u>	<u>(18,807)</u>	<u>21,382,793</u>
Net capital assets	<u>\$ 31,628,089</u>	<u>\$ (410,635)</u>	<u>\$ (158)</u>	<u>\$ (15,890)</u>	<u>\$ 31,201,406</u>

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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Depreciation was charged to business-type activities as follows:

Water	\$ 352,161
Sewer	881,985
Solid waste	8,610
Airport	54,529
Swimming Pool	<u>31,300</u>
Total additions to accumulated depreciation of business-type activities	<u>\$ 1,328,585</u>

Portion of internal service funds' depreciation allocable to business-type activities 77,074

Total business-type activities depreciation expense \$ 1,405,659

Beginning balances have been restated to reflect the correction of buildings, improvements, and infrastructure held within the Airport Fund. See Note 14 for additional disclosures.

**6. Pension Plans:**

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

Ohio Public Employees Retirement System

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006, the member and employer contribution rates were consistent across all three plans. The 2006 member contribution rates were 9.0%.

The 2006 employer contribution rate was 13.70% of covered payroll. The City's contributions,

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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representing 100% of employer's contributions for the years ended December 31, 2006, 2005, and 2004 were \$983,890, \$902,595, and \$883,894, respectively.

Ohio Police and Fire Pension Fund

The City of Sidney contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to OP&F for the years ended December 31, 2006, 2005 and 2004 were \$1,073,562, \$1,032,231, and \$941,509, respectively, equal to the required contribution for each year.

The City also makes payments to OP&F for its portion of past service cost determined at the time the fund was established in the mid-1930's. As of December 31, 2006, the unfunded liability is payable, including principal and interest, in annual installments of \$21,672 through the year 2035. The principal balance of \$355,819 is accounted for as a noncurrent liability in the governmental activities column of the Statement of Net Assets. The State of Ohio assumed the liability for past service cost at the time OPERS was established.

7. Post Employment Benefits:

A. Ohio Public Employees Retirement System

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

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

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For 2006, the rate was 13.70% of covered payroll, and 4% was used to fund health care for the year

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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

**Actuarial Review:** The assumptions and calculations below were based on OPERS' latest Actuarial Review performed as of December 31, 2005.

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

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

**Investment Return:** The investment assumption rate for 2005 was 6.5%.

**Active Employee Total Payroll:** An annual increase of 4%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.5% to 6.3%.

**Health Care:** Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

The OPEB's are advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 369,214 active contributing participants at December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804. The portion of the City's contributions for 2006 that were used to fund post employment benefits was \$323,208. \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2005. The Actuarial Valuation as of December 31, 2005 reported the actuarially accrued liability and the unfunded actuarial accrued liability for OPEB, based on the actuarial cost method used, at \$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, and January 1, 2007 which will allow additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides access to postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen whether or not the child is attending school or under the age of twenty-two, if attending full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll. The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to offer health coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75% of covered payroll in 2005 and in 2006. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2005, the date of the last actuarial valuation available, was 13,922 for police and 10,537 for firefighters. The City's annual contribution for 2005 that were used to fund post-employment benefits was \$201,291 for police and \$182,990 for firefighters. OP&F's total health care expense for the year ended December 31, 2004 was \$102,173,796, which was net of members' contributions of \$55,665,341.

**8. Noncurrent Liabilities:**

The following is a summary of changes for noncurrent liabilities of the City for the year ended December 31, 2006:

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<b>Governmental activities:</b>					
Capital improvement fund:					
<i>G.O. bonds, 1998-2018, 3.25% to 5.0%, Monumental Bldg renovation</i>	\$ 2,035,000	\$ -	\$ 120,000	\$ 1,915,000	\$ 125,000
<i>G.O. bonds, 2005-2024, 4.0% to 4.7%, Police Facility Construction</i>	7,310,000	-	295,000	7,015,000	300,000
Health department building lease fund: <i>G.O. bonds, 1993-2007, 2.5% to 4.9%</i>	40,000	-	20,000	20,000	20,000
Accrued vacation and sick leave	1,166,492	1,067,454	882,062	1,351,884	70,500
Unfunded police/fire pension obligation	<u>362,165</u>	<u>-</u>	<u>6,346</u>	<u>355,819</u>	<u>5,800</u>
<b>Total Governmental Activities Noncurrent Liabilities</b>	<b><u>\$10,913,657</u></b>	<b><u>\$1,067,454</u></b>	<b><u>\$ 1,323,408</u></b>	<b><u>\$ 10,657,703</u></b>	<b><u>\$ 521,300</u></b>

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<b>Business-type activities:</b>					
Water fund:					
<i>G.O. bonds, 1986-2006, 8.125%</i>					
Paid in full in 2006	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -
Sewer fund:					
<i>G.O. bonds, advanced refunding, 1993-2007, 2.5% to 4.9%</i>					
	1,300,000	-	635,000	665,000	665,000
<i>G.O. Bond Anticipation Notes, matures Aug 2007, 4.25%</i>					
	-	600,000	-	600,000	600,000
<i>G.O. bonds, 2001-2022, 4.0% to 4.625%</i>					
	6,855,000	-	15,000	6,840,000	15,000
Accrued vacation and sick leave	<u>240,904</u>	<u>123,146</u>	<u>174,634</u>	<u>189,416</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 8,645,904</u></b>	<b><u>\$ 723,146</u></b>	<b><u>\$ 1,074,634</u></b>	<b><u>\$ 8,294,416</u></b>	<b><u>\$ 1,280,000</u></b>

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

The 2006 issuance of general obligation bond anticipation notes is being used to pay for southwest sanitary improvements. The project was not completed as of December 31, 2006. At December 31, 2006, unspent proceeds totaling \$105,359 remained from the \$600,000 issuance. In order to finance the \$800,000 southwest sanitary sewer project as discussed above, the City issued \$600,000 of bond anticipation notes (BANs). (The remainder of the project was paid for by a state grant). The BANs will eventually be rolled over into long-term bonds payable. The funds to pay for the bonds' debt service will come from the City's first tax incremental financing (TIF) arrangement.

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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Annual requirements to pay principal and interest on long-term debt at December 31, 2006 are:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 445,000	\$ 388,520	1,280,000	358,086
2008	435,000	369,535	340,000	307,486
2009	445,000	350,835	350,000	292,611
2010	460,000	332,360	365,000	277,299
2011	475,000	313,260	375,000	261,330
2011-2015	2,065,000	1,048,453	1,665,000	873,075
2016-2020	2,640,000	788,717	2,535,000	635,263
2021-2024	<u>1,985,000</u>	<u>236,390</u>	<u>1,195,000</u>	<u>83,481</u>
Total	<u>\$ 8,950,000</u>	<u>\$ 3,828,070</u>	<u>\$ 8,105,000</u>	<u>\$ 3,088,631</u>

Advance Refunding

On September 15, 1993, the City of Sidney advance refunded the 1987 Sewer System Improvement Mortgage Reserve bond issue with new General Obligation Bonds. The City issued \$7.302 million of general obligation refunding bonds to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the refunded bonds were considered to be defeased and the liability was removed from the enterprise fund. This advance refunding was undertaken to reduce total debt service payments over the remaining 14 years by \$1,958,469 and to obtain an economic gain (difference between present value of the debt service payments of the refunded and refunding bonds) of \$315,392. At December 31, 2006, the bonds have no outstanding balance.

9. Contingent Liabilities:

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

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

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

10. Interfund Receivables and Payables:

Interfund balances in the basic financial statements at December 31, 2006 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 588,551	\$ 300
Street repair & maintenance	5,291	39,444
Municipal income tax	1,572	606,040
Capital improvement	160,652	-
Non-major governmental funds	5,317	-
Sewer	11,393	-
Water	15,717	-
Internal Service Funds	<u>2,671</u>	<u>145,380</u>
	<u>\$ 791,164</u>	<u>\$ 791,164</u>

Interfund balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

11. Interfund Transfers:

Interfund transfers in the basic financial statements for the year ended December 31, 2006 were:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 10,412,291	\$ 746,000
Street repair and maintenance	-	11,000
Municipal income tax	-	13,015,364
Capital improvement	2,884,790	47,155
Non-major governmental funds	659,115	292,717
Internal service fund	-	6,500
Water	-	25,000
Sewer	-	6,000
Solid waste	120,000	-
Non-major enterprise funds	<u>73,540</u>	<u>15,889</u>
	<u>\$ 14,149,736</u>	<u>\$ 14,165,625</u>
Net book value of internal service and enterprise capital		
Capital assets transferred to governmental activities		<u>15,889</u>
		<u>\$ 14,149,736</u>

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

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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12. Self-Insurance:

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

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

	<u>2006</u>	<u>2005</u>
Unpaid claims, beginning of year	\$ 75,840	\$ 279,645
Incurred claims (including IBNRs)	-	1,211,210
Claim payments	<u>(75,840)</u>	<u>(1,415,015)</u>
Unpaid claims, end of year	<u>\$ 0</u>	<u>\$ 75,840</u>

13. Risk Management:

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

The City pays an annual premium to MVRMA for this coverage. The agreement provides that the MVRMA will be self-sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500. During 2006, the Association's per-occurrence retention limit for property was \$200,000, with the exception of boiler and machinery for which there was a \$5,000 per occurrence retention limit. Liability had a per-occurrence retention limit of \$1,000,000. After the retention limits are reached, excess insurance will cover up to the limits stated below.

General Liability (including law enforcement)	\$10,000,000 per occurrence
Automobile Liability	\$10,000,000 per occurrence
Public Officials Liability	\$10,000,000 per occurrence
Boiler and Machinery	BLANKET COVERAGE
Property	BLANKET COVERAGE
Earthquake	\$25,000,000 per occurrence
Flood	\$20,000,000 per occurrence

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

**CITY OF SIDNEY, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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14. Prior Year Restatements:

During 2006, it was determined that certain airport machinery & equipment and infrastructure had been capitalized in error. The cost and accumulated depreciation of these capital assets at January 1, 2006 were as follows:

	<u>Airport</u>
Proprietary fund machinery & equipment, at cost	\$(79,400)
Proprietary fund infrastructure, at cost	(117,971)
Accumulated depreciation	<u>3,781</u>
Net Capital Assets	<u>\$(193,590)</u>

Beginning balance restatement for the Airport fund is as follows:

	<u>Airport</u>
Net assets at the beginning of the year as previously reported	\$1,789,199
Correction of error in reporting proprietary fund Infrastructure and machinery & equipment	<u>(193,590)</u>
Net assets at the beginning of the year, as restated	<u>\$1,595,609</u>

**CITY OF SIDNEY, OHIO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>				
Local taxes	\$ 1,596,380	\$ 1,596,380	\$ 1,706,234	\$ 109,854
Intergovernmental revenues	1,414,973	1,414,973	1,471,155	56,182
Special assessments	219,000	219,000	216,951	(2,049)
Charges for services	1,374,064	1,374,064	1,296,563	(77,501)
Fines, licenses and permits	170,100	170,100	148,029	(22,071)
Investment income	340,500	340,500	402,947	62,447
Miscellaneous receipts and reimbursements	-	-	-	-
	<u>873,090</u>	<u>873,090</u>	<u>859,742</u>	<u>(13,348)</u>
Total revenues	<u>5,988,107</u>	<u>5,988,107</u>	<u>6,101,621</u>	<u>113,514</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,214,984	2,173,959	2,103,605	70,354
Police	5,381,020	5,447,635	5,343,248	104,387
Fire	3,879,513	3,848,388	3,785,356	63,032
Judicial	1,364,188	1,358,868	1,320,762	38,106
Community development	124,208	124,208	119,165	5,043
Community environment	928,601	933,841	918,303	15,538
Parks and recreation	1,294,174	1,322,834	1,300,896	21,938
Capital outlay	17,800	16,955	16,375	580
Total expenditures	<u>15,204,488</u>	<u>15,226,688</u>	<u>14,907,710</u>	<u>318,978</u>
Deficiency of revenues under expenditures	<u>(9,216,381)</u>	<u>(9,238,581)</u>	<u>(8,806,089)</u>	<u>432,492</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	9,923,360	9,923,360	10,243,360	320,000
Transfers out	<u>(726,000)</u>	<u>(746,000)</u>	<u>(746,000)</u>	<u>-</u>
Total other financing sources	<u>9,197,360</u>	<u>9,177,360</u>	<u>9,497,360</u>	<u>320,000</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures	(19,021)	(61,221)	691,271	752,492
Fund Balances, beginning of year	4,146,339	4,146,339	4,146,339	-
Prior Year Encumbrances	<u>145,657</u>	<u>145,657</u>	<u>145,657</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 4,272,975</u>	<u>\$ 4,230,775</u>	<u>\$ 4,983,267</u>	<u>\$ 752,492</u>

**CITY OF SIDNEY, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS  
STREET REPAIR AND MAINTENANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 1,155,575	\$ 1,155,575	\$ 1,198,704	\$ 43,129
Miscellaneous receipts and reimbursements	116,495	116,495	132,550	16,055
Total revenues	<u>1,272,070</u>	<u>1,272,070</u>	<u>1,331,254</u>	<u>59,184</u>
<b>EXPENDITURES:</b>				
Current:				
Transportation	1,113,432	1,228,722	1,174,053	54,669
Total expenditures	<u>1,113,432</u>	<u>1,228,722</u>	<u>1,174,053</u>	<u>54,669</u>
Excess of revenues over expenditures	<u>158,638</u>	<u>43,348</u>	<u>157,201</u>	<u>113,853</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(11,000)	(11,000)	(11,000)	-
Sales of capital assets	-	200	-	(200)
Total other financing uses	<u>(11,000)</u>	<u>(10,800)</u>	<u>(11,000)</u>	<u>(200)</u>
Excess of revenues over expenditures and other financing uses	147,638	32,548	146,201	113,653
Fund Balances, beginning of year	412,014	412,014	412,014	-
Prior Year Encumbrances	<u>20,289</u>	<u>20,289</u>	<u>20,289</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 579,941</u>	<u>\$ 464,851</u>	<u>\$ 578,504</u>	<u>\$ 113,653</u>

**CITY OF SIDNEY, OHIO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**MUNICIPAL INCOME TAX FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>				
Local taxes	\$ 12,307,510	\$ 12,307,510	\$ 13,213,686	\$ 906,176
Miscellaneous receipts and reimbursements	75	75	15	(60)
Total revenues	<u>12,307,585</u>	<u>12,307,585</u>	<u>13,213,701</u>	<u>906,116</u>
<b>EXPENDITURES:</b>				
Current:				
General government	207,950	207,950	200,676	7,274
Total expenditures	<u>207,950</u>	<u>207,950</u>	<u>200,676</u>	<u>7,274</u>
Excess of revenues over expenditures	<u>12,099,635</u>	<u>12,099,635</u>	<u>13,013,025</u>	<u>913,390</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	(12,429,200)	(12,804,200)	(12,804,200)	-
Total other financing uses	<u>(12,429,200)</u>	<u>(12,804,200)</u>	<u>(12,804,200)</u>	<u>-</u>
Excess/(deficiency) of revenues over/(under) expenditures and other financing uses	(329,565)	(704,565)	208,825	913,390
Fund Balances, beginning of year	1,040,311	1,040,311	1,040,311	-
Prior Year Encumbrances	4,565	4,565	4,565	-
Fund Balances, end of year	<u>\$ 715,311</u>	<u>\$ 340,311</u>	<u>\$ 1,253,701</u>	<u>\$ 913,390</u>

**CITY OF SIDNEY, OHIO**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2006

**Basis of Budgeting**

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

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

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

**Budget Process**

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

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

1. About January 1, the City must submit to the County Budget Commission a statement, classified by fund, of estimated cash receipts for the year and beginning-of-year unencumbered fund balances. The County Budget Commission certifies these estimates and issues an Official Certificate of Estimated Resources, (the "Certificate") limiting the maximum amount the City may expend from a given fund during the year to the estimated resources available. The City may, from time to time throughout the year, request an amended Certificate to reflect updated resource estimates.
2. The *five-year financial plan* is updated on an annual basis, usually in September. The plan is prepared after receiving input from all departments. The plan shall include all major operating funds and all capital improvement funds of the City. The purpose of this plan is to:
  - a. Identify major policy issues for City Council consideration prior to the preparation of the annual budget;

**CITY OF SIDNEY, OHIO**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2006

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

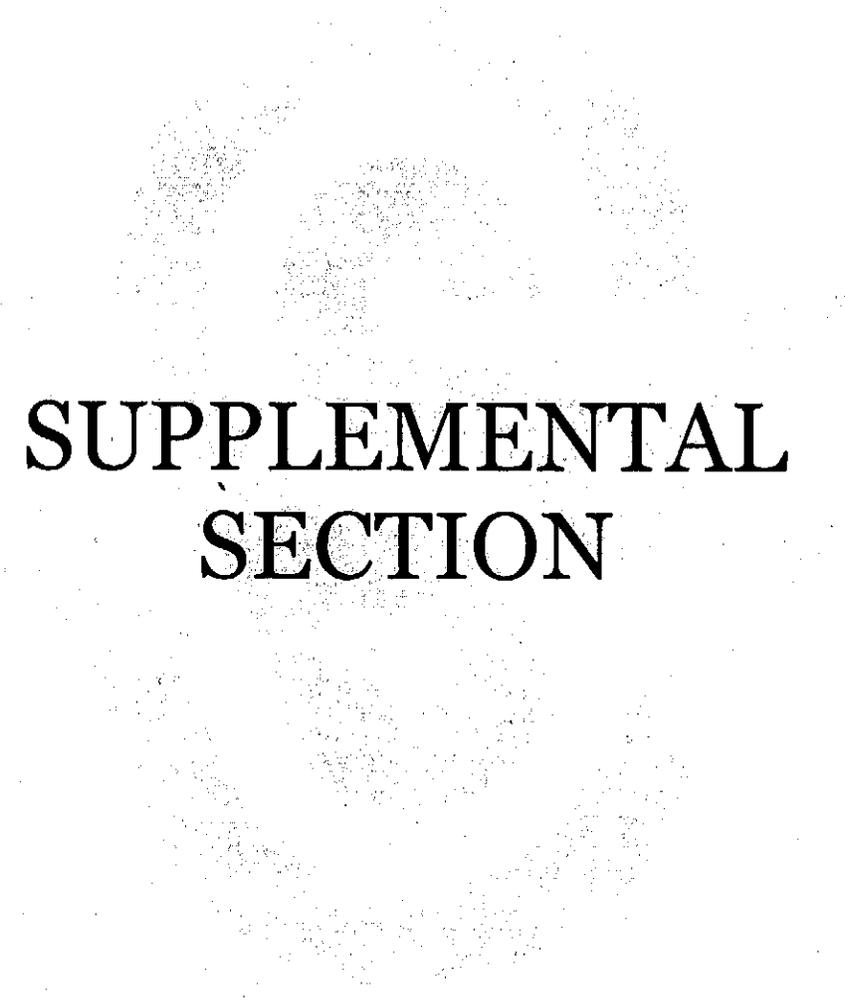
**Reconciliation of Budget Basis to GAAP Basis**

The adjustments necessary to convert the results of operations for the year ended December 31, 2006, from the GAAP basis to the budget basis are as follows:

	General Fund	Street Repair & Maintenance Fund	Municipal Income Tax Fund
Net change in fund balance - <i>GAAP Basis</i>	\$ 1,255,911	\$ 260,986	\$ (144,358)
Increase / (decrease):			
Due to revenues	697,223	(27,977)	147,072
Due to expenditures	(1,075,933)	(86,808)	(5,053)
Due to other financing sources and uses	(185,930)	-	211,164
Excess/(deficiency) of revenues and other sources over/(under) expenditures and other uses - Budget Basis	<u>\$ 691,271</u>	<u>\$ 146,201</u>	<u>\$ 208,825</u>



**OHIO**



**SUPPLEMENTAL  
SECTION**

**CITY OF SIDNEY, OHIO**  
**Fund Descriptions**

**GENERAL FUND**

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

**SPECIAL REVENUE FUNDS**

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

**Major special revenue funds:**

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

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

**Non-major special revenue funds:**

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

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

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

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

**Transportation Fund.** To account for the operation and maintenance of the Shelby Public Transit (formerly Dial-A-Ride) service.

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

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

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

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

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

**CITY OF SIDNEY, OHIO**  
**Fund Descriptions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**CITY OF SIDNEY, OHIO**  
**Fund Descriptions**

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

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

**CAPITAL PROJECTS FUNDS**

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

**Major capital projects funds:**

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

**Non-major capital projects fund:**

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

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

**Police Station Construction Fund.** To account for the financial resources used for the capital expenditures associated with the construction of the new police facility.

**ENTERPRISE FUNDS**

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

**Major enterprise funds:**

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

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

**CITY OF SIDNEY, OHIO**  
**Fund Descriptions**

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

**Non-major enterprise funds:**

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

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

**INTERNAL SERVICE FUNDS**

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

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

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

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

**AGENCY FUNDS**

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

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

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

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

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

**CITY OF SIDNEY, OHIO  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Pooled cash and investments	\$ 2,840,472	\$ 34,408	\$ 2,874,880
Cash held by outside agent	7,871	-	7,871
Receivables (net):			
Other taxes	6,191	-	6,191
Interest	12,417	-	12,417
Loans	55,066	-	55,066
Special assessments	-	2,186	2,186
Other	28,585	-	28,585
Due from other funds	5,317	-	5,317
Receivables from other governments	70,881	-	70,881
Inventory	16,094	-	16,094
Prepaid items	1,244	-	1,244
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 3,044,138</u>	<u>\$ 36,594</u>	<u>\$ 3,080,732</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 67,037	\$ -	\$ 67,037
Salaries and benefits payable	45,681	-	45,681
Deferred revenue	102,013	2,186	104,199
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>214,731</u>	<u>2,186</u>	<u>216,917</u>
Fund Balances:			
Reserved for:			
Inventory	16,094	-	16,094
Prepaid items	1,244	-	1,244
Long-term loans receivable	55,066	-	55,066
Encumbrances	89,300	7,740	97,040
Unreserved	2,667,703	26,668	2,694,371
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>2,829,407</u>	<u>34,408</u>	<u>2,863,815</u>
	<u>\$ 3,044,138</u>	<u>\$ 36,594</u>	<u>\$ 3,080,732</u>
Total liabilities and fund balances			

**CITY OF SIDNEY, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2006**

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
<b>REVENUES:</b>			
Local taxes	\$ 75,989	\$ -	\$ 75,989
Intergovernmental revenues	967,725	-	967,725
Special assessments	-	6,717	6,717
Charges for services	280,430	-	280,430
Fines, licenses and permits	118,513	-	118,513
Investment income	102,584	6,701	109,285
Miscellaneous receipts and reimbursements	60,847	-	60,847
	<u>1,606,088</u>	<u>13,418</u>	<u>1,619,506</u>
<b>EXPENDITURES:</b>			
Current:			
General government	93,326	-	93,326
Police	105,459	-	105,459
Fire	18,987	-	18,987
Judicial	68,751	-	68,751
Health	194,161	-	194,161
Public transportation	569,944	-	569,944
Street repairs and maintenance	94,795	-	94,795
Community development	264,873	-	264,873
Community environment	-	8,648	8,648
Basic utility services	398,791	-	398,791
Capital outlay	439,771	44,599	484,370
Debt service:			
Principal	20,000	-	20,000
Interest	1,715	-	1,715
	<u>2,270,573</u>	<u>53,247</u>	<u>2,323,820</u>
Deficiency of revenues under expenditures	<u>(664,485)</u>	<u>(39,829)</u>	<u>(704,314)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	659,115	-	659,115
Sales of capital assets	6,449	-	6,449
Transfers out	(11,000)	(281,717)	(292,717)
	<u>654,564</u>	<u>(281,717)</u>	<u>372,847</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(9,921)	(321,546)	(331,467)
Fund balances, beginning of year	<u>2,839,328</u>	<u>355,954</u>	<u>3,195,282</u>
Fund balances, end of year	<u>\$ 2,829,407</u>	<u>\$ 34,408</u>	<u>\$ 2,863,815</u>

CITY OF SIDNEY, OHIO  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2006

(continued)

	State Highway	County Auto License	Stormwater Management	Cemetery	Transportation	C.D.B.G.	C.D.B.G. Revolving Loan	C.D.B.G. Program Income	H.O.M.E. Program Income
<b>ASSETS</b>									
Pooled cash and investments	\$ 17,328	\$ 29,503	\$ 65,374	\$ 58,118	\$ 86,354	\$ 97,906	\$ 281,489	\$ 5,204	\$ 53,015
Cash held by outside agent	-	7,871	-	-	-	-	-	-	-
Receivables (net):									
Other taxes	-	-	-	-	-	-	-	-	-
Interest	133	-	-	-	-	752	2,387	-	406
Loans	-	-	-	-	-	-	55,066	-	-
Other	-	-	-	12,022	-	-	-	-	-
Due from other funds	-	-	2,212	1,016	1,789	-	-	-	-
Receivables from other governments	70,881	-	-	-	-	-	-	-	-
Inventory	-	-	16,094	-	-	-	-	-	-
Prepaid items	-	-	329	-	250	-	-	-	-
<b>Total assets</b>	<b>\$ 88,342</b>	<b>\$ 37,374</b>	<b>\$ 84,009</b>	<b>\$ 71,446</b>	<b>\$ 88,393</b>	<b>\$ 98,638</b>	<b>\$ 338,942</b>	<b>\$ 5,244</b>	<b>\$ 53,421</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 8,121	\$ 716	\$ 960	\$ 11,999	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	11,364	8,414	21,693	-	-	-	-
Deferred revenue	63,174	7,871	-	10,865	-	720	2,101	39	395
<b>Total liabilities</b>	<b>63,174</b>	<b>7,871</b>	<b>19,485</b>	<b>19,995</b>	<b>22,653</b>	<b>12,719</b>	<b>2,101</b>	<b>39</b>	<b>395</b>
Fund Balances:									
Reserved for:									
Inventory	-	-	16,094	-	-	-	-	-	-
Prepaid items	-	-	329	290	250	-	-	-	-
Long-term loans receivable	-	-	-	-	-	-	55,066	-	-
Encumbrances	-	-	24,691	1,347	1,302	49,479	11,714	-	-
Unreserved	25,168	29,503	23,410	49,814	64,188	36,460	270,061	5,205	53,026
<b>Total fund balances</b>	<b>25,168</b>	<b>29,503</b>	<b>64,524</b>	<b>51,451</b>	<b>65,740</b>	<b>83,939</b>	<b>336,841</b>	<b>5,205</b>	<b>53,026</b>
<b>Total liabilities and fund balances</b>	<b>\$ 88,342</b>	<b>\$ 37,374</b>	<b>\$ 84,009</b>	<b>\$ 71,446</b>	<b>\$ 88,393</b>	<b>\$ 98,638</b>	<b>\$ 338,942</b>	<b>\$ 5,244</b>	<b>\$ 53,421</b>

CITY OF SIDNEY, OHIO  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2006

(continued)

	Parking Meter/ Off-Street Parking	Probation Grant	Convention and Visitors Bureau	Health Department Building Lease	FEMA Grant	Separation Payment	Insurance	Drug Law Enforcement	Law Enforcement
<b>ASSETS</b>									
Pooled cash and investments	\$ 102,280	\$ 10,209	\$ 17,291	\$ 131,096	\$ 9	\$ 502,649	\$ 10,211	\$ 55,866	\$ 23,219
Cash held by outside agent	-	-	-	-	-	-	-	-	-
Receivables (net):									
Other taxes	-	-	6,191	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Other	3,920	-	-	2,945	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Receivables from other governments	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Prepaid items	375	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 106,575</b>	<b>\$ 10,209</b>	<b>\$ 23,482</b>	<b>\$ 134,041</b>	<b>\$ 9</b>	<b>\$ 502,649</b>	<b>\$ 10,211</b>	<b>\$ 55,866</b>	<b>\$ 23,219</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 17,291	\$ -	\$ -	\$ -	\$ 18,481	\$ 75	\$ 1,220
Salaries and benefits payable	1,697	2,513	-	-	-	-	-	-	-
Deferred revenue	3,920	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>5,617</b>	<b>2,513</b>	<b>17,291</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,481</b>	<b>75</b>	<b>1,220</b>
Fund Balances:									
Reserved for:									
Inventory	-	-	-	-	-	-	-	-	-
Prepaid items	375	-	-	-	-	-	-	-	-
Long-term loans receivable	-	-	-	-	-	-	-	-	-
Encumbrances	81	-	-	686	-	-	-	-	-
Unreserved	100,502	7,696	6,191	133,355	9	502,649	(8,270)	55,791	21,999
<b>Total fund balances</b>	<b>100,958</b>	<b>7,696</b>	<b>6,191</b>	<b>134,041</b>	<b>9</b>	<b>502,649</b>	<b>(8,270)</b>	<b>55,791</b>	<b>21,999</b>
<b>Total liabilities and fund balances</b>	<b>\$ 106,575</b>	<b>\$ 10,209</b>	<b>\$ 23,482</b>	<b>\$ 134,041</b>	<b>\$ 9</b>	<b>\$ 502,649</b>	<b>\$ 10,211</b>	<b>\$ 55,866</b>	<b>\$ 23,219</b>

CITY OF SIDNEY, OHIO  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2006

	Indigent Driver Treatment	Enforcement & Education	Imprest Cash	Fire Loss Security	Capital Investment	Cemetery Maintenance	Mausoleum Maintenance	Municipal Court Computer	Non-major Special Revenue Funds Totals
<b>ASSETS</b>									
Pooled cash and investments	\$ 115,819	\$ 20,883	\$ 2,300	\$ -	\$ 404,351	\$ 710,554	\$ 20,138	\$ 19,306	\$ 2,840,472
Cash held by outside agent	-	-	-	-	-	-	-	-	7,871
Receivables (net):									
Other taxes	-	-	-	-	-	-	-	-	6,191
Interest	-	-	-	-	3,099	5,446	154	-	12,417
Loans	-	-	-	-	-	-	-	-	55,066
Other	833	453	-	-	-	4,772	-	3,640	28,585
Due from other funds	-	300	-	-	-	-	-	-	5,317
Receivables from other governments	-	-	-	-	-	-	-	-	70,881
Inventory	-	-	-	-	-	-	-	-	16,094
Prepaid items	-	-	-	-	-	-	-	-	1,244
<b>Total assets</b>	<b>\$ 116,652</b>	<b>\$ 21,636</b>	<b>\$ 2,300</b>	<b>\$ -</b>	<b>\$ 407,450</b>	<b>\$ 720,772</b>	<b>\$ 20,292</b>	<b>\$ 22,946</b>	<b>\$ 3,044,138</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 7,773	\$ 288	\$ -	\$ -	\$ -	\$ 113	\$ -	\$ -	\$ 67,037
Salaries and benefits payable	-	-	-	-	-	-	-	-	45,681
Deferred revenue	-	-	-	-	3,041	9,733	154	-	102,013
<b>Total liabilities</b>	<b>7,773</b>	<b>288</b>	<b>-</b>	<b>-</b>	<b>3,041</b>	<b>9,846</b>	<b>154</b>	<b>-</b>	<b>214,731</b>
Fund Balances:									
Reserved for:									
Inventory	-	-	-	-	-	-	-	-	16,094
Prepaid items	-	-	-	-	-	-	-	-	1,244
Long-term loans receivable	-	-	-	-	-	-	-	-	55,066
Encumbrances	-	-	-	-	-	-	-	-	89,300
Unreserved	108,879	21,348	2,300	-	404,409	710,926	20,138	22,946	2,667,703
<b>Total fund balances</b>	<b>108,879</b>	<b>21,348</b>	<b>2,300</b>	<b>-</b>	<b>404,409</b>	<b>710,926</b>	<b>20,138</b>	<b>22,946</b>	<b>2,829,407</b>
<b>Total liabilities and fund balances</b>	<b>\$ 116,652</b>	<b>\$ 21,636</b>	<b>\$ 2,300</b>	<b>\$ -</b>	<b>\$ 407,450</b>	<b>\$ 720,772</b>	<b>\$ 20,292</b>	<b>\$ 22,946</b>	<b>\$ 3,044,138</b>

CITY OF SIDNEY, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2006

(continued)

	State Highway	County Auto License	Stormwater Management	Cemetery	Transportation	C.D.B.G.	C.D.B.G. Revolving Loan	C.D.B.G. Program Income	H.O.M.E. Program Income
<b>REVENUES:</b>									
Local taxes	\$ 99,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	109,129	-	-	344,628	286,889	-	-	-
Charges for services	-	-	-	81,122	163,058	-	-	-	-
Fines, licenses and permits	-	-	-	-	-	-	-	-	-
Investment income	1,873	-	-	-	-	4,770	15,586	4,493	20,462
Miscellaneous receipts and reimbursements	-	-	1,062	499	774	-	13,500	-	-
<b>Total revenues</b>	<b>101,086</b>	<b>109,129</b>	<b>1,062</b>	<b>81,621</b>	<b>508,460</b>	<b>291,659</b>	<b>29,086</b>	<b>4,493</b>	<b>20,462</b>
<b>EXPENDITURES:</b>									
Current:									
General government	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-
Health	-	-	-	186,862	-	-	-	-	-
Public transportation	-	-	-	-	545,164	-	-	-	-
Street repairs and maintenance	94,795	-	-	-	-	-	-	-	-
Community development	-	-	273,622	-	-	182,858	6,036	96	1,374
Basic utility services	-	-	-	-	-	-	-	-	-
Capital outlay	-	110,000	-	11,213	-	186,555	43,789	850	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>94,795</b>	<b>110,000</b>	<b>273,622</b>	<b>198,075</b>	<b>545,164</b>	<b>369,413</b>	<b>49,825</b>	<b>946</b>	<b>1,374</b>
Excess (deficiency) of revenues over (under) expenditures	<b>6,291</b>	<b>(871)</b>	<b>(272,560)</b>	<b>(116,454)</b>	<b>(36,704)</b>	<b>(77,754)</b>	<b>(20,739)</b>	<b>3,547</b>	<b>19,088</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	-	-	295,000	125,000	50,000	-	-	-	-
Sales of capital assets	-	-	-	2,000	3,150	-	-	-	-
Transfers out	-	-	-	-	(1,000)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>295,000</b>	<b>127,000</b>	<b>52,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<b>6,291</b>	<b>(871)</b>	<b>22,440</b>	<b>10,546</b>	<b>15,446</b>	<b>(77,754)</b>	<b>(20,739)</b>	<b>3,547</b>	<b>19,088</b>
Fund balances, beginning of year	<b>18,877</b>	<b>30,374</b>	<b>42,084</b>	<b>40,905</b>	<b>50,294</b>	<b>163,693</b>	<b>357,580</b>	<b>1,658</b>	<b>33,938</b>
Fund balances, end of year	<b>\$ 25,168</b>	<b>\$ 29,503</b>	<b>\$ 64,524</b>	<b>\$ 51,451</b>	<b>\$ 65,740</b>	<b>\$ 85,939</b>	<b>\$ 336,841</b>	<b>\$ 5,205</b>	<b>\$ 53,026</b>

CITY OF SIDNEY, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2006

(continued)

	Parking Meter/ Off-Street Parking	Probation Grant	Convention and Visitors Bureau	Health Department Building Lease	FEMA Grant	Separation Payment	Insurance	Drug Law Enforcement	Law Enforcement
<b>REVENUES:</b>									
Local taxes	\$ -	\$ -	75,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	50,407	-	-	77,459	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines, licenses and permits	39,385	-	-	-	-	-	-	12,637	37,270
Investment income	-	-	-	-	-	-	-	-	-
Miscellaneous receipts and reimbursements	-	-	-	35,887	-	-	7,725	-	1,400
<b>Total revenues</b>	<b>39,385</b>	<b>50,407</b>	<b>75,989</b>	<b>35,887</b>	<b>77,459</b>	<b>-</b>	<b>7,725</b>	<b>12,637</b>	<b>38,670</b>
<b>EXPENDITURES:</b>									
Current:									
General government	-	-	-	-	-	52,491	40,835	-	-
Police	36,421	-	-	-	-	10,981	-	20,799	27,371
Fire	-	-	-	-	-	12,987	-	-	-
Judicial	-	50,167	-	-	-	-	-	-	-
Health	-	-	-	6,971	-	-	-	-	-
Public transportation	-	-	-	-	-	24,780	-	-	-
Street repairs and maintenance	-	-	-	-	-	-	-	-	-
Community development	-	-	74,509	-	-	-	-	-	-
Basic utility services	-	-	-	-	-	125,169	-	-	-
Capital outlay	-	-	-	-	87,364	-	-	-	-
Debt service:									
Principal	-	-	-	20,000	-	-	-	-	-
Interest	-	-	-	1,715	-	-	-	-	-
<b>Total expenditures</b>	<b>36,421</b>	<b>50,167</b>	<b>74,509</b>	<b>28,686</b>	<b>87,364</b>	<b>226,408</b>	<b>40,835</b>	<b>20,799</b>	<b>27,371</b>
Excess (deficiency) of revenues over (under) expenditures	2,964	240	1,480	7,201	(9,905)	(226,408)	(33,110)	(8,162)	11,299
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	-	-	-	-	8,615	155,500	25,000	-	-
Sales of capital assets	-	-	-	-	1,299	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,914</b>	<b>155,500</b>	<b>25,000</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	2,964	240	1,480	7,201	9	(70,908)	(8,110)	(8,162)	11,299
Fund balances, beginning of year	97,994	7,456	4,711	126,840	-	573,557	(160)	63,953	10,700
Fund balances, end of year	\$ 100,958	\$ 7,696	\$ 6,191	\$ 134,041	\$ 9	\$ 502,649	\$ (8,270)	\$ 55,791	\$ 21,999

**CITY OF SIDNEY, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Indigent Driver Treatment	Enforcement & Education	Imprest Cash	Fire Loss Security	Capital Investment	Cemetery Maintenance	Mausoleum Maintenance	Municipal Court Computer	Non-major Special Revenue Funds Totals
<b>REVENUES:</b>									
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,989
Intergovernmental revenues	-	-	-	-	-	-	-	-	967,725
Charges for services	-	-	-	-	-	13,115	189	22,946	280,430
Fines, licenses and permits	22,127	7,094	-	-	-	-	-	-	118,513
Investment income	-	-	-	-	23,999	30,539	862	-	102,584
Miscellaneous receipts and reimbursements	-	-	-	-	-	-	-	-	60,847
<b>Total revenues</b>	<u>22,127</u>	<u>7,094</u>	<u>-</u>	<u>-</u>	<u>23,999</u>	<u>43,654</u>	<u>1,051</u>	<u>22,946</u>	<u>1,606,088</u>
<b>EXPENDITURES:</b>									
Current:									
General government	-	-	-	-	-	-	-	-	93,326
Police	-	9,887	-	-	-	-	-	-	105,459
Fire	-	-	-	6,000	-	-	-	-	18,987
Judicial	18,584	-	-	-	-	-	-	-	68,751
Health	-	-	-	-	-	328	-	-	194,161
Public transportation	-	-	-	-	-	-	-	-	569,944
Street repairs and maintenance	-	-	-	-	-	-	-	-	94,795
Community development	-	-	-	-	-	-	-	-	264,873
Basic utility services	-	-	-	-	-	-	-	-	398,791
Capital outlay	-	-	-	-	-	-	-	-	439,771
Debt service:									
Principal	-	-	-	-	-	-	-	-	20,000
Interest	-	-	-	-	-	-	-	-	1,715
<b>Total expenditures</b>	<u>18,584</u>	<u>9,887</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>328</u>	<u>-</u>	<u>-</u>	<u>2,270,573</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>3,543</u>	<u>(2,793)</u>	<u>-</u>	<u>(6,000)</u>	<u>23,999</u>	<u>43,326</u>	<u>1,051</u>	<u>22,946</u>	<u>(664,485)</u>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	-	-	-	-	-	-	-	-	659,115
Sales of capital assets	-	-	-	-	-	-	-	-	6,449
Transfers out	-	-	-	-	-	(10,000)	-	-	(11,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>654,564</u>
<b>Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses</b>	<u>3,543</u>	<u>(2,793)</u>	<u>-</u>	<u>(6,000)</u>	<u>23,999</u>	<u>33,326</u>	<u>1,051</u>	<u>22,946</u>	<u>(9,921)</u>
<b>Fund balances, beginning of year</b>	<u>105,336</u>	<u>24,141</u>	<u>2,300</u>	<u>6,000</u>	<u>380,410</u>	<u>677,600</u>	<u>19,087</u>	<u>-</u>	<u>2,839,328</u>
<b>Fund balances, end of year</b>	<u>\$ 108,879</u>	<u>\$ 21,348</u>	<u>\$ 2,300</u>	<u>\$ -</u>	<u>\$ 404,409</u>	<u>\$ 710,926</u>	<u>\$ 20,138</u>	<u>\$ 22,946</u>	<u>\$ 2,829,407</u>

**CITY OF SIDNEY, OHIO  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2006**

	<u>Special Assessment Construction</u>	<u>Walkway Grant</u>	<u>Police Station Construction Fund</u>	<u>Non-major Capital Projects Funds Totals</u>
<b>ASSETS</b>				
Pooled cash and investments	\$ 14,408	\$ 20,000	\$ -	\$ 34,408
Receivables (net):				
Special assessments	<u>2,186</u>	<u>-</u>	<u>-</u>	<u>2,186</u>
Total assets	<u>\$ 16,594</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 36,594</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Deferred revenue	<u>2,186</u>	<u>-</u>	<u>-</u>	<u>2,186</u>
Total liabilities	<u>2,186</u>	<u>-</u>	<u>-</u>	<u>2,186</u>
Fund Balances:				
Reserved for:				
Encumbrances	7,740	-	-	7,740
Unreserved	<u>6,668</u>	<u>20,000</u>	<u>-</u>	<u>26,668</u>
Total fund balances	<u>14,408</u>	<u>20,000</u>	<u>-</u>	<u>34,408</u>
Total liabilities and fund balances	<u>\$ 16,594</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 36,594</u>

**CITY OF SIDNEY, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2006**

	Special Assessment Construction	Walkway Grant	Police Station Construction Fund	Non-major Capital Projects Funds Totals
<b>REVENUES:</b>				
Special assessments	\$ 6,717	\$ -	\$ -	\$ 6,717
Investment income	<u>-</u>	<u>-</u>	<u>6,701</u>	<u>\$ 6,701</u>
Total revenues	<u>6,717</u>	<u>-</u>	<u>6,701</u>	<u>13,418</u>
<b>EXPENDITURES:</b>				
Current:				
Community environment	8,648	-	-	8,648
Capital outlay	<u>-</u>	<u>-</u>	<u>44,599</u>	<u>44,599</u>
Total expenditures	<u>8,648</u>	<u>-</u>	<u>44,599</u>	<u>53,247</u>
Deficiency of revenues under expenditures	(1,931)	-	(37,898)	(39,829)
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(281,717)</u>	<u>(281,717)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(281,717)</u>	<u>(281,717)</u>
Deficiency of revenues under expenditures and other financing uses	(1,931)	-	(319,615)	(321,546)
Fund balances, beginning of year	<u>16,339</u>	<u>20,000</u>	<u>319,615</u>	<u>355,954</u>
Fund balances, end of year	<u>\$ 14,408</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 34,408</u>

**CITY OF SIDNEY, OHIO  
 COMBINING BALANCE SHEET  
 NON-MAJOR ENTERPRISE FUNDS  
 DECEMBER 31, 2006**

	<u>Airport</u>	<u>Swimming Pool</u>	<u>Non-major Enterprise Funds Totals</u>
<b>ASSETS</b>			
Current assets:			
Pooled cash and investments	\$ 43,051	\$ 1,275	\$ 44,326
Receivables (net):			
Accounts	305	-	305
Prepaid items	<u>1,614</u>	<u>-</u>	<u>1,614</u>
Total current assets	<u>44,970</u>	<u>1,275</u>	<u>46,245</u>
Noncurrent assets:			
Capital assets:			
Capital assets not subject to depreciation:			
Land	309,265	-	309,265
Construction in progress	12,932	-	12,932
Capital assets net of accumulated depreciation	<u>1,209,134</u>	<u>1,149,190</u>	<u>2,358,324</u>
Total noncurrent assets	<u>1,531,331</u>	<u>1,149,190</u>	<u>2,680,521</u>
Total assets	<u>\$ 1,576,301</u>	<u>\$ 1,150,465</u>	<u>\$ 2,726,766</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 21,311	\$ 83	\$ 21,394
Salaries and benefits payable	<u>-</u>	<u>1,421</u>	<u>1,421</u>
Total liabilities	<u>21,311</u>	<u>1,504</u>	<u>22,815</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,531,331	1,149,190	2,680,521
Unrestricted	<u>23,659</u>	<u>(229)</u>	<u>23,430</u>
Total net assets	<u>1,554,990</u>	<u>1,148,961</u>	<u>2,703,951</u>
Total liabilities and net assets	<u>\$ 1,576,301</u>	<u>\$ 1,150,465</u>	<u>\$ 2,726,766</u>

**CITY OF SIDNEY, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS - NON-MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Airport	Swimming Pool	Non-major Enterprise Funds Totals
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 103,684	\$ 82,742	\$ 186,426
Other revenue	<u>20,176</u>	<u>4,642</u>	<u>24,818</u>
Total operating revenues	<u>123,860</u>	<u>87,384</u>	<u>211,244</u>
<b>OPERATING EXPENSES:</b>			
Personal services	-	88,761	88,761
Operations and maintenance	206,933	61,483	268,416
Depreciation	<u>54,529</u>	<u>31,300</u>	<u>85,829</u>
Total operating expenses	<u>261,462</u>	<u>181,544</u>	<u>443,006</u>
Operating loss	<u>(137,602)</u>	<u>(94,160)</u>	<u>(231,762)</u>
<b>NONOPERATING REVENUE:</b>			
Intergovernmental	70,232	-	70,232
Gain on disposal of assets	<u>4,100</u>	<u>-</u>	<u>4,100</u>
Total nonoperating revenue	<u>74,332</u>	<u>-</u>	<u>74,332</u>
Loss before contributions and transfers	<u>(63,270)</u>	<u>(94,160)</u>	<u>(157,430)</u>
Transfers in	38,540	35,000	73,540
Transfers (out)	<u>(15,889)</u>	<u>-</u>	<u>(15,889)</u>
Change in net assets	(40,619)	(59,160)	(99,779)
Net assets, beginning of year	<u>1,595,609</u>	<u>1,208,121</u>	<u>2,803,730</u>
Net assets, end of year	<u>\$ 1,554,990</u>	<u>\$ 1,148,961</u>	<u>\$ 2,703,951</u>

**CITY OF SIDNEY, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Airport	Swimming Pool	Non-major Enterprise Funds Totals
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 139,117	\$ 87,384	\$ 226,501
Payments to suppliers	(167,726)	(56,127)	(223,853)
Payments to employees	(12,172)	(88,512)	(100,684)
Payments for interfund services used	<u>(2,677)</u>	<u>(5,312)</u>	<u>(7,989)</u>
Net cash used by operating activities	<u>(43,458)</u>	<u>(62,567)</u>	<u>(106,025)</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in	38,540	35,000	73,540
Transfers out	(15,890)	-	(15,890)
Intergovernmental	<u>70,232</u>	<u>-</u>	<u>70,232</u>
Net cash provided by noncapital financing activities	<u>92,882</u>	<u>35,000</u>	<u>127,882</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(75,358)	-	(75,358)
Proceeds from sales of capital assets	<u>4,100</u>	<u>-</u>	<u>4,100</u>
Net cash used by capital and related financing activities	<u>(71,258)</u>	<u>-</u>	<u>(71,258)</u>
Net decrease in pooled cash and investments	(21,834)	(27,567)	(49,401)
Pooled cash and cash equivalents, beginning of year	<u>64,885</u>	<u>28,842</u>	<u>93,727</u>
Pooled cash and cash equivalents, end of year	<u>\$ 43,051</u>	<u>\$ 1,275</u>	<u>\$ 44,326</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>			
Operating loss	\$ (137,602)	\$ (94,160)	\$ (231,762)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	54,529	31,300	85,829
Change in assets and liabilities:			
Accounts receivable	19,878	-	19,878
Inventory	17,150	-	17,150
Prepaid items	833	-	833
Accounts payable	18,547	44	18,591
Salaries and benefits payable and compensated absences	(12,172)	249	(11,923)
Deferred revenue	<u>(4,621)</u>	<u>-</u>	<u>(4,621)</u>
Net cash used by operating activities	<u>\$ (43,458)</u>	<u>\$ (62,567)</u>	<u>\$ (106,025)</u>

**CITY OF SIDNEY, OHIO  
 COMBINING BALANCE SHEET  
 INTERNAL SERVICE FUNDS  
 DECEMBER 31, 2006**

	<u>Service Center</u>	<u>Technology</u>	<u>Self- Insurance</u>	<u>Internal Service Totals</u>
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 20,474	\$ 8,490	\$ 746,374	\$ 775,338
Receivables (net):				
Interest	-	-	-	-
Inventory	46,932	3,025	-	49,957
Due from other funds	982	1,689	-	2,671
Prepaid items	4,907	16,522	-	21,429
	<u>73,295</u>	<u>29,726</u>	<u>746,374</u>	<u>849,395</u>
Total current assets				
Noncurrent assets:				
Capital assets, net of accumulated depreciation	<u>476,757</u>	<u>142,259</u>	<u>-</u>	<u>619,016</u>
	<u>476,757</u>	<u>142,259</u>	<u>-</u>	<u>619,016</u>
Total noncurrent assets				
Total assets	<u>\$ 550,052</u>	<u>\$ 171,985</u>	<u>\$ 746,374</u>	<u>\$ 1,468,411</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 26,771	\$ 5,988	\$ -	\$ 32,759
Salaries and benefits payable	14,745	12,095	-	26,840
Due to other funds	-	-	145,380	145,380
	<u>41,516</u>	<u>18,083</u>	<u>145,380</u>	<u>204,979</u>
Total liabilities				
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	476,757	142,259	-	619,016
Unrestricted	<u>31,779</u>	<u>11,643</u>	<u>600,994</u>	<u>644,416</u>
	<u>508,536</u>	<u>153,902</u>	<u>600,994</u>	<u>1,263,432</u>
Total net assets				
Total liabilities and net assets	<u>\$ 550,052</u>	<u>\$ 171,985</u>	<u>\$ 746,374</u>	<u>\$ 1,468,411</u>

**CITY OF SIDNEY, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Service Center	Technology	Self- Insurance	Internal Service Totals
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 696,217	\$ 312,431	\$ -	\$ 1,008,648
Other revenue	40	432	-	472
Total operating revenues	<u>696,257</u>	<u>312,863</u>	<u>-</u>	<u>1,009,120</u>
<b>OPERATING EXPENSES:</b>				
Personal services	163,882	145,889	-	309,771
Operations and maintenance	470,085	165,874	196,368	832,327
Depreciation	32,033	58,504	-	90,537
Total operating expenses	<u>666,000</u>	<u>370,267</u>	<u>196,368</u>	<u>1,232,635</u>
Operating income (loss)	<u>30,257</u>	<u>(57,404)</u>	<u>(196,368)</u>	<u>(223,515)</u>
<b>NONOPERATING REVENUES:</b>				
Investment income	-	-	20,831	20,831
Gain (loss) on disposal of assets	20	-	-	20
Total nonoperating revenues	<u>20</u>	<u>-</u>	<u>20,831</u>	<u>20,851</u>
Income (loss) before capital contributions and transfers	30,277	(57,404)	(175,537)	(202,664)
Capital contributions	-	14,757	-	14,757
Transfers out	-	(6,500)	-	(6,500)
	<u>-</u>	<u>8,257</u>	<u>-</u>	<u>8,257</u>
Change in net assets	30,277	(49,147)	(175,537)	(194,407)
Net assets, beginning of year	<u>478,259</u>	<u>203,049</u>	<u>776,531</u>	<u>1,457,839</u>
Net assets, end of year	<u>\$ 508,536</u>	<u>\$ 153,902</u>	<u>\$ 600,994</u>	<u>\$ 1,263,432</u>

**CITY OF SIDNEY, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Service Center	Technology	Self- Insurance	Internal Service Totals
<b>Cash flows from operating activities:</b>				
Receipts from interfund services	\$ 695,275	\$ 311,174	\$ 1,017	\$ 1,007,466
Payments to suppliers	(436,326)	(180,381)	(272,208)	(888,915)
Payments to employees	(211,009)	(145,445)	-	(356,454)
Payments or reimbursements for interfund services used or provided	(41,674)	(6)	145,380	103,700
Net cash provided (used) by operating activities	<u>6,266</u>	<u>(14,658)</u>	<u>(125,811)</u>	<u>(134,203)</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers out	-	(6,500)	-	(6,500)
Net cash used by noncapital financing activities	<u>-</u>	<u>(6,500)</u>	<u>-</u>	<u>(6,500)</u>
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from sales of capital assets	20	-	-	20
Acquisition of capital assets	-	-	-	-
Net cash provided/(used) in capital and related financing activities	<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>
<b>Cash flows from investing activities:</b>				
Interest on investments	-	-	27,392	27,392
Net unrealized gain on investments	-	-	3,869	3,869
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>31,261</u>	<u>31,261</u>
Net increase (decrease) in pooled cash and investments	6,286	(21,158)	(94,550)	(109,422)
Pooled cash and investments, beginning of year	14,188	29,648	840,924	884,760
Pooled cash and investments, end of year	<u>\$ 20,474</u>	<u>\$ 8,490</u>	<u>\$ 746,374</u>	<u>\$ 775,338</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 30,257	\$ (57,404)	\$ (196,368)	\$ (223,515)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	32,033	58,504	-	90,537
Change in assets and liabilities:				
Other receivables	-	-	1,017	1,017
Due from other funds	(982)	(1,688)	-	(2,670)
Prepaid items	1,797	(14,015)	-	(12,218)
Inventory	(21,863)	(159)	-	(22,022)
Accounts payable	12,151	(340)	(75,840)	(64,029)
Salaries and benefits payable and compensated absences	(47,127)	444	-	(46,683)
Due to other funds	-	-	145,380	145,380
Net cash provided (used) by operating activities	<u>\$ 6,266</u>	<u>\$ (14,658)</u>	<u>\$ (125,811)</u>	<u>\$ (134,203)</u>
<b>Noncash investing, capital and financing activities:</b>				
Contributions of capital assets from government	<u>\$ -</u>	<u>\$ 14,757</u>	<u>\$ -</u>	<u>\$ 14,757</u>

**CITY OF SIDNEY, OHIO  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2006**

	<u>Municipal Court</u>	<u>Medical Reimbursement</u>	<u>Port Jefferson</u>	<u>River Clean-Up</u>	<u>Agency Funds Totals</u>
<b>ASSETS</b>					
Pooled cash and investments	\$ -	\$ 14,676	\$ 5,859	\$ 11,890	\$ 32,425
Municipal Court checking account	158,106	-	-	-	158,106
Accounts receivable	<u>-</u>	<u>-</u>	<u>8,527</u>	<u>-</u>	<u>8,527</u>
Total assets	<u>\$ 158,106</u>	<u>\$ 14,676</u>	<u>\$ 14,386</u>	<u>\$ 11,890</u>	<u>\$ 199,058</u>
<b>LIABILITIES</b>					
Due to employees	\$ -	\$ 8,950	\$ -	\$ -	\$ 8,950
Due to other governments	109,217	-	14,386	-	123,603
Undistributed monies	<u>48,889</u>	<u>5,726</u>	<u>-</u>	<u>11,890</u>	<u>66,505</u>
Total liabilities	<u>\$ 158,106</u>	<u>\$ 14,676</u>	<u>\$ 14,386</u>	<u>\$ 11,890</u>	<u>\$ 199,058</u>

**CITY OF SIDNEY, OHIO  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2006**

	Balance at January 1, 2006	Additions	Deductions	Balance at December 31, 2006
<b><u>Municipal Court Fund</u></b>				
<b>ASSETS</b>				
Municipal Court checking account	\$ 117,167	\$ 2,223,380	\$ 2,182,441	\$ 158,106
<b>LIABILITIES</b>				
Due to other governments	\$ 97,816	1,288,440	1,277,039	\$ 109,217
Undistributed monies	19,351	934,940	905,402	48,889
Total liabilities	\$ 117,167	\$ 2,223,380	\$ 2,182,441	\$ 158,106
<b><u>Medical Reimbursement Fund</u></b>				
<b>ASSETS</b>				
Pooled cash and investments	\$ 12,508	\$ 92,166	\$ 89,998	\$ 14,676
<b>LIABILITIES</b>				
Due to employees	\$ 6,660	\$ 92,166	\$ 89,876	\$ 8,950
Undistributed monies	5,848	-	122	5,726
Total liabilities	\$ 12,508	\$ 92,166	\$ 89,998	\$ 14,676
<b><u>Port Jefferson Fund</u></b>				
<b>ASSETS</b>				
Pooled cash and investments	\$ 2,769	\$ 62,076	\$ 58,986	\$ 5,859
Accounts receivable	6,824	63,779	62,076	8,527
	\$ 9,593	\$ 125,855	\$ 121,062	\$ 14,386
<b>LIABILITIES</b>				
Due to other governments	\$ 9,593	\$ 125,855	\$ 121,062	\$ 14,386
<b><u>River Clean-Up Fund</u></b>				
<b>ASSETS</b>				
Pooled cash and investments	\$ 4,714	\$ 19,000	\$ 11,824	\$ 11,890
<b>LIABILITIES</b>				
Undistributed monies	\$ 4,714	\$ 19,000	\$ 11,824	\$ 11,890



**OHIO**

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Local taxes	\$ 1,596,380	\$ 1,706,234	\$ 109,854
Intergovernmental revenues	1,414,973	1,471,155	56,182
Special assessments	219,000	216,951	(2,049)
Charges for services	1,374,064	1,296,563	(77,501)
Fines, licenses and permits	170,100	148,029	(22,071)
Investment income	340,500	402,947	62,447
Miscellaneous receipts and reimbursements	873,090	859,742	(13,348)
Total revenues	<u>5,988,107</u>	<u>6,101,621</u>	<u>113,514</u>
<b>EXPENDITURES:</b>			
Current:			
General government			
City Council			
Personal services	76,300	76,212	88
Contractual, materials and other	36,712	33,511	3,201
City Administration			
Personal services	242,490	242,106	384
Contractual, materials and other	34,643	28,669	5,974
Finance			
Personal services	308,090	304,402	3,688
Contractual, materials and other	140,904	132,674	8,230
Law Director			
Personal services	70,955	70,831	124
Contractual, materials and other	34,916	27,030	7,886
Personnel			
Personal services	114,225	113,543	682
Contractual, materials and other	144,253	131,449	12,804
County Auditor Deductions			
Contractual, materials and other	137,090	130,490	6,600
Purchasing			
Personal services	100,720	100,305	415
Contractual, materials and other	35,166	31,635	3,531
City Hall			
Personal services	51,820	49,545	2,275
Contractual, materials and other	180,915	172,717	8,198
Miscellaneous			
Contractual, materials and other	469,715	462,916	6,799
Total general government	<u>2,178,914</u>	<u>2,108,035</u>	<u>70,879</u>
Police			
Police Services			
Personal services	4,308,957	4,259,500	49,457
Contractual, materials and other	917,178	869,317	47,861
Street Lighting Department			
Contractual, materials and other	221,500	214,431	7,069
Total police	<u>5,447,635</u>	<u>5,343,248</u>	<u>104,387</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

(continued)

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>Fire</b>			
<b>Fire Services</b>			
Personal services	3,341,624	3,317,076	24,548
Contractual, materials and other	506,764	468,280	38,484
<b>Total fire</b>	<u>3,848,388</u>	<u>3,785,356</u>	<u>63,032</u>
<b>Judicial</b>			
<b>Municipal Court</b>			
Personal services	813,760	811,691	2,069
Contractual, materials and other	339,819	307,349	32,470
<b>Prosecutor</b>			
Personal services	138,410	138,064	346
Contractual, materials and other	66,879	63,658	3,221
<b>Total judicial</b>	<u>1,358,868</u>	<u>1,320,762</u>	<u>38,106</u>
<b>Community environment</b>			
<b>Building Inspection</b>			
Personal services	118,610	117,478	1,132
Contractual, materials and other	16,905	14,632	2,273
<b>Engineering</b>			
Personal services	544,915	540,390	4,525
Contractual, materials and other	49,868	48,575	1,293
<b>Public Works</b>			
Personal services	100,535	99,894	641
Contractual, materials and other	9,995	7,742	2,253
<b>Code Enforcement</b>			
Personal services	78,320	77,148	1,172
Contractual, materials and other	14,693	12,444	2,249
<b>Total community environment</b>	<u>933,841</u>	<u>918,303</u>	<u>15,538</u>
<b>Community development</b>			
<b>Community Planning &amp; Development</b>			
Personal services	86,365	84,003	2,362
Contractual, materials and other	37,843	35,162	2,681
<b>Total community development</b>	<u>124,208</u>	<u>119,165</u>	<u>5,043</u>
<b>Parks and recreation</b>			
<b>Parks &amp; Recreation - Administration</b>			
Personal services	99,470	99,041	429
Contractual, materials and other	23,738	22,014	1,724
<b>Parks &amp; Recreation - Programs</b>			
Personal services	93,670	90,840	2,830
Contractual, materials and other	65,742	62,671	3,071

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

(continued)

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
Parks & Public Grounds			
Personal services	690,650	684,651	5,999
Contractual, materials and other	267,524	261,668	5,856
Urban Forest			
Contractual, materials and other	55,870	54,266	1,604
Senior Center			
Contractual, materials and other	38,170	37,690	480
Total parks and recreation	<u>1,334,834</u>	<u>1,312,841</u>	<u>21,993</u>
Total expenditures	<u>15,226,688</u>	<u>14,907,710</u>	<u>318,978</u>
Deficiency of revenues under expenditures	<u>(9,238,581)</u>	<u>(8,806,089)</u>	<u>432,492</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	9,923,360	10,243,360	320,000
Sales of capital assets	-	-	-
Transfers out	<u>(746,000)</u>	<u>(746,000)</u>	<u>-</u>
Total other financing sources	<u>9,177,360</u>	<u>9,497,360</u>	<u>320,000</u>
Excess (deficiency) of revenues and other financing sources over/ (under) expenditures	<u>(61,221)</u>	<u>691,271</u>	<u>752,492</u>
Fund Balances, beginning of year	4,146,339	4,146,339	-
Prior Year Encumbrances	145,657	145,657	-
Fund Balances, end of year	<u>\$ 4,230,775</u>	<u>\$ 4,983,267</u>	<u>\$ 752,492</u>



**OHIO**

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**STREET REPAIR AND MAINTENANCE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 1,155,575	\$ 1,198,704	\$ 43,129
Miscellaneous receipts and reimbursements	116,495	132,550	16,055
Total revenues	<u>1,272,070</u>	<u>1,331,254</u>	<u>59,184</u>
<b>EXPENDITURES:</b>			
Current:			
Street repair & maintenance			
Personal services	730,315	692,493	37,822
Contractual, materials and other	498,407	481,560	16,847
Total expenditures	<u>1,228,722</u>	<u>1,174,053</u>	<u>54,669</u>
Excess of revenues over expenditures	<u>43,348</u>	<u>157,201</u>	<u>113,853</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(11,000)	(11,000)	-
Sale of assets	200	-	(200)
Total other financing sources uses	<u>(10,800)</u>	<u>(11,000)</u>	<u>(200)</u>
Excess of revenues over expenditures and other financing uses	32,548	146,201	113,653
Fund Balances, beginning of year	412,014	412,014	-
Prior Year Encumbrances	20,289	20,289	-
Fund Balances, end of year	<u>\$ 464,851</u>	<u>\$ 578,504</u>	<u>\$ 113,653</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**MUNICIPAL INCOME TAX FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
<b>REVENUES:</b>			
Local taxes	\$ 12,307,510	\$ 13,213,686	\$ 906,176
Miscellaneous receipts and reimbursements	<u>75</u>	<u>15</u>	<u>(60)</u>
Total revenues	<u>12,307,585</u>	<u>13,213,701</u>	<u>906,116</u>
<b>EXPENDITURES:</b>			
Current:			
General government			
Personal services	177,100	174,653	2,447
Contractual, materials and other	<u>30,850</u>	<u>26,023</u>	<u>4,827</u>
Total expenditures	<u>207,950</u>	<u>200,676</u>	<u>7,274</u>
Excess of revenues over expenditures	<u>12,099,635</u>	<u>13,013,025</u>	<u>913,390</u>
<b>OTHER FINANCING USES:</b>			
Transfers out	<u>(12,804,200)</u>	<u>(12,804,200)</u>	<u>-</u>
Total other financing uses	<u>(12,804,200)</u>	<u>(12,804,200)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over/under expenditures and other financing uses	(704,565)	208,825	913,390
Fund Balances, beginning of year	1,040,311	1,040,311	-
Prior Year Encumbrances	<u>4,565</u>	<u>4,565</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 340,311</u>	<u>\$ 1,253,701</u>	<u>\$ 913,390</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**STATE HIGHWAY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 93,695	\$ 97,192	\$ 3,497
Investment income	1,100	1,701	601
Total revenues	<u>94,795</u>	<u>98,893</u>	<u>4,098</u>
<b>EXPENDITURES:</b>			
Current:			
Street repair & maintenance			
Contractual, materials and other	<u>94,795</u>	<u>94,795</u>	<u>-</u>
Total expenditures	<u>94,795</u>	<u>94,795</u>	<u>-</u>
Excess of revenues over expenditures	-	4,098	4,098
Fund Balances, beginning of year	13,319	13,319	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 13,319</u>	<u>\$ 17,417</u>	<u>\$ 4,098</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**COUNTY AUTO LICENSE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Intergovernmental revenue	\$ 110,000	\$ 109,129	\$ (871)
<b>EXPENDITURES:</b>			
Current:			
Street repair & maintenance			
Contractual, materials and other	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Total expenditures	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Excess (deficiency) of revenues over/ (under) expenditures	-	(871)	(871)
Fund Balances, beginning of year	30,374	30,374	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 30,374</u>	<u>\$ 29,503</u>	<u>\$ (871)</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**STORMWATER MANAGEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
<b>REVENUES:</b>			
Miscellaneous receipts and reimbursements	\$ -	\$ 1,095	\$ 1,095
Total revenues	<u>-</u>	<u>1,095</u>	<u>1,095</u>
<b>EXPENDITURES:</b>			
Current:			
Basic utility services			
Personal services	231,850	214,440	17,410
Contractual, materials and other	<u>92,547</u>	<u>85,945</u>	<u>6,602</u>
Total expenditures	<u>324,397</u>	<u>300,385</u>	<u>24,012</u>
Deficiency of revenues under expenditures	<u>(324,397)</u>	<u>(299,290)</u>	<u>25,107</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>295,000</u>	<u>295,000</u>	<u>-</u>
Total other financing sources	<u>295,000</u>	<u>295,000</u>	<u>-</u>
Deficiency of revenues and other financing sources under expenditures	<u>(29,397)</u>	<u>(4,290)</u>	<u>25,107</u>
Fund Balances, beginning of year	33,234	33,234	-
Prior Year Encumbrances	<u>3,618</u>	<u>3,618</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 7,455</u>	<u>\$ 32,562</u>	<u>\$ 25,107</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**CAPITAL INVESTMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
<b>REVENUES:</b>			
Investment income	<u>\$ 10,250</u>	<u>\$ 20,523</u>	<u>\$ 10,273</u>
<b>EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>10,250</u>	<u>20,523</u>	<u>10,273</u>
Fund Balances, beginning of year	386,141	386,141	-
Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 396,391</u>	<u>\$ 406,664</u>	<u>\$ 10,273</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**CEMETERY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Charges for services	\$ 77,000	\$ 80,119	\$ 3,119
Miscellaneous receipts and reimbursements	3,000	2,500	(500)
Total revenues	<u>80,000</u>	<u>82,619</u>	<u>2,619</u>
<b>EXPENDITURES:</b>			
Current:			
Health			
Personal services	171,730	157,003	14,727
Contractual, materials and other	44,582	44,216	366
Total expenditures	<u>216,312</u>	<u>201,219</u>	<u>15,093</u>
Deficiency of revenues under expenditures	<u>(136,312)</u>	<u>(118,600)</u>	<u>17,712</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	125,000	125,000	-
Total other financing sources	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures	(11,312)	6,400	17,712
Fund Balances, beginning of year	47,699	47,699	-
Prior Year Encumbrances	2,410	2,410	-
Fund Balances, end of year	<u>\$ 38,797</u>	<u>\$ 56,509</u>	<u>\$ 17,712</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**MUNICIPAL COURT COMPUTER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES	\$ -	\$ 19,306	\$ 19,306
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over/ (under) expenditures	-	19,306	19,306
Fund Balances, beginning of year	-	-	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 19,306</u>	<u>\$ 19,306</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**TRANSPORTATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 352,860	\$ 344,628	\$ (8,232)
Charges for services	158,000	163,058	5,058
Miscellaneous receipts and reimbursements	-	3,925	3,925
<b>Total revenues</b>	<b>510,860</b>	<b>511,611</b>	<b>751</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
Public transportation			
Personal services	391,455	373,539	17,916
Contractual, materials and other	276,547	211,413	65,134
<b>Total expenditures</b>	<b>668,002</b>	<b>584,952</b>	<b>83,050</b>
Deficiency of revenues under expenditures	(157,142)	(73,341)	83,801
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	50,000	50,000	-
Transfers out	(1,000)	(1,000)	-
<b>Total other financing sources</b>	<b>49,000</b>	<b>49,000</b>	<b>-</b>
Deficiency of revenues and other financing sources under expenditures	(108,142)	(24,341)	83,801
Fund Balances, beginning of year	68,487	68,487	-
Prior Year Encumbrances	79,894	39,947	(39,947)
<b>Fund Balances, end of year</b>	<b>\$ 40,239</b>	<b>\$ 84,093</b>	<b>\$ 43,854</b>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**C.D.B.G. FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Intergovernmental revenue	\$ 708,000	\$ 286,889	\$ (421,111)
Investment income	2,500	3,581	1,081
Total revenues	<u>710,500</u>	<u>290,470</u>	<u>(420,030)</u>
<b>EXPENDITURES:</b>			
Current:			
Community development			
Contractual, materials and other	<u>727,964</u>	<u>420,638</u>	<u>307,326</u>
Total expenditures	<u>727,964</u>	<u>420,638</u>	<u>307,326</u>
Deficiency of revenues under expenditures	(17,464)	(130,168)	(112,704)
Fund Balances, beginning of year	153,888	153,888	-
Prior Year Encumbrances	13,499	13,499	-
Fund Balances, end of year	<u>\$ 149,923</u>	<u>\$ 37,219</u>	<u>\$ (112,704)</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**C.D.B.G. REVOLVING LOAN FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Investment income	\$ 22,000	\$ 40,600	\$ 18,600
<b>EXPENDITURES:</b>			
Current:			
Community development			
Contractual, materials and other	<u>162,377</u>	<u>61,539</u>	<u>100,838</u>
Total expenditures	<u>162,377</u>	<u>61,539</u>	<u>100,838</u>
Deficiency of revenues under expenditures	(140,377)	(20,939)	119,438
Fund Balances, beginning of year	280,017	280,017	-
Prior Year Encumbrances	12,377	12,377	-
Fund Balances, end of year	<u>\$ 152,017</u>	<u>\$ 271,455</u>	<u>\$ 119,438</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**C.D.B.G. PROGRAM INCOME FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Investment income	\$ -	\$ 4,447	\$ 4,447
<b>EXPENDITURES</b>			
Current:			
Community development			
Contractual, materials and other	<u>1,724</u>	<u>946</u>	<u>778</u>
Total expenditures	<u>1,724</u>	<u>946</u>	<u>778</u>
Excess (deficiency) of revenues over/ (under) expenditures	(1,724)	3,501	5,225
Fund Balances, beginning of year	1,179	1,179	-
Prior Year Encumbrances	<u>545</u>	<u>545</u>	<u>-</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 5,225</u>	<u>\$ 5,225</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**H.O.M.E. PROGRAM INCOME FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Investment income	\$ 5,600	\$ 20,233	\$ 14,633
<b>EXPENDITURES:</b>			
Current:			
Community development			
Contractual, materials and other	<u>26,818</u>	<u>1,374</u>	<u>25,444</u>
Total expenditures	<u>26,818</u>	<u>1,374</u>	<u>25,444</u>
Excess (deficiency) of revenues over/ (under) expenditures	(21,218)	18,859	40,077
Fund Balances, beginning of year	31,593	31,593	-
Prior Year Encumbrances	<u>2,818</u>	<u>2,818</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 13,193</u>	<u>\$ 53,270</u>	<u>\$ 40,077</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**PARKING METER AND OFF-STREET PARKING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
<b>REVENUES:</b>			
Fines, licenses and permits	\$ 43,500	\$ 39,385	\$ (4,115)
<b>EXPENDITURES:</b>			
Current:			
Police			
Personal services	29,020	28,209	811
Contractual, materials and other	<u>10,950</u>	<u>8,189</u>	<u>2,761</u>
Total expenditures	<u>39,970</u>	<u>36,398</u>	<u>3,572</u>
Excess of revenues over expenditures	3,530	2,987	(543)
Fund Balances, beginning of year	99,211	99,211	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 102,741</u>	<u>\$ 102,198</u>	<u>\$ (543)</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**PROBATION GRANT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 50,000	\$ 50,407	\$ 407
<b>EXPENDITURES:</b>			
Current:			
Judicial			
Personal services	51,080	48,049	3,031
Contractual, materials and other	<u>1,990</u>	<u>1,989</u>	<u>1</u>
Total expenditures	<u>53,070</u>	<u>50,038</u>	<u>3,032</u>
Excess (deficiency) of revenues over/ (under) expenditures	(3,070)	369	3,439
Fund Balances, beginning of year	9,841	9,841	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 6,771</u>	<u>\$ 10,210</u>	<u>\$ 3,439</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**CONVENTION AND VISITORS' BUREAU FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
<b>REVENUES:</b>			
Local taxes	\$ 69,353	\$ 74,510	\$ 5,157
<b>EXPENDITURES:</b>			
Current:			
Community development			
Contractual, materials and other	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Total expenditures	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Excess (deficiency) of revenues over/ (under) expenditures	(647)	4,510	5,157
Fund Balances, beginning of year	12,782	12,782	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 12,135</u>	<u>\$ 17,292</u>	<u>\$ 5,157</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**HEALTH DEPARTMENT BUILDING LEASE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
<b>REVENUES:</b>			
Miscellaneous receipts and reimbursements	\$ 36,000	\$ 35,937	\$ (63)
<b>EXPENDITURES:</b>			
Current:			
Health			
Contractual, materials and other	<u>31,161</u>	<u>29,516</u>	<u>1,645</u>
Total expenditures	<u>31,161</u>	<u>29,516</u>	<u>1,645</u>
Excess of revenues over expenditures	4,839	6,421	1,582
Fund Balances, beginning of year	123,243	123,243	-
Prior Year Encumbrances	746	746	-
Fund Balances, end of year	<u>\$ 128,828</u>	<u>\$ 130,410</u>	<u>\$ 1,582</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**FEMA GRANT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 77,450	\$ 77,459	\$ 9
Miscellaneous receipts	1,299	1,299	-
Total revenues	<u>78,749</u>	<u>78,758</u>	<u>9</u>
<b>EXPENDITURES:</b>			
Capital Outlay:			
Contractual, materials and other	87,364	87,364	-
Total expenditures	<u>87,364</u>	<u>87,364</u>	<u>-</u>
Deficiency of revenues under expenditures	(8,615)	(8,606)	9
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	8,615	8,615	-
Total other financing sources	<u>8,615</u>	<u>8,615</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	-	9	9
Fund Balances, beginning of year	-	-	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 9</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**SEPARATION PAYMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENDITURES:</b>			
Current:			
General government			
Personal services	244,400	243,945	455
Total expenditures	<u>244,400</u>	<u>243,945</u>	<u>455</u>
Deficiency of revenues under expenditures	(244,400)	(243,945)	455
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	159,000	155,500	(3,500)
Total Other Financing Sources	<u>159,000</u>	<u>155,500</u>	<u>(3,500)</u>
Deficiency of revenues and other financing sources under expenditures	(85,400)	(88,445)	(3,045)
Fund Balances, beginning of year	591,094	591,094	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 505,694</u>	<u>\$ 502,649</u>	<u>\$ (3,045)</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**INSURANCE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Miscellaneous receipts and reimbursements	\$ 8,000	\$ 7,724	\$ (276)
<b>EXPENDITURES:</b>			
Current:			
General government			
Contractual, materials and other	34,600	32,365	2,235
Total expenditures	34,600	32,365	2,235
Deficiency of revenues under expenditures	(26,600)	(24,641)	1,959
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	25,000	25,000	-
Total other financing sources	25,000	25,000	-
Excess of revenues and other financing sources over expenditures	(1,600)	359	1,959
Fund Balances, beginning of year	1,692	1,692	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 92</u>	<u>\$ 2,051</u>	<u>\$ 1,959</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**DRUG LAW ENFORCEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Fines, licenses and permits	\$ 17,000	\$ 7,430	\$ (9,570)
<b>EXPENDITURES:</b>			
Current:			
Police			
Contractual, materials and other	64,326	20,812	43,514
Total expenditures	64,326	20,812	43,514
Deficiency of revenues under expenditures	(47,326)	(13,382)	33,944
Fund Balances, beginning of year	69,248	69,248	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 21,922</u>	<u>\$ 55,866</u>	<u>\$ 33,944</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**LAW ENFORCEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES			
Fines, licenses and permits	\$ 26,700	\$ 38,670	\$ 11,970
EXPENDITURES:			
Current:			
Police			
Contractual, materials and other	<u>37,476</u>	<u>27,368</u>	<u>10,108</u>
Total Expenditures	<u>37,476</u>	<u>27,368</u>	<u>10,108</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>(10,776)</u>	<u>11,302</u>	<u>22,078</u>
Fund Balances, beginning of year	9,239	9,239	-
Prior Year Encumbrances	1,537	1,537	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 22,078</u>	<u>\$ 22,078</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**INDIGENT DRIVER ALCOHOL TREATMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:			
Fines, licenses and permits	\$ 14,000	\$ 27,510	\$ 13,510
EXPENDITURES:			
Current:			
Judicial			
Contractual, materials and other	<u>25,000</u>	<u>18,810</u>	<u>6,190</u>
Total expenditures	<u>25,000</u>	<u>18,810</u>	<u>6,190</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>(11,000)</u>	<u>8,700</u>	<u>19,700</u>
Fund Balances, beginning of year	107,120	107,120	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 96,120</u>	<u>\$ 115,820</u>	<u>\$ 19,700</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**ENFORCEMENT & EDUCATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Fines, licenses and permits	\$ 6,500	\$ 7,719	\$ 1,219
<b>EXPENDITURES:</b>			
Current:			
Police			
Personal services	11,980	8,889	3,091
Contractual, materials and other	2,000	1,569	431
Total expenditures	13,980	10,458	3,522
Deficiency of revenues under expenditures	(7,480)	(2,739)	4,741
Fund Balances, beginning of year	23,334	23,334	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	\$ 15,854	\$ 20,595	\$ 4,741

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**OCJS GRANT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>			
Current:			
Police			
Contractual, materials and other	4,127	4,127	-
Total expenditures	4,127	4,127	-
Deficiency of revenues under expenditures	(4,127)	(4,127)	-
Fund Balances, beginning of year	-	-	-
Prior Year Encumbrances	4,127	4,127	-
Fund Balances, end of year	\$ -	\$ -	\$ -

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**IMPREST CASH FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**FIRE LOSS SECURITY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES:			
Current:			
Fire			
Contractual, materials and other	13,291	13,291	-
Total expenditures	<u>13,291</u>	<u>13,291</u>	<u>-</u>
Deficiency of revenues under expenditures	(13,291)	(13,291)	-
Fund Balances, beginning of year	6,001	6,001	-
Prior Year Encumbrances	7,290	7,290	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**CEMETERY MAINTENANCE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Charges for services	\$ 10,000	\$ 12,699	\$ 2,699
Investment income	18,500	24,370	5,870
Total revenues	<u>28,500</u>	<u>37,069</u>	<u>8,569</u>
<b>EXPENDITURES:</b>			
Current:			
Health			
Contractual, materials and other	350	329	21
Total expenditures	<u>350</u>	<u>329</u>	<u>21</u>
Excess of revenues over expenditures	28,150	36,740	8,590
<b>OTHER FINANCING USES:</b>			
Transfers out	(10,000)	(10,000)	-
Total other financing uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Excess of revenues over expenditures and other financing uses	18,150	26,740	8,590
Fund Balances, beginning of year	687,907	687,907	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 706,057</u>	<u>\$ 714,647</u>	<u>\$ 8,590</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**MAUSOLEUM MAINTENANCE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Charges for services	\$ 1,500	\$ 222	\$ (1,278)
Investment income	550	697	147
Total revenues	<u>2,050</u>	<u>919</u>	<u>(1,131)</u>
<b>EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	2,050	919	(1,131)
Fund Balances, beginning of year	19,335	19,335	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 21,385</u>	<u>\$ 20,254</u>	<u>\$ (1,131)</u>

CITY OF SIDNEY



OHIO

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 596,900	\$ 476,680	\$ (120,220)
Miscellaneous receipts and reimbursements	<u>-</u>	<u>52,028</u>	<u>52,028</u>
Total revenues	<u>596,900</u>	<u>528,708</u>	<u>(68,192)</u>
<b>EXPENDITURES:</b>			
Capital Outlay:			
Contractual, materials and other	<u>4,499,659</u>	<u>3,853,254</u>	<u>646,405</u>
Total expenditures	<u>4,499,659</u>	<u>3,853,254</u>	<u>646,405</u>
Deficiency of revenues under expenditures	<u>(3,902,759)</u>	<u>(3,324,546)</u>	<u>578,213</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(31,865)	(31,865)	-
Transfers in	<u>2,615,134</u>	<u>2,786,668</u>	<u>171,534</u>
Total other financing sources	<u>2,583,269</u>	<u>2,754,803</u>	<u>171,534</u>
Deficiency of revenues and other financing sources under expenditures	(1,319,490)	(569,743)	749,747
Fund Balances, beginning of year	949,438	949,438	-
Prior Year Encumbrances	<u>683,758</u>	<u>683,758</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 313,706</u>	<u>\$ 1,063,453</u>	<u>\$ 749,747</u>

**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**SPECIAL ASSESSMENT CONSTRUCTION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Special assessments	\$ 9,000	\$ 6,717	\$ (2,283)
EXPENDITURES:			
Current:			
Community environment			
Contractual, materials and other	19,756	16,389	3,367
Total expenditures	19,756	16,389	3,367
Deficiency of revenues under expenditures	(10,756)	(9,672)	1,084
Fund Balances, beginning of year	6,584	6,584	-
Prior Year Encumbrances	9,756	9,756	-
Fund Balances, end of year	\$ 5,584	\$ 6,668	\$ 1,084

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**POLICE STATION CONSTRUCTION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES			
Investment income	\$ 25,004	\$ 6,701	\$ (18,303)
EXPENDITURES			
Capital Outlay:			
Contractual, materials and other	56,432	56,431	1
Total expenditures	56,432	56,431	1
Deficiency of revenues under expenditures	(31,428)	(49,730)	(18,302)
OTHER FINANCING SOURCES (USES):			
Transfers out	(225,829)	(225,828)	1
Total other financing uses	(225,829)	(225,828)	1
Deficiency of revenues and other financing sources under expenditures	(257,257)	(275,558)	(18,301)
Fund Balances, beginning of year	229,228	229,228	-
Prior Year Encumbrances	46,330	46,330	-
Fund Balances, end of year	\$ 18,301	\$ -	\$ (18,301)

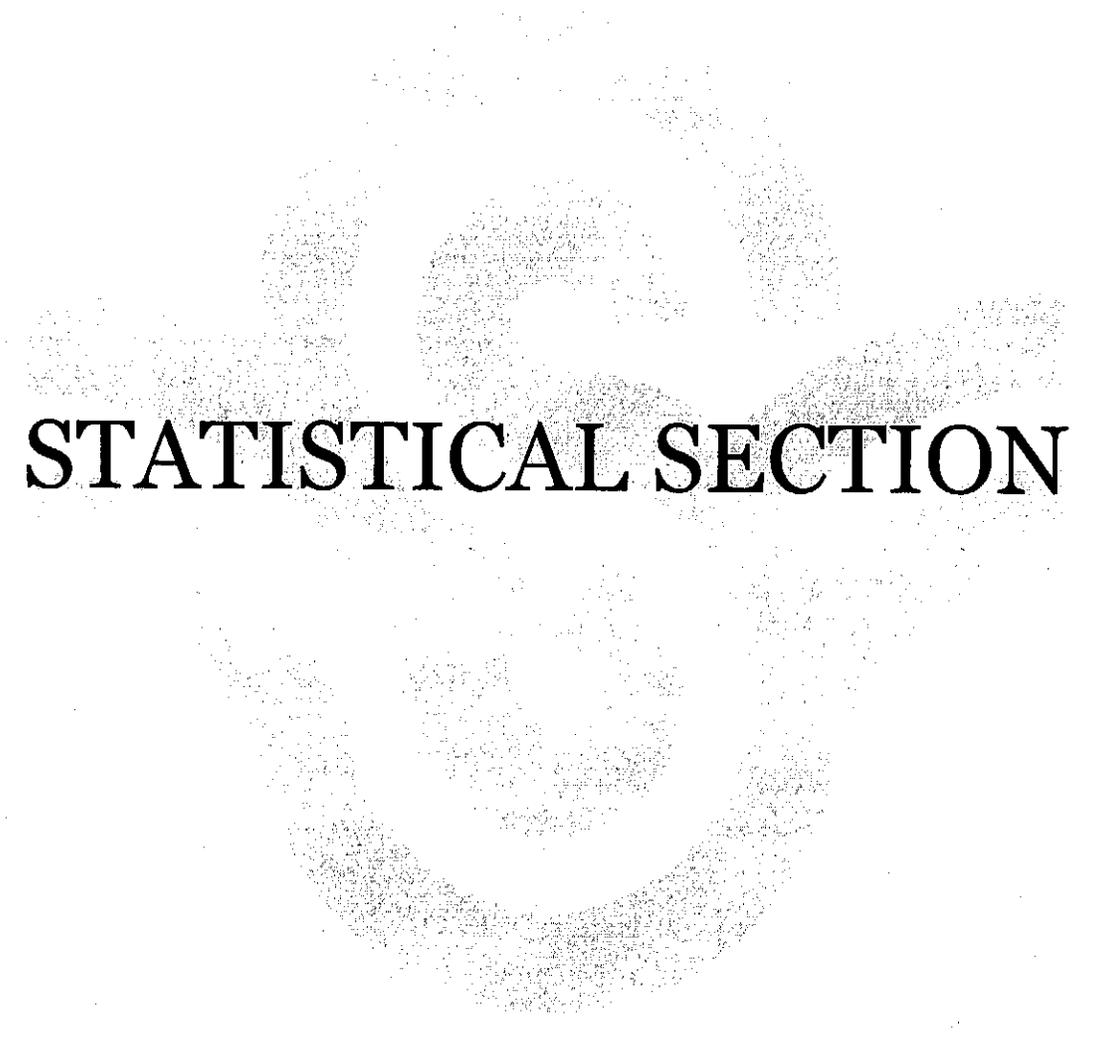
**CITY OF SIDNEY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS**  
**AT LEGAL LEVEL OF BUDGETARY CONTROL**  
**WALKWAY GRANT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over/ (under) expenditures	-	-	-
Fund Balances, beginning of year	20,000	20,000	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>



**CITY OF SIDNEY**

**OHIO**



**STATISTICAL SECTION**

**CITY OF SIDNEY, OHIO**  
**Statistical Section**  
**December 31, 2006**

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (Schedules 1 – 4)</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	103 – 107
<b>Revenue Capacity (Schedules 5 – 6)</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.	108 – 109
<b>Debt Capacity (Schedules 7 - 8)</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	110 – 111
<b>Economic and Demographic Information (Schedules 9 – 10)</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	112 – 113
<b>Operating Information (Schedules 11 – 13)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	114 – 116

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



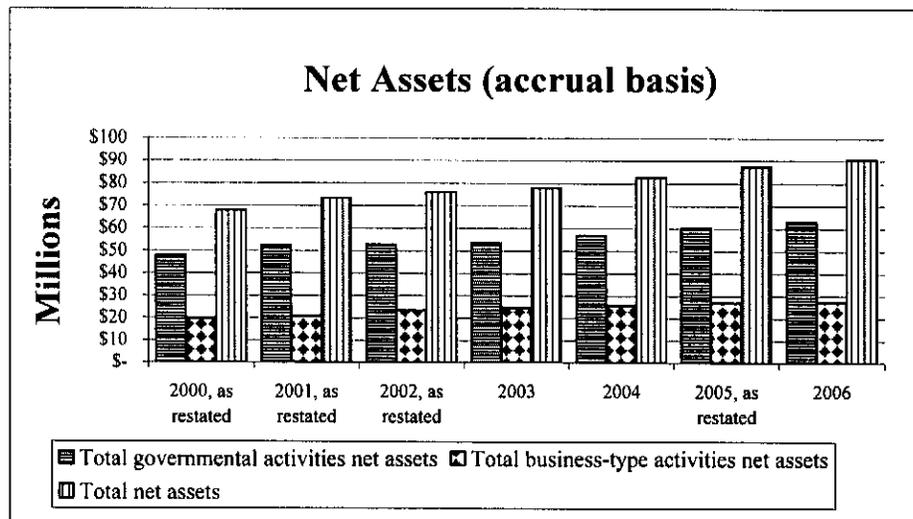
**OHIO**

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

Schedule 1

	Year Ended December 31,						
	2000, as restated	2001, as restated	2002, as restated	2003	2004	2005, as restated	2006
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 34,168,370	\$ 41,074,076	\$ 41,586,478	\$ 41,850,468	44,263,989	46,330,165	47,927,839
Restricted for:							
Other purposes	1,980,660	1,672,998	1,607,694	1,374,427	1,764,537	1,342,722	1,611,972
Unrestricted	11,818,243	9,694,440	9,523,194	10,240,893	10,957,084	12,637,014	13,638,819
Total governmental activities net assets	47,967,273	52,441,514	52,717,366	53,465,788	56,985,610	60,309,901	63,178,630
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	15,865,656	16,502,437	19,338,974	19,460,644	21,277,102	23,223,096	23,201,765
Unrestricted	3,981,195	4,406,065	4,045,806	5,108,748	4,327,735	3,643,310	4,059,842
Total business-type activities net assets	19,846,851	20,908,502	23,384,780	24,569,392	25,604,837	26,866,406	27,261,607
<b>Total</b>							
Invested in capital assets, net of related debt	50,034,026	57,576,513	60,925,452	61,311,112	65,541,091	69,553,261	71,129,604
Restricted for:							
Other purposes	1,980,660	1,672,998	1,607,694	1,374,427	1,764,537	1,342,722	1,611,972
Unrestricted	15,799,438	14,100,505	13,569,000	15,349,641	15,284,819	16,280,324	17,698,661
Total net assets	\$ 67,814,124	\$ 73,350,016	\$ 76,102,146	\$ 78,035,180	\$ 82,590,447	\$ 87,176,307	\$ 90,440,237

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



Note: The following restatements of prior years' balances are reflected in the above schedule:

- Change in threshold for recording capital assets was raised from \$2,500 to \$5,000.
- Retroactive restatement of governmental infrastructure acquired before January 1, 2000.
- Addition of sewer and water infrastructure not capitalized in prior years.
- Correction of airport capital assets

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

Schedule 2

	Year Ended December 31,						
	2000, as	2001, as	2002, as			2005, as	
	restated	restated	restated	2003	2004	restated	2006
<b>Expenses</b>							
Governmental activities:							
General government	1,723,485	1,998,119	1,905,469	1,782,921	1,489,376	1,614,428	1,741,846
Public safety	8,600,737	9,722,217	9,888,848	9,878,689	10,499,661	10,892,271	11,435,091
Health	174,196	261,687	270,727	295,910	218,608	202,737	214,883
Transportation	2,104,864	2,272,067	2,318,094	2,569,392	2,772,945	3,074,878	3,344,783
Community environment	1,298,061	1,190,075	1,379,329	1,313,960	1,430,611	1,368,786	1,426,466
Parks and recreation	1,150,509	1,211,315	1,338,190	1,400,906	1,427,369	1,469,323	1,461,172
Basic utility services	308,467	318,291	370,166	378,706	460,118	487,141	644,140
Interest on long-term debt	125,165	121,785	115,448	114,958	266,501	425,995	411,424
Total governmental activities expenses	<u>15,485,484</u>	<u>17,095,556</u>	<u>17,586,271</u>	<u>17,735,442</u>	<u>18,565,189</u>	<u>19,535,559</u>	<u>20,679,805</u>
Business-type activities:							
Water	2,515,576	2,588,130	2,599,989	2,657,083	2,930,771	2,959,127	3,253,577
Sewer	2,191,821	2,307,869	2,286,024	2,791,159	3,125,699	3,466,500	3,464,976
Solid Waste	999,249	915,794	1,012,932	1,003,765	1,038,399	1,048,669	1,126,873
Other business-type activities	314,250	286,496	324,786	364,138	448,909	493,991	443,174
Total business-type activities expenses	<u>6,020,896</u>	<u>6,098,289</u>	<u>6,223,731</u>	<u>6,816,145</u>	<u>7,543,778</u>	<u>7,968,287</u>	<u>8,288,600</u>
Total Expenses	21,506,380	23,193,845	23,810,002	24,551,587	26,108,967	27,503,846	28,968,405
<b>Program Revenues</b>							
Governmental activities:							
Public safety	1,492,875	1,495,815	1,399,883	1,850,965	1,901,789	1,893,515	1,857,089
Health	129,641	133,616	173,214	115,028	150,921	97,804	129,886
Transportation	3,520,102	5,597,599	1,944,035	1,799,891	4,985,199	3,917,009	4,203,064
Community environment	553,089	817,184	494,836	483,702	497,796	660,033	410,455
Parks and recreation	101,749	31,132	28,670	65,267	29,718	235,638	72,453
Basic utility services	-	-	-	-	-	17,224	-
Total governmental activities program revenues	<u>5,797,456</u>	<u>8,075,346</u>	<u>4,040,638</u>	<u>4,314,853</u>	<u>7,565,423</u>	<u>6,821,223</u>	<u>6,672,947</u>
Business-type activities:							
Water	2,879,475	2,835,353	3,127,229	3,109,280	3,321,811	3,562,350	3,540,699
Sewer	2,958,403	2,935,486	3,213,919	3,357,205	3,453,028	3,821,448	3,706,858
Solid Waste	763,583	666,804	884,872	845,898	927,527	874,119	841,242
Other business-type activities	236,221	213,127	281,415	254,713	548,303	609,976	281,476
Total business-type activities program revenues	<u>6,837,682</u>	<u>6,650,770</u>	<u>7,507,435</u>	<u>7,567,096</u>	<u>8,250,669</u>	<u>8,867,893</u>	<u>8,370,275</u>
<b>Net (Expense) Revenue <sup>(a)</sup></b>							
Governmental activities:							
General government	(1,723,485)	(1,998,119)	(1,905,469)	(1,782,921)	(1,489,376)	(1,614,428)	(1,741,846)
Public safety	(7,107,862)	(8,226,402)	(8,488,965)	(8,027,724)	(8,597,872)	(8,998,756)	(9,578,002)
Health	(44,555)	(128,071)	(97,513)	(180,882)	(67,687)	(104,933)	(84,997)
Transportation	1,415,238	3,325,532	(374,059)	(769,501)	2,212,254	842,131	858,281
Community environment	(744,972)	(372,891)	(884,493)	(830,258)	(932,815)	(708,753)	(1,016,011)
Parks and recreation	(1,048,760)	(1,180,183)	(1,309,520)	(1,335,639)	(1,397,651)	(1,233,685)	(1,388,719)
Basic utility services	(308,467)	(318,291)	(370,166)	(378,706)	(460,118)	(469,917)	(644,140)
Interest on long-term debt	(125,165)	(121,785)	(115,448)	(114,958)	(266,501)	(425,995)	(411,424)
Total governmental activities	<u>(9,688,028)</u>	<u>(9,020,210)</u>	<u>(13,545,633)</u>	<u>(13,420,589)</u>	<u>(10,999,766)</u>	<u>(12,714,336)</u>	<u>(14,006,858)</u>
Business-type activities:							
Water	363,899	247,223	527,240	452,197	391,040	603,223	287,122
Sewer	766,582	627,617	927,895	566,046	327,329	354,948	241,882
Solid Waste	(235,666)	(248,990)	(128,060)	(157,867)	(110,872)	(174,550)	(285,631)
Other business-type activities	(78,029)	(73,369)	(43,371)	(109,425)	99,394	115,985	(161,698)
Total business-type activities	<u>816,786</u>	<u>552,481</u>	<u>1,283,704</u>	<u>750,951</u>	<u>706,891</u>	<u>899,606</u>	<u>81,675</u>
Total	<u>(8,871,242)</u>	<u>(8,467,729)</u>	<u>(12,261,929)</u>	<u>(12,669,638)</u>	<u>(10,292,875)</u>	<u>(11,814,730)</u>	<u>(13,925,183)</u>

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

(continued) Schedule 2

	Year Ended December 31,						
	2000, as restated	2001, as restated	2002, as restated	2003	2004	2005, as restated	2006
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes							
Income taxes	10,663,264	10,713,675	10,952,386	11,180,689	11,313,150	12,707,698	13,261,167
Property taxes	1,330,086	1,317,123	1,266,026	1,250,527	1,321,566	1,336,737	1,492,187
Other taxes	561,207	189,818	505,464	618,180	585,600	688,045	507,960
Grants and contributions not restricted to specific prog	1,114,811	1,117,526	1,273,415	1,146,863	1,287,579	1,174,034	1,183,356
Investment earnings	1,108,964	779,823	447,751	171,516	243,088	340,469	545,906
(Loss) gain on sale/disposal of capital assets	(29,845)	(40,253)	(68,845)	9,300	12,983	10,430	28,798
Miscellaneous	297,769	155,936	67,249	88,705	42,357	76,941	46,653
Transfers	(32,237)	(732,853)	(620,419)	(351,422)	(286,635)	(295,727)	(190,440)
Total governmental activities	<u>15,014,019</u>	<u>13,500,795</u>	<u>13,823,027</u>	<u>14,114,358</u>	<u>14,519,688</u>	<u>16,038,627</u>	<u>16,875,587</u>
Business-type activities:							
Grants and contributions not restricted to specific prog	-	-	-	-	-	-	-
Investment earnings	-	-	135,481	76,870	39,519	64,736	118,884
(Loss) gain on sale/disposal of capital assets	-	-	800	5,369	2,400	1,500	4,202
Transfers	-	-	620,419	351,422	286,635	295,727	190,440
Total business-type activities	<u>-</u>	<u>-</u>	<u>756,700</u>	<u>433,661</u>	<u>328,554</u>	<u>361,963</u>	<u>313,526</u>
Total	<u>15,014,019</u>	<u>13,500,795</u>	<u>14,579,727</u>	<u>14,548,019</u>	<u>14,848,242</u>	<u>16,400,590</u>	<u>17,189,113</u>
<b>Change in Net Assets</b>							
Governmental activities	5,325,991	4,480,585	277,394	693,769	3,519,922	3,324,291	2,868,729
Business-type activities	<u>816,786</u>	<u>552,481</u>	<u>2,040,404</u>	<u>1,184,612</u>	<u>1,035,445</u>	<u>1,261,569</u>	<u>395,201</u>
Total	<u>6,142,777</u>	<u>5,033,066</u>	<u>2,317,798</u>	<u>1,878,381</u>	<u>4,555,367</u>	<u>4,585,860</u>	<u>3,263,930</u>

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

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

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

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

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

	December 31,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Fund</b>										
Reserved for:										
Inventory	\$ 35,982	\$ 53,980	\$ 58,360	\$ 49,828	\$ 55,145	\$ 51,800	\$ 42,560	\$ 41,583	\$ 35,817	\$ 36,018
Prepaid items	72,733	41,203	-	36,044	37,179	46,045	41,776	43,949	31,608	24,389
Encumbrances	44,680	63,981	34,400	185,280	145,807	157,350	106,148	95,417	20,441	692,064
Unreserved	1,863,211	3,331,185	3,691,491	3,050,871	2,981,401	2,707,516	2,710,617	2,894,238	3,753,439	4,344,745
Total general fund	\$ 2,016,606	\$ 3,490,349	\$ 3,784,251	\$ 3,322,023	\$ 3,219,532	\$ 2,962,711	\$ 2,901,101	\$ 3,075,187	\$ 3,841,305	\$ 5,097,216
<b>All Other Governmental Funds</b>										
Reserved for:										
Inventory	\$ 62,441	\$ 70,622	\$ 74,932	\$ 69,568	\$ 83,592	\$ 108,045	\$ 88,655	\$ 85,260	\$ 76,273	\$ 92,915
Prepaid items	6,204	65,640	-	60,002	57,895	53,795	50,444	97,254	91,248	85,851
Long-term loans receivable	308,045	189,290	128,199	223,204	118,784	107,284	95,191	82,474	69,112	55,066
Encumbrances	589,558	1,536,033	3,626,507	1,048,962	1,106,024	529,435	1,016,744	4,845,128	728,243	896,553
Unreserved, reported in:										
Special revenue funds	2,525,897	3,224,111	4,298,002	5,438,619	4,361,742	4,329,121	3,909,666	4,948,733	5,352,567	5,348,396
Capital projects funds	4,795,107	5,278,776	2,860,969	2,384,613	386,758	1,175,574	889,892	2,682,669	1,373,103	1,252,773
Total all other governmental funds	\$ 8,287,252	\$ 10,364,472	\$ 10,988,609	\$ 9,224,968	\$ 6,114,795	\$ 6,303,254	\$ 6,050,592	\$ 12,741,518	\$ 7,690,546	\$ 7,731,554

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

	For Year Ended December 31,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues:</b>										
Local taxes	12,009,109	12,973,054	13,192,036	11,703,628	11,089,189	12,714,069	12,543,684	13,445,397	14,365,781	14,851,099
Intergovernmental revenues	1,562,047	2,246,126	2,901,054	3,267,850	3,632,296	3,353,670	3,320,149	3,810,313	5,067,711	4,071,733
Special assessments	229,508	255,468	273,589	263,167	245,742	241,912	227,605	229,316	236,104	233,510
Charges for services	306,107	344,186	469,453	716,325	709,333	768,098	969,279	1,421,837	1,622,762	1,587,491
Fines, licenses and permits	563,389	596,304	683,212	404,054	429,437	317,800	287,411	256,498	258,766	269,686
Investment income	525,683	678,184	611,734	948,322	823,690	522,063	268,883	207,837	334,897	612,932
Miscellaneous receipts and reimbursements	549,160	601,241	267,942	568,047	326,270	326,443	303,245	308,898	321,297	289,589
Total revenues	<u>15,745,003</u>	<u>17,694,563</u>	<u>18,399,020</u>	<u>17,871,393</u>	<u>17,255,957</u>	<u>18,244,055</u>	<u>17,920,256</u>	<u>19,680,096</u>	<u>22,207,318</u>	<u>21,906,040</u>
<b>EXPENDITURES:</b>										
Current:										
General government	2,001,523	1,851,953	2,063,421	1,759,529	1,965,157	1,912,226	1,837,408	1,440,284	1,605,525	1,542,352
Public safety	6,905,528	6,832,335	7,794,337	8,349,842	9,120,432	9,162,996	9,300,073	9,861,029	10,311,264	10,483,625
Health	112,848	126,224	147,127	230,152	242,231	249,787	259,649	189,070	185,517	194,161
Transportation	1,268,129	1,124,800	1,309,352	1,291,164	1,221,388	1,275,471	1,504,254	1,644,318	1,922,641	1,751,984
Community environment	777,725	803,377	749,486	991,344	915,690	1,016,647	1,013,585	1,105,093	1,222,594	1,286,229
Parks and recreation	856,820	804,764	941,694	1,080,551	1,044,188	1,213,672	1,246,529	1,251,521	1,352,572	1,255,863
Basic utility services	160,497	134,723	137,337	157,069	159,406	204,342	222,810	284,370	283,767	398,791
Capital outlay	2,106,280	3,759,437	3,937,626	6,654,781	5,128,957	2,627,354	2,449,097	4,247,656	8,568,102	2,723,186
Debt service:										
Principal	10,000	15,000	120,000	120,000	120,000	120,000	125,000	130,000	425,000	435,000
Interest and other charges	8,803	8,323	129,181	114,498	122,219	115,895	115,522	239,721	429,276	413,338
Total expenditures	<u>14,208,153</u>	<u>15,460,936</u>	<u>17,329,561</u>	<u>20,748,930</u>	<u>20,039,668</u>	<u>17,898,390</u>	<u>18,073,927</u>	<u>20,393,062</u>	<u>26,306,258</u>	<u>20,484,529</u>
Excess (deficiency) of revenues over (under) expenditures	1,536,850	2,233,627	1,069,459	(2,877,537)	(2,783,711)	345,665	(153,671)	(712,966)	(4,098,940)	1,421,511
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	10,937,505	11,735,870	15,301,323	13,005,598	11,360,480	11,288,315	11,320,014	12,028,819	12,605,445	13,956,196
Proceeds from issuance of bonds	-	2,765,000	-	-	-	-	-	7,600,000	-	-
Sale of fixed assets	121,985	29,216	18,329	24,544	21,387	21,300	14,400	26,525	10,430	31,448
Transfers out	(1,225,493)	(13,270,370)	(15,526,623)	(13,046,831)	(11,810,820)	(11,477,315)	(11,495,014)	(12,132,019)	(12,801,789)	(14,112,236)
Total other financing sources (uses)	<u>(166,003)</u>	<u>1,259,716</u>	<u>(206,971)</u>	<u>(16,689)</u>	<u>(428,953)</u>	<u>(167,700)</u>	<u>(160,600)</u>	<u>7,523,325</u>	<u>(185,914)</u>	<u>(124,592)</u>
Net change in fund balances	<u>\$ 1,370,847</u>	<u>\$ 3,493,343</u>	<u>\$ 862,488</u>	<u>\$ (2,894,226)</u>	<u>\$ (3,212,664)</u>	<u>\$ 177,965</u>	<u>\$ (314,271)</u>	<u>\$ 6,810,359</u>	<u>\$ (4,284,854)</u>	<u>\$ 1,296,919</u>
Debt service as a percentage of noncapital expenditures	0.2%	0.2%	1.9%	1.7%	1.7%	1.6%	1.6%	2.3%	5.1%	5.0%

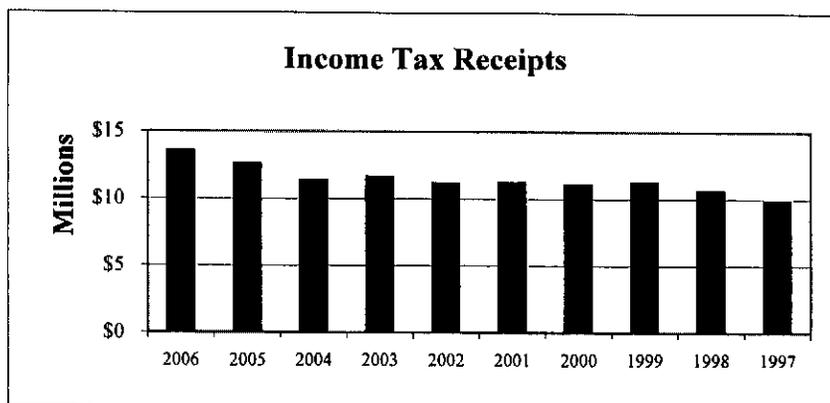
**CITY OF SIDNEY, OHIO**  
**INCOME TAX BY PAYER TYPE AND INCOME TAX RATE**  
**LAST TEN FISCAL YEARS (cash basis of accounting -- excluding refunds)**

Schedule 5

Year	Individuals			Total	Income Tax Rate
	Withheld by Employer	Paid by Taxpayer	Net Profits		
2006	\$ 10,564,424	\$ 594,202	\$ 2,376,810	\$ 13,535,436	1.50%
2005	\$ 10,304,368	\$ 401,908	\$ 1,869,366	\$ 12,575,642	1.50%
2004	\$ 9,584,082	\$ 422,876	\$ 1,401,307	\$ 11,408,265	1.50%
2003	\$ 9,454,838	\$ 443,801	\$ 1,730,053	\$ 11,628,692	1.50%
2002	\$ 9,191,973	\$ 458,471	\$ 1,545,088	\$ 11,195,532	1.50%
2001	\$ 9,134,504	\$ 465,735	\$ 1,637,333	\$ 11,237,572	1.50%
2000	\$ 8,757,119	\$ 491,777	\$ 1,822,063	\$ 11,070,959	1.50%
1999	\$ 8,430,776	\$ 463,307	\$ 2,351,018	\$ 11,245,101	1.50%
1998	\$ 7,844,728	\$ 465,714	\$ 2,321,262	\$ 10,631,704	1.50%
1997	\$ 7,645,473	\$ 473,549	\$ 1,715,465	\$ 9,834,487	1.50%

Source: City of Sidney, Ohio, Income Tax Department

This City levies a 1.5% income tax on all wages, salaries, commissions and other compensation paid by employers and the net profits from a business or professional person earned within the City, excluding income from intangible personal property. In addition, City residents pay City income tax on income earned outside the City, net of a credit for income taxes paid to other municipalities. Employers within the City withhold income tax on employee compensation and remit at least quarterly.



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

Schedule 6

2006	
<u>Rank</u>	<u>Name</u>
1	Emerson Climate (formerly Copeland Corp)
2	NK Parts Industries, Inc.
3	Superior Metal (formerly American Trim LLC)
4	Honda of America Manufacturing, Inc.
5	Wilson Memorial Hospital
6	Cargill
7	Sidney Board of Education
8	Lear Operations Corporation
9	Alcoa Building Products, Inc.
10	Ross Aluminum Foundries (formerly Eagle-Pincher Ind.)
Combined percentage of Total income taxes 29.65%	

1997		
<u>2006 Rank</u>	<u>Rank</u>	<u>Name</u>
1	1	Copeland Corporation
4	2	Honda of America Manufacturing, Inc.
3	3	American Trim LLC
9	4	Alcoa Building Products, Inc.
5	5	Wilson Memorial Hospital
7	6	Sidney Board of Education
-	7	Gilardi, AM & Sons Inc.
10	8	Eagle-Picher Industries, Inc.
-	9	Shelby County
-	10	Amos Press
Combined percentage of Total income taxes 31.94%		

Source: City of Sidney, Ohio, Income Tax Department

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

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Obligation Bonds	\$ 8,595,000	\$ 7,900,000	\$ 9,950,000	\$ 9,115,000	\$ 8,260,000	\$ 14,285,000	\$ 13,390,000	\$ 12,455,000	\$ 19,085,000	\$ 17,790,000	\$ 17,055,000
Assessed value of taxable property <sup>(a)</sup>	\$367,577,386	\$394,085,749	\$383,475,209	\$401,899,287	\$410,154,105	\$418,557,164	\$440,544,340	\$442,272,291	\$453,740,892	\$454,122,536	\$428,275,580
General Obligation Bonds as percent of total assessed value of taxable property	2.34%	2.00%	2.59%	2.27%	2.01%	3.41%	3.04%	2.82%	4.21%	3.92%	3.98%
Population <sup>(b)</sup>	19,145	19,238	19,197	19,350	20,211	20,378	20,276	20,249	20,147	20,188	20,188
General Obligation Bonds Per capita	\$ 449	\$ 411	\$ 518	\$ 471	\$ 409	\$ 701	\$ 660	\$ 615	\$ 947	\$ 881	\$ 845
Less debt not subject to limitations											
Self-supporting securities issued for water systems or facilities	\$ (2,500,000)	\$ (2,250,000)	\$ (2,000,000)	\$ (1,750,000)	\$ (1,500,000)	\$ (1,250,000)	\$ (1,000,000)	\$ (750,000)	\$ (500,000)	\$ (250,000)	\$ -
Self-supporting securities issued for sanitary sewer systems or facilities	\$ (5,890,000)	\$ (5,455,000)	\$ (5,005,000)	\$ (4,540,000)	\$ (4,055,000)	\$ (10,450,000)	\$ (9,925,000)	\$ (9,365,000)	\$ (8,775,000)	\$ (8,155,000)	\$ (8,105,000)
Less: Bond Retirement Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net debt subject to 10-1/2% limitation <sup>(c)</sup>	\$ 205,000	\$ 195,000	\$ 2,945,000	\$ 2,825,000	\$ 2,705,000	\$ 2,585,000	\$ 2,465,000	\$ 2,340,000	\$ 9,810,000	\$ 9,385,000	\$ 8,950,000
Voted and Unvoted Debt Limit -- 10-1/2% of assessed value	\$ 38,595,626	\$ 41,379,004	\$ 40,264,897	\$ 42,199,425	\$ 43,066,181	\$ 43,948,502	\$ 46,257,156	\$ 46,438,591	\$ 47,642,794	\$ 47,682,866	\$ 44,968,936
Legal Debt Margin within 10-1/2% Limitation	\$ 38,390,626	\$ 41,184,004	\$ 37,319,897	\$ 39,374,425	\$ 40,361,181	\$ 41,363,502	\$ 43,792,156	\$ 44,098,591	\$ 37,832,794	\$ 38,297,866	\$ 36,018,936
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	0.53%	0.47%	7.31%	6.69%	6.28%	5.88%	5.33%	5.04%	20.59%	19.68%	19.90%
Net debt subject to 5-1/2% limitation <sup>(d)</sup>	\$ 205,000	\$ 195,000	\$ 2,945,000	\$ 2,825,000	\$ 2,705,000	\$ 2,585,000	\$ 2,465,000	\$ 2,340,000	\$ 9,810,000	\$ 9,385,000	\$ 8,950,000
Unvoted Debt Limit -- 5-1/2% of assessed value	\$ 20,216,756	\$ 21,674,716	\$ 21,091,136	\$ 22,104,461	\$ 22,558,476	\$ 23,020,644	\$ 24,229,939	\$ 24,324,976	\$ 24,955,749	\$ 24,976,739	\$ 23,555,157
Legal Debt Margin within 5-1/2% Limitation	\$ 20,011,756	\$ 21,479,716	\$ 18,146,136	\$ 19,279,461	\$ 19,853,476	\$ 20,435,644	\$ 21,764,939	\$ 21,984,976	\$ 15,145,749	\$ 15,591,739	\$ 14,605,157
Net debt within limitations for Unvoted debt as a percentage of debt limit	1.01%	0.90%	13.96%	12.78%	11.99%	11.23%	10.17%	9.62%	39.31%	37.57%	38.00%

<sup>(a)</sup> Source for assessed value data: Shelby County Auditor  
<sup>(b)</sup> Source for population: For years 1996 - 1999 and 2001 - 2006, U.S. Bureau of the Census-Population Estimates Program. For year 2000, U.S. Bureau of the Census-2000 Federal Census.  
<sup>(c)</sup> The Ohio Revised Code provides that the aggregate principal amount of voted and unvoted "net indebtedness" may not exceed 10-1/2% of the assessed valuation.  
<sup>(d)</sup> The Ohio Revised Code provides that the aggregate principal amount of unvoted "net indebtedness" may not exceed 5-1/2% of the assessed valuation.

**CITY OF SIDNEY, OHIO  
 COMPUTATION OF DIRECT AND OVERLAPPING  
 GENERAL OBLIGATION DEBT  
 DECEMBER 31, 2006**

**Schedule 8**

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Sidney</u>	<u>Amount Applicable to City of Sidney</u>
City of Sidney	\$ 8,950,000 <sup>(1)</sup>	100%	\$8,950,000
Sidney City School District <sup>(2)</sup>	\$20,844,992	100%	\$20,844,992
Shelby County <sup>(3)</sup>	\$1,117,040	N/A	N/A

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

<sup>(2)</sup> Source: Treasurer of Sidney City Schools

<sup>(3)</sup> Source: Shelby County Auditor

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

**Schedule 9**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Personal Income (1)(b)</b>	<b>Median Age (1)(b)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>	<b>Total Assessed Property Value (4)</b>	<b>Estimated Actual Property Value (4)</b>
1997	19,238 (1)(a)	\$19,075	33.9 yrs	4,056	4.3%	\$394,085,749	\$1,289,928,287
1998	19,197 (1)(a)	\$19,075	33.9 yrs	3,928	3.7%	\$383,475,209	\$1,236,912,253
1999	19,350 (1)(a)	\$19,075	33.9 yrs	3,953	4.1%	\$401,899,287	\$1,285,641,548
2000	20,211 (1)(b)	\$19,075	33.9 yrs	3,887	4.2%	\$410,154,105	\$1,315,201,174
2001	20,378 (1)(a)	\$19,075	33.9 yrs	3,896	4.0%	\$418,557,164	\$1,344,326,965
2002	20,276 (1)(a)	\$19,075	33.9 yrs	3,918	4.6%	\$440,544,340	\$1,414,316,000
2003	20,249 (1)(a)	\$19,075	33.9 yrs	3,609	4.9%	\$442,272,291	\$1,409,770,730
2004	20,147 (1)(a)	\$19,075	33.9 yrs	3,941	4.4%	\$453,740,892	\$1,458,980,574
2005	20,188 (1)(a)	\$19,075	33.9 yrs	3,923	4.9%	\$454,122,536	\$1,569,576,558
2006	20,188 (1)(a)	\$19,075	33.9 yrs	3,934	4.5%	\$428,275,580	\$1,223,644,514

<sup>(1)</sup> Source: <sup>(a)</sup> U.S. Bureau of the Census - Population Estimates Program, Population Division;

<sup>(b)</sup> U.S. Bureau of the Census - 2000 Federal Census

<sup>(2)</sup> Source: Sidney City Schools Board of Education

<sup>(3)</sup> Source: Bureau of Labor Statistics, U.S. Dept. of Labor

<sup>(4)</sup> Source: Shelby County Auditor

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

Schedule 10

2006			2002		
<u>Employer</u>	<u>Approximate Number of Employees</u>		<u>Employer</u>	<u>Approximate Number of Employees</u>	
1 Copeland Corporation	2,100		1 Copeland Corporation	2,200	
2 NK Parts Industries	1,000		2 NK Parts Industries	1,100	
3 American Trim	800		3 Stolle Products	800	
4 Wilson Memorial Hospital	724		4 Wilson Memorial Hospital	665	
5 Wal-Mart Super Center	600		5 Wal-Mart Super Center	600	
6 Norcold	500		6 Con Agra	484	
7 Sidney Board of Education	500		7 Sidney Board of Education	459	
8 Mama Rosa's	484		8 Alcoa Building Products	450	
9 Alcoa Home Exteriors	450		9 Ross Aluminum Foundries	425	
10 Ross Aluminum Foundries	425		10 Cargill, Inc.	373	
Total	7,583		Total	7,556	

Source: West Ohio Development Council

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

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

Schedule 11

Function/program	FULL-TIME EQUIVALENT EMPLOYEES AS OF DECEMBER 31,							
	1999	2000	2001	2002	2003	2004	2005	2006
General government:	15.74	15.74	15.74	16.74	16.75	16.75	16.75	16.75
Police								
Officers	36.00	37.00	38.00	39.00	40.00	40.00	40.00	40.00
Civilians	13.57	13.77	14.45	14.45	14.84	14.84	15.84	15.84
Fire								
Firefighters and officers	36.00	36.00	37.00	37.00	37.00	37.00	37.00	37.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Judicial	13.60	16.66	17.65	17.84	17.89	17.95	17.88	17.95
Health - cemetery	2.92	2.85	2.85	3.23	3.38	3.38	3.32	3.32
Public transportation	8.47	9.05	8.99	8.99	8.37	9.35	12.55	16.04
Street repair & maintenance	11.60	11.83	11.65	11.89	11.79	11.79	12.29	12.04
Community development	1.00	1.26	1.26	1.26	1.26	1.23	1.23	1.23
Community environment	11.14	11.14	11.37	11.37	11.04	11.29	11.25	11.51
Parks and recreation	17.65	16.82	17.75	17.39	17.90	17.62	17.60	16.90
Basic utility services - stormwater management	2.96	2.96	2.96	2.96	2.96	2.96	3.06	4.06
Water	21.10	21.50	21.60	21.60	21.55	21.46	21.77	21.77
Sewer	14.42	14.36	14.36	14.36	14.13	14.00	15.33	15.33
Solid waste	3.10	2.87	2.87	2.87	2.87	2.76	0.10	0.10
Airport	-	-	-	-	-	0.25	0.25	0.25
Swimming pool	3.31	3.29	3.54	3.54	3.76	3.76	4.05	4.05
Service center including city garage	4.95	4.95	4.95	5.15	5.19	4.69	4.44	4.44
Information technology	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	<u>220.53</u>	<u>225.05</u>	<u>230.99</u>	<u>233.64</u>	<u>234.68</u>	<u>235.08</u>	<u>238.71</u>	<u>242.58</u>

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

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

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

**Schedule 12**

Function/program	For Year Ended December 31,							
	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Government</b>								
Accounts payable checks processed	6,473	6,333	6,783	6,571	6,138	5,644	5,590	5,500
Purchase orders issued	2,040	2,155	1,915	1,850	1,865	1,870	1,825	1,900
<b>Police</b>								
Calls for service processed	36,928	37,770	37,942	37,548	36,676	37,330	37,445	37,575
9-1-1 calls processed	3,445	3,334	3,762	3,864	3,905	4,230	3,734	3,757
Adult & juvenile arrests	2,534	2,963	2,767	3,000	2,493	2,811	2,888	2,856
Traffic citations	2,473	2,761	2,562	3,885	3,976	3,340	3,478	3,382
<b>Fire</b>								
Fire calls	611	556	552	568	602	632	735	635
EMS calls	2,375	2,485	2,432	2,475	2,452	2,603	2,585	2,610
<b>Municipal Court</b>								
New cases filed	11,104	13,318	13,798	13,471	12,435	9,070	10,419	11,000
Cases completed	11,382	13,806	14,407	14,424	13,116	9,696	10,913	11,300
Prisoners transported by bailiff	953	1,081	1,203	1,250	991	982	1,147	1,000
<b>Cemetery</b>								
Burials	115	88	98	95	80	103	73	70
Grave sales	88	50	85	70	47	79	49	50
<b>Public Transportation</b>								
Total ridership	47,024	53,032	48,457	40,710	41,427	49,877	48,218	51,178
<b>Streets and highways</b>								
Miles of street responsibility	90.5	92.6	95.3	95.9	96.2	97.0	98.0	97.5
Traffic signal intersections	49	53	52	51	52	51	50	50
<b>Planning</b>								
Sign permits issued	28	46	61	48	68	72	43	41
ZBA applications reviewed	53	29	24	25	31	23	21	20
<b>Building inspection</b>								
Building permits issued	307	294	278	309	586	292	259	257
Building inspections	738	921	993	1,045	1,898	1,103	1,103	1,343
<b>Engineering</b>								
Sanitary sewer inspections	99	95	274	107	104	101	94	132
<b>Parks and recreation</b>								
Free clinics organized and directed	10	10	13	16	17	20	20	37
Free clinics (attendance)	662	583	590	707	444	609	764	1,452
Park shelters maintained	30	32	34	33	33	33	33	33
Number of trees maintained (approximately)	10,000	10,000	10,300	10,300	10,500	10,500	10,700	10,900
Trees planted	150	120	170	150	250	274	150	100
Senior Center members	1,100	1,198	1,350	1,307	1,200	1,200	1,200	1,200
<b>Utility Billing</b>								
Customers (mail/drop box)	20,165	20,542	14,570	16,206	15,353	15,412	15,179	15,330
Customers (walk-in)	25,025	25,300	31,784	33,351	33,475	35,170	36,446	36,810
<b>Water</b>								
Gallons of water processed (in millions)	1,254	1,290	1,223	1,142	1,141	1,365	1,339	1,339
Lime sludge processed/removed (dry tons)	2,702	4,687	8,461	20,699	43,476	5,632	-	10,000
Water main breaks	15	27	16	18	18	18	23	3
Regular meter readings obtained	40,910	39,574	31,839	32,578	33,555	34,976	19,621	36,328
<b>Sewer</b>								
Wastewater processed (million gallons per day)	4.27	4.40	4.80	5.40	5.50	5.10	6.00	5.70
Biosolids processed (dry tons)	584	1,128	972	1,095	593	725	855	875
Feet of sewer cleaned	55,308	80,390	155,581	173,000	90,000	90,000	137,969	75,937
<b>Refuse collected</b>								
Refuse collected (annual tonnage)	7,037	7,423	7,647	7,100	7,456	7,600	7,660	
<b>Swimming Pool</b>								
Daily admissions	18,357	13,641	17,912	21,469	13,548	12,032	20,181	16,912
Season passes	340	323	295	413	360	379	479	521
<b>Information Technology</b>								
Number of personal computers maintained	80	95	126	131	136	148	165	192
<b>Service Center - Garage</b>								
Units in fleet	228	228	235	247	251	235	236	239

Source: City of Sidney, Ohio, Appropriation Budgets for applicable years. Actual statistics for years 1999 - 2005. Estimated statistics for 2006.

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

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

Schedule 13

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

<sup>(1)</sup> Source: City of Sidney, Ohio, Engineering Department.

<sup>(2)</sup> Source: City of Sidney, Ohio, Appropriation Budgets for applicable years. Actual statistics for years 1999 - 2005. Estimated statistics for 2006.

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



**Mary Taylor, CPA**  
Auditor of State

**CITY OF SIDNEY**

**SHELBY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 7, 2007**