



Mary Taylor, CPA  
Auditor of State



CITY OF WAPAKONETA  
AUGLAIZE COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Members of Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wapakoneta, Auglaize County, (the City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 20, 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Government's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Government's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Government's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting  
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the City's management in a separate letter dated July 20, 2007.

**Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items: 2006-003 and 2006-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated July 20, 2007.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and City Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 20, 2007

**CITY OF WAPAKONETA  
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Significant Deficiency**

**Financial Reporting Monitoring Procedures**

To help reduce the risk of financial errors and/or irregularities occurring and going undetected, the management and governing body of an entity should review financial information that is accurate and timely. The City did not provide evidence that the bank to book reconciliations were performed throughout the year in a timely manner or that the Finance Committee performed any procedures to monitor the bank to book reconciliations and deposits and investments of the City. The key financial report utilized by the Finance Committee and Council was the trial balance report, a non-system defined report, that presented budget versus actual activity and beginning and ending fund balances. However, this report was not made available for review until completion of the bank to book reconciliations. As a result, the untimely completion of the bank to book reconciliations impacted the timeliness of the trial balance reports provided to the Finance Committee and Council. In addition, the Finance Committee or Council did not receive a list of all checks issued or a MTD/YTD detail revenue or expenditure report.

The following issues were identified which could have been prevented by scanning or reviewing the recommended documents above:

- The year end reconciliation was missing interest in the amount of \$974.50 from the payroll account;
- The year end reconciliation had an additional \$273.40 interest recorded from one of the bank accounts;
- An interest receipt in the amount \$2,758.20 was recorded twice;
- A Homestead and Rollback receipt of \$7,313 was not properly allocated to the Recreation Fund;
- A special assessment receipt in the amount of \$7,324 for the Bellefontaine Street Debt was recorded in the Street and Sewer Improvement Fund instead of the Bellefontaine Street Debt Fund;
- A \$200 payment for special assessments was recorded in the Bellefontaine Street Debt Fund and was not credited to the proper special assessment project fund;
- \$5,975.10 of the August payment for an Ambulance Contract with a Township was recorded as Ambulance Runs instead of Ambulance Contracts; and
- A severance payment was not allocated in the same manner as the employee's payroll and resulted in the entire severance being charged to one fund

Failure to prepare and review/monitor the bank to book reconciliations in a timely manner could allow reconciling differences to remain undetected in the normal course of business. The lack of monitoring investments could result in the City holding investments which are not consistent with its policy. The failure to receive complete and detailed financial information in a timely manner inhibited the ability of the Finance Committee or Council to perform their duty to monitor the financial activity of the City. Additionally, utilizing a non-system defined report increased the risk that key financial information could be omitted and not be detected in a timely manner.

**FINDING NUMBER 2006-001  
(Continued)**

The Finance Committee and/or Council should review the bank reconciliation and list of investments along with requiring the Auditor/Treasurer to sign and date the reconciliations to indicate when they are completed. The review should include whether deposits and investments which are purchased or held by the City actually comply with the City's deposit and investment policy. Trial balance reports should be provided to the Finance Committee and/or Council in a timely manner. Periodically the Finance Committee and/or Council should review the trial balance reports to help assure that they reflect all financial activity and balances reported in the accounting system of the City. Consideration should be given by the Finance Committee and/or Council as to replacing the trial balance report with a system-defined report to help reduce the risk of errors. A listing of the checks issued should also be provided to the Finance Committee and/or Council for review and approval. Additionally, the Finance Committee and/or Council should perform an in-dept review of the financial transactions recorded in the accounting system to help identify recording errors. Finally, evidence of procedures performed by the Finance Committee and/or Council should be indicated on the documents reviewed and/or in the minutes.

**OFFICIALS' RESPONSE**

Every effort is being made to correct these financial reporting deficiencies. Entries are being made in 2007 to correct the errors.

**FINDING NUMBER 2006-002**

**Significant Deficiency**

**Emergency Medical Services (EMS) Accountability Procedures**

The City operated Emergency Medical Services(EMS) in conjunction with the Fire Department and contracted with Medicount for billing and collection services for EMS. The EMS prepared the "run sheet" which documented the patient, location, injury and medical services provided. These "run sheets" were logged by the EMS department (unless the charge was waived or the run was for a "standby") and a "face sheet" was prepared for each "run sheet". Both the face sheet and copy of the run sheet were sent to Medicount. The face sheet documented the rates for each of the following: patient codes, insurance or self-pay codes, non-transport codes, mileage codes. Medicount billed patients, collected payments and maintained individual payment history for each patient and reported the total billings, collections, and accounts receivable to the Fire Chief. The City accepted the Medicaid payments as payment in full for services, which resulted in contractual write-offs which were reported by Medicount. The following deficiencies for EMS procedures were noted:

- run sheets were not logged if the charges were waived or the run was for "standby" (ie. to be on hand for a fire) which prevented a reconciliation of the number of runs to the independent police department log and subsequent documentation of the reason for any discrepancies (ie. runs canceled before the squad responded);
- run sheets were not numbered sequentially to allow for the reconciliation of the number of run sheets completed to the number of run sheets submitted and entered by Medicount;
- run sheets or the run log were not compared to the Medicount "Charge Detail" (billing report) to determine that all accounts had been properly logged and billed;
- payments were remitted to either the Fire Department, City Building, or Medicount which resulted in some payments being received and deposited by the City prior to being credited by Medicount, while other payments were received and credited by Medicount and then sent to the City. In addition, the collections were not always deposited every day. The above procedures resulted in the "Credit Detail" total reported by Medicount not always reconciling to the bank deposits.

**FINDING NUMBER 2006-002  
(Continued)**

- Accounts not paid in full by the end of the month were reported as a receivable by Medicount, however, the City did not review or monitor the receivables reports for completeness, accuracy, or cutoff which impacted its ability to identify year-end receivables.
- Contractual write-offs or uncollectible accounts were written off by Medicount without a review or approval by the City.

These deficiencies impact the City's ability to provide that all billable runs are being billed and collected and that the financial statements accurately report this activity. The City should implement procedures to eliminate these deficiencies and to improve its monitoring of the contract services provided by Medicount. Procedures performed should be initialed and dated as evidence of review.

**OFFICIALS' RESPONSE**

Procedures to make EMS billing monitoring better are being discussed and implemented.

**FINDING NUMBER 2006-003**

**Noncompliance and Significant Deficiency**

**Ohio Rev. Code, Section 5705.10** requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. The second half real estate settlement included a \$7,324 special assessment collection for the Bellefontaine Street Debt. This revenue was recorded in the Street and Sewer Improvement (major) Fund instead of the Bellefontaine Street Debt (Other Governmental) Fund.

Failure to record revenue in the proper fund distorted the available fund balances for both the fund receiving the revenue in error and the fund to which the revenue belonged and could result in the illegal expenditure of restricted revenue. A receivable/payable has been reported on the City's 2006 financial statements to reflect this revenue in the correct fund.

The City should adjust its cash basis financial records to report this revenue in the correct fund. The Finance Committee should periodically review detail revenue reports to help identify recording errors.

**OFFICIALS' RESPONSE**

This was an input error and has been corrected in 2007.

**FINDING NUMBER 2006-004**

**Noncompliance and Significant Deficiency**

**Ohio Admin. Code Section 3745-27-16 (D) (1)** states that the owner or operator of a sanitary landfill facility shall annually review and analyze the post-closure care cost estimate and shall make any appropriate revisions to these estimates and to the financial assurance instrument whenever a change in the post-closure care activities increases the cost of post-closure care. Any revised post-closure care cost estimate must be adjusted for inflation as specified in paragraph (D)(2) of this rule. The City did not obtain the annual reevaluation as required for 2006.

Although there was no evidence that the actual liability exceeds or is less than the amount recorded in the financial statements, failure to obtain the annual reevaluation could result in a significant financial statement overstatement or understatement of the future costs required to monitor for the post-closure period.

In July 1998 the Environmental Protection Agency (EPA) approved the closure of the City of Wapakoneta's landfill. The EPA required a 30 year post-closure monitoring period and the total estimated cost of those monitoring procedures are recorded as a liability on the City's financial statements. The estimate should be used as a 30 year budgetary tool for the City to monitor the accuracy of the original estimate. The City should budget and account for the post-closure monitoring costs in a manner to allow it to identify if the actual costs spent are in accordance with the original estimate and should annually obtain a reevaluation.

The City should obtain the required annual reevaluation for the Landfill post-closure costs. Changes in the liability should then be reflected in the annual financial statements.

**OFFICIALS' RESPONSE**

Monitoring and costs of the landfill are closely monitored. The City and an engineering firm do monitoring for the landfill. The City will request a reevaluation.

**CITY OF WAPAKONETA  
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Article 21.1 of the agreement between the City of Wapakoneta and the International Association of Firefighters – a firefighter was overpaid for severance	Yes	
2005-002	The Office of Housing and Community Partnerships (OHCP) Financial Management Rules and Regulations Handbook Section A (3) (f) – the City did not reduce it's Community Development Block Grant balance to less than \$5,000 within 15 days	Yes	
2005-003	The Office of Housing and Community Partnerships (OHCP) Program Income Policy (Attachment 12(A)(2)(ii)) – the City did not return to the Grantor Agency interest earned greater than \$100 on its Community Development Block Grant	Yes	



# CITY OF WAPAKONETA, OHIO

## Comprehensive Annual Financial Report

For the Year Ended  
December 31, 2006



**INTRODUCTORY  
SECTION**

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# **CITY OF WAPAKONETA, OHIO**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For The Year Ended December 31, 2006

Prepared By:

City Auditor

**GAIL E. WALTER**

**CITY OF WAPAKONETA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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Director of Public Service and Safety  
(419) 738-6111  
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July 20, 2007

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

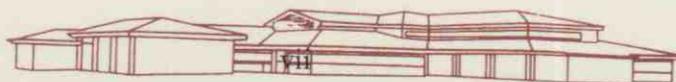
I am pleased to present the City of Wapakoneta's Comprehensive Annual Financial Report (CAFR), for the year ended December 31, 2006. This report was prepared according to generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City, specifically the City Auditor's Office. The City has a framework of internal controls established to insure the accuracy of the presented data and the completeness and fairness of the presentation. Because the cost of internal controls should not exceed anticipated benefits, the controls provide reasonable assurance that the financial statements are free of any material misstatements.

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

The State of Ohio Auditor's Office has issued an unqualified opinion on the City of Wapakoneta's basic financial statements for the year ended December 31, 2006. The Independent Accountants' Report is located at the front of the financial section of this report.

## PROFILE OF THE CITY

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



701 Parlette Court

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

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

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

## **LOCAL ECONOMY**

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

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

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

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

On December 14, 2006, the Governor announced the “Job Ready Sites” project and, of the eighteen grants awarded, Wapakoneta has been selected to receive \$1,909,833. This money will be used to further develop the four hundred seventy-one acre site south of Short Road. Wapakoneta will become one of the State’s portfolio certified manufacturing sites. The State and the City will jointly work to market this four hundred seventy-one acre site along with vacant space in our present Industrial Park north of Short Road and south of U.S. 33.

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

In a growing area on the east side of the City, CVS Pharmacy built a new facility. On the northwest side of the City, a new Marathon carryout-gas station was built near our strip mall. The old Lane Drug store on Bellefontaine Street was sold and refurbished and now houses four new businesses and has space for two more as a mini strip mall. The City is anxiously optimistic about these new businesses and what other changes will come along in the near future.

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

The City issued two hundred and six building permits during 2006, including twenty-four for new residences, twenty-two for garages and additions to current residences, and three commercial permits. The City addresses local issues, enhances economic development, provides optimism, and anticipates potential for its citizens in an effort to keep our future on a path for growth.

### **LONG-TERM FINANCIAL PLANNING**

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

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

City Council has always transferred monies from the General Fund to the Street and Sewer Improvement capital projects fund. In 2006, the available funds, while smaller than the City would like, were used for projects including repaving and maintenance of streets. No street or sewer reconstruction projects occurred in 2006.

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

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

### **RELEVANT FINANCIAL POLICIES**

The City has no written policy for one time resource monies and each occasion is treated specifically depending on the reason/purpose for the monies. Any one time resource monies are deposited in the appropriate fund and are appropriated in a supplemental ordinance on which all of City Council votes. In 2006, the City received no special resource monies.

### **MAJOR INITIATIVES**

Again in 2006, the City continued to improve its facilities and infrastructure to serve its citizens. This includes the continuation of the sidewalk, curb, and gutter program. The following projects were completed in 2006:

- a. A sidewalk and crosswalk project near the high school on Redskin Trail. This was in conjunction with the Ohio Department of Transportation which awarded a grant to build crosswalks for safer pedestrian crossings around the high school.
- b. A paving program and street repair work included Erie, News, Gibbs and Fisher Streets, and Warren and Apollo Drive.
- c. Lunar Drive is a full depth concrete street and some sections were deteriorating. In 2006, several sections were replaced. Several sections will need work and replacement in 2007.

During 2006, the water department began a source water protection study. This study was required specifically as a result of Ohio EPA guidelines to protect underground water resources. The study also required, as a significant component, approval of our well fields south of the City. The City acquired a \$10,000 grant to conduct this study.

The electric plant and the wastewater plant both installed stand by generation units in 2006. These units will protect the City and its citizens should we experience extended power outages. The City Administration Building, the fire department, and the water department also have these generators.

The electric department also worked with a company called Green Energy Ohio in 2005 and 2006. Wind monitoring equipment was installed to determine the feasibility of a wind farm for wind generation for the City of Wapakoneta. This report should be available in 2007 with options and alternatives to the benefits of wind generation.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wapakoneta for its comprehensive annual financial report (CAFR) for the year ended December 31, 2005. This was the sixteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Gail E. Walter". The signature is written in dark ink and is positioned above the printed name and title.

Gail E. Walter  
City Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wapakoneta  
Ohio

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

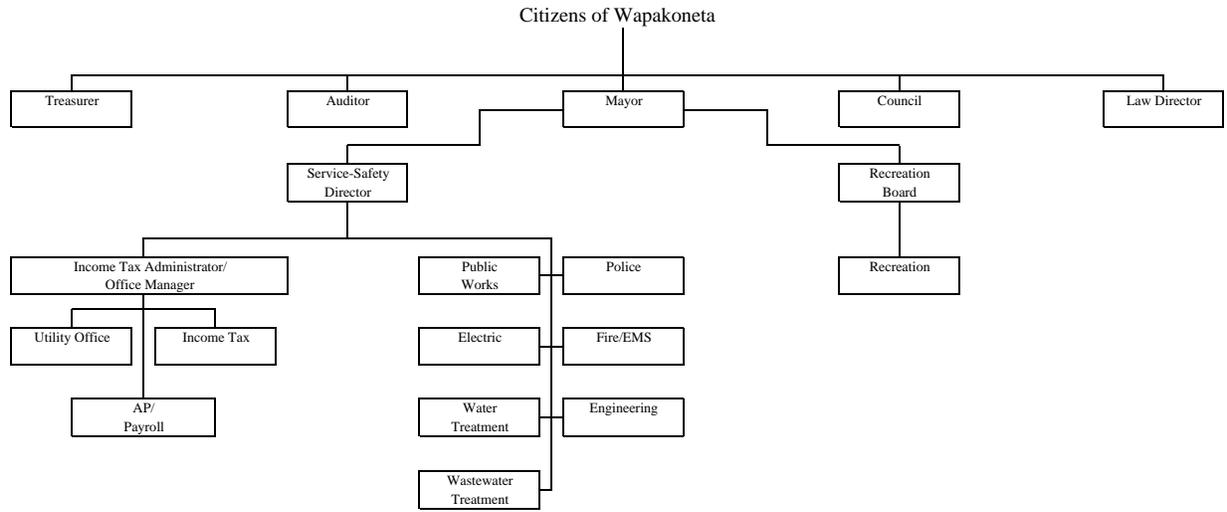
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Wapakoneta Organizational Chart



# **CITY OF WAPAKONETA**

## **LIST OF PRINCIPAL OFFICIALS**

Mayor	Donald R. Wittwer
Director of Public Service and Safety	Rex A. Katterheinrich
Income Tax Administrator/Office Manager	Diana L. Blackburn
Police Chief	David B. Webb
Fire Chief/EMS Director	Kendall J. Krites
Recreation Director	Jack R. Hayzlett
Public Works Superintendent	Meril W. Simpson
Electric Superintendent	William E. Lambert
Water Superintendent	Brent J. Hamel
Wastewater Superintendent	Robert T. Burns
Auditor	Gail E. Walter
Treasurer	Nancy K. Oen
Law Director	Dennis P. Faller
President of Council	Stephen E. Henderson
Member of Council	Terry D. Campbell
Member of Council	B. David Campbell
Member of Council	Bonnie C. Wurst
Member of Council	Rachel D. Barber
Member of Council	Wilbur G. Wells
Member of Council	Rodney C. Metz
Member of Council	Deb A. Zwez
Council Clerk	Carlene S. Koch

**FINANCIAL  
SECTION**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of Council:

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 20, 2007

**CITY OF WAPAKONETA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
(Unaudited)

The discussion and analysis of the City of Wapakoneta's financial performance provides an overview of the City's financial activities for the year ended December 31, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

**HIGHLIGHTS**

Highlights for 2006 are as follows:

In total, the City's net assets increased \$839,854, or just over 1 percent. The increase in net assets for governmental activities was \$1,830,671, almost 9 percent, while the business-type activities decreased \$990,817, almost 3 percent.

The City continues to focus on the maintenance and repair of streets and electric, water, sewer and storm sewer lines. In 2006, the City repaved and/or repaired various City streets. Another street under construction in 2006 consists of full depth concrete.

The City received a grant in 2006 through the Ohio Department of Transportation which was used to build sidewalks and crosswalks on Redskin Trail. This street is now safer for pedestrian traffic and gives the Wapakoneta High School better and safer access to the school.

The most significant event of 2006 was the announcement by the Ohio Department of Development of a \$60 million grant program encouraging Ohio municipalities to develop "Job Ready Sites" under the Ohio Job Ready Sites Program. After much time and energy spent by many City departments, management, and engineers and after many meetings, the City presented its proposal to the State and was awarded \$1.9 million for the development of our site.

A review of the enterprise funds reflects operating losses for the Electric and Refuse funds, and an operating income for the Water, Sewer, and Storm Sewer funds. Increases in electric, water, and sewer rates went into effect in 2006. The sewer rates are on a scheduled increase by ordinance every year so the City can anticipate increased costs without a rate study. Electric rates are determined by contract with our electric provider and these contracts typically are on a 1-5 year cycle. Rates for all enterprise funds are monitored by the Administration to maintain the revenue needed to operate these activities.

**USING THIS ANNUAL REPORT**

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

The statement of net assets and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

**CITY OF WAPAKONETA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
(Unaudited)

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

**REPORTING THE CITY AS A WHOLE**

The statement of net assets and the statement of activities reflect how the City did financially during 2006. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the City is divided into two types of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, transportation, and general government. These services are primarily funded by property and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's electric, water, sewer, storm sewer, and refuse services are reported here.

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

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

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

**CITY OF WAPAKONETA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
(Unaudited)

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

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

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

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

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

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

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

**CITY OF WAPAKONETA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
(Unaudited)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Table 1 provides a summary of the City's net assets for 2006 and 2005.

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<u>Assets</u>						
Current and Other Assets	\$8,685,183	\$7,453,632	\$19,688,001	\$19,683,688	\$28,373,184	\$27,137,320
Capital Assets, Net	17,830,492	17,675,235	29,666,632	30,106,469	47,497,124	47,781,704
Total Assets	<u>26,515,675</u>	<u>25,128,867</u>	<u>49,354,633</u>	<u>49,790,157</u>	<u>75,870,308</u>	<u>74,919,024</u>
<u>Liabilities</u>						
Current and Other Liabilities	787,786	764,779	2,953,415	9,538,177	3,741,201	10,302,956
Long-Term Liabilities	2,724,409	3,191,279	12,052,635	4,912,580	14,777,044	8,103,859
Total Liabilities	<u>3,512,195</u>	<u>3,956,058</u>	<u>15,006,050</u>	<u>14,450,757</u>	<u>18,518,245</u>	<u>18,406,815</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	15,550,482	14,957,082	18,054,990	18,859,104	33,605,472	33,816,186
Restricted	4,461,934	3,743,931	1,164,741	355,195	5,626,675	4,099,126
Unrestricted	2,991,064	2,471,796	15,128,852	16,125,101	18,119,916	18,596,897
Total Net Assets	<u>\$23,003,480</u>	<u>\$21,172,809</u>	<u>\$34,348,583</u>	<u>\$35,339,400</u>	<u>\$57,352,063</u>	<u>\$56,512,209</u>

Total net assets for governmental activities increased \$1,830,671, or almost 9 percent. This is an increase of almost 5 percent greater than the prior year's growth of a little over 4 percent. The only real increase of note was related to current and other assets and primarily reflected in a \$1 million increase in cash and cash equivalents. This increase was largely the result of two factors, the growth in revenues and decrease in expenses in 2006 as well as improved interest revenues. Interest rates have gone up in recent years and while our investments are not aggressive, the City does have money invested in CD's and savings with area banks as well as with Star Ohio, the program run and maintained through the State of Ohio Treasurer's Office. The impact of these increases is reflected in the increase in both restricted and unrestricted net assets. Interest rates to date in 2007 have increased over 2006 rates.

Total net assets for business-type activities decreased \$990,817, or almost 3 percent. The Electric enterprise fund is primarily responsible for this decrease. While not evident from the above table, there was a \$1.7 million drop in cash and cash equivalents from the prior year and most of this can be attributed to the excess of operating expenses over operating revenues in the Electric Fund. A significant change which is evident from the above table is the decrease in current and other liabilities and the corresponding increase in long-term liabilities as the City retired \$8.6 million in bond anticipation notes, however, issued \$7.4 million in sewer revenue bonds during 2006.

**CITY OF WAPAKONETA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
(Unaudited)

Table 2 reflects the change in net assets for 2006 and 2005.

Table 2  
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$590,019	\$690,412	\$17,188,355	\$12,004,264	\$17,778,374	\$12,694,676
Operating Grants, Contributions, and Interest	871,074	1,263,577	13,000	0	884,074	1,263,577
Capital Grants and Contributions	161,197	29,847	0	0	161,197	29,847
Total Program Revenues	<u>1,622,290</u>	<u>1,983,836</u>	<u>17,201,355</u>	<u>12,004,264</u>	<u>18,823,645</u>	<u>13,988,100</u>
General Revenues						
Property Taxes-General Purposes	390,020	356,201	0	0	390,020	356,201
Property Taxes-Recreation	106,334	105,934	0	0	106,334	105,934
Municipal Income Taxes	2,290,400	2,136,920	0	0	2,290,400	2,136,920
Other Local Taxes	678,614	656,921	0	0	678,614	656,921
Grants and Entitlements	530,856	483,500	0	0	530,856	483,500
Franchise Taxes	45,289	39,650	0	0	45,289	39,650
Interest	892,006	546,259	36,694	10,904	928,700	557,163
Gifts and Donations	13,142	7,791	0	0	13,142	7,791
Other	153,570	9,090	45,061	73,465	198,631	82,555
Total General Revenues	<u>5,100,231</u>	<u>4,342,266</u>	<u>81,755</u>	<u>84,369</u>	<u>5,181,986</u>	<u>4,426,635</u>
Total Revenues	<u>6,722,521</u>	<u>6,326,102</u>	<u>17,283,110</u>	<u>12,088,633</u>	<u>24,005,631</u>	<u>18,414,735</u>
Transfers	(266,589)	(384,984)	266,589	384,984	0	0
Total Revenues and Transfers	<u>6,455,932</u>	<u>5,941,118</u>	<u>17,549,699</u>	<u>12,473,617</u>	<u>24,005,631</u>	<u>18,414,735</u>
<u>Program Expenses</u>						
Security of Persons and Property						
Police	1,266,253	1,221,018	0	0	1,266,253	1,221,018
Fire	1,153,285	1,182,460	0	0	1,153,285	1,182,460
Other	11,066	119,623	0	0	11,066	119,623
Public Health	215,334	212,986	0	0	215,334	212,986
Leisure Time Activities	196,271	223,249	0	0	196,271	223,249
Community Environment	105,106	120,691	0	0	105,106	120,691
Transportation	1,033,820	1,439,048	0	0	1,033,820	1,439,048
General Government	550,479	434,292	0	0	550,479	434,292
Interest and Fiscal Charges	93,647	103,670	0	0	93,647	103,670
Electric	0	0	14,303,699	7,035,506	14,303,699	7,035,506
Water	0	0	1,012,010	813,587	1,012,010	813,587
Sewer	0	0	2,075,872	1,736,226	2,075,872	1,736,226
Storm Sewer	0	0	119,094	102,578	119,094	102,578
Refuse	0	0	1,029,841	872,598	1,029,841	872,598
Total Expenses	<u>4,625,261</u>	<u>5,057,037</u>	<u>18,540,516</u>	<u>10,560,495</u>	<u>23,165,777</u>	<u>15,617,532</u>
Increase (Decrease) in Net Assets						
	1,830,671	884,081	(990,817)	1,913,122	839,854	2,797,203
Net Assets Beginning of Year	21,172,809	20,288,728	35,339,400	33,426,278	56,512,209	53,715,006
Net Assets End of Year	<u>\$23,003,480</u>	<u>\$21,172,809</u>	<u>\$34,348,583</u>	<u>\$35,339,400</u>	<u>\$57,352,063</u>	<u>\$56,512,209</u>

**CITY OF WAPAKONETA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
(Unaudited)

Program revenues were 24 percent of total revenues for governmental activities for 2006, down slightly from the prior year. Both charges for services and operating grants and contributions were less in 2006; charges for services from less special assessments and operating grants due to CDBG resources received in the prior year. In 2006, the City received a contribution of streets which led to the increase in capital grants and contributions. Governmental activities services are primarily funded through general revenues, those being basically property taxes, municipal income taxes, other local taxes, and State shared revenues. These revenue sources make up 78 percent of general revenues and 59 percent of total revenues. While there was an increase in every general revenue category from 2005, in general, with the exception of interest, increases were moderate.

For business-type activities, program revenues (primarily charges for services) continue to be 99 percent of total revenues; however, there was a substantial increase (43 percent) in charges for services from 2005. This increase can almost be entirely attributed to the Electric Fund which had a \$5 million increase in charges for services due to increases to offset purchase of power costs.

The major program expenses for governmental activities continue to be for the police and fire departments, which account for over 52 percent of all governmental activities expenses. Maintenance of the City's streets also represents a significant amount of the City's governmental expenses, over 22 percent. The general business of operating the City accounts for almost 12 percent of governmental expenses. These four programs alone represent 86 percent of the general expenses of the City and are funded almost entirely from property taxes, municipal income taxes, other local taxes, and State shared revenues. Expenses for the various programs remained quite comparable to the prior year, although transportation costs did decrease over \$400,000 as the size and scope of street projects decreased due to rising costs.

All of the City's enterprise funds had sizable increases in expenses from 2005, particularly the Electric Fund where expenses more than doubled. The City had to renegotiate the contract with American Electric Power for the purchase of power (which is then resold to City residents) and this cost has risen considerably since the contract price of five years ago. City Council has agreed to prorate electric rate increases and absorb some of the expense through the Electric Fund's carryover balance to lessen the burden on City residents.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
Security of Persons and Property				
Police	\$1,266,253	\$1,221,018	\$1,232,272	\$1,213,324
Fire	1,153,285	1,182,460	1,067,628	1,101,187
Other	11,066	119,623	11,066	11,647
Public Health	215,334	212,986	(84,600)	(82,479)
Leisure Time Activities	196,271	223,249	(56,245)	76,130
Community Environment	105,106	120,691	57,217	(400,483)
Transportation	1,033,820	1,439,048	157,869	642,564
General Government	550,479	434,292	524,117	407,641
Interest and Fiscal Charges	93,647	103,670	93,647	103,670
Total Expenses	<u>\$4,625,261</u>	<u>\$5,057,037</u>	<u>\$3,002,971</u>	<u>\$3,073,201</u>

**CITY OF WAPAKONETA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
(Unaudited)

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

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

**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The City's major governmental funds are the General Fund and the Street and Sewer Improvement capital projects fund. The General Fund reflects a 35 percent increase in fund balance from the prior year. Once again, revenues exceeded expenditures for the year. Both the General Fund's revenues and expenditures were very comparable to the prior year with a 6 percent increase in revenues and 5 percent increase in expenditures. The Street and Sewer Improvement capital projects fund reflects a 47 percent increase in fund balance for the year. This increase was the result of an increase in the General Fund subsidy for operations (\$400,000 increase in transfer in).

**BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS**

The City's enterprise funds are the Electric, Water, Sewer, Storm Sewer, and Refuse funds.

The Electric Fund had an operating loss in 2006 of \$1,486,035, the first since before 2000. With the City's renegotiated agreement with American Electric Power, the costs of purchasing power for the City have increased considerably. Adjusted rates to City residents went into effect on January 1, 2006, to recover some of these costs. The current wisdom is to add to needed increase over a period of several years and subsidize the difference with the Electric Fund's carryover balance so as to lessen the impact of the increase on residents. While the City had hoped for a less significant change in purchased power costs, the City will work to make sure the electric operation has the resources it needs to continue its services.

While the Water Fund is currently generating adequate revenues, the satellite water treatment plant construction will begin soon and the debt this will generate is significant. Water rates were increased by approximately 1.5 percent in February 2006 to help offset the effect of these construction costs. Water rates are continually being evaluated to determine what increases may be necessary to adequately construct and maintain buildings and infrastructure as the City grows and changes. The current ordinance for water rates includes an annual rate increase of 1.5 percent through 2007. The construction of the City's new satellite water plant is still on hold until the EPA approves the conditions and plans.

**CITY OF WAPAKONETA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
(Unaudited)

The Sewer Fund's revenues for 2006 remained about the same as 2005; however, expenses increased by 20 percent. The Sewer Fund has accumulated a significant amount of debt for major renovations at the wastewater treatment plant as required to bring the City into compliance with EPA mandates. In January 2006, the City increased sewer rates by 1.5 percent to provide adequate funds for operations and debt retirement. The rates are on a schedule to increase 1.5 percent each year. City Council believes this will protect the City from falling into any serious problems in the near term and they will monitor these rates annually. The rate structure will stay at 1.5 percent a year to account for expense increases and to cover debt service requirements on the outstanding bonds.

The Storm Sewer utility was established in May 1994. This fund provided the City the ability to undertake storm water separation. The EPA has mandated the separation of storm water and sanitary sewers. For 2006, the fund had an operating income of \$39,017.

The City's Refuse Fund continued to reflect deficit net assets as of year end; the fund had an operating loss of \$95,036 for 2006. While revenues remained approximately the same as 2005, expenses increased 22 percent (primarily for operating vehicles and dumping fees). Refuse rates were increased in 2007 to help offset rising costs.

### **BUDGETARY HIGHLIGHTS**

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is passed by City Council before April 1 each year. The City operates under a temporary budget for the first three months of each year.

The City's most significant budgeted fund is the General Fund. For 2006, there were no modifications from the original budget to the final budget for both revenues and expenditures due to the fine job by department heads in keeping within their budgets. Actual revenues were almost 16 percent greater than final estimates due in part to somewhat conservative estimates as well as much improved interest revenues than have been seen in the past several years. Actual expenditures were 26 percent below final projections. The City did not have any significant non-routine or unusual expenditures occur in 2006; therefore, was not required to spend monies budgeted for such contingencies. This will provide additional resources for capital related expenditures in 2007.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2006, was \$15,550,482 and \$18,054,990, respectively (net of accumulated depreciation and related debt). This investment in capital assets includes land; land improvements; buildings; equipment; vehicles; streets; electric, water, sewer, and storm sewer lines. Additions to governmental activities capital assets during the year consisted primarily of three new vehicles and street improvements. In the business-type activities, the most significant additions were completing construction of the standby generator and infrastructure improvements. For further information regarding the City's capital assets, refer to Note 10 to the basic financial statements.

Debt - At December 31, 2006, the City had \$1,450,000 in bond anticipation notes payable from business-type activities.

**CITY OF WAPAKONETA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
(Unaudited)

The City also had a number of long-term obligations outstanding. The governmental activities obligations included \$2,218,912 in general obligation bonds (net of unamortized loss on advance refunding). The business-type activities obligations included \$110,300 in general obligation bonds, \$10,308,232 in mortgage revenue bonds (net of unamortized loss on advance refunding) and \$1,274,332 in landfill postclosure costs.

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

For further information regarding the City's debt, refer to Notes 16 and 17 to the basic financial statements.

**CURRENT ISSUES**

Poggemeyer Design Group has completed the plans for the new satellite water treatment plant. The plans were submitted to the Ohio EPA in May 2003 and are now approved. Financing arrangements for the new construction have not been finalized. The City is moving ahead with other aspects of well field approval that need to be obtained before construction of the new plant can move to the next stage. Well field work continues in 2007 and the City anticipates approval from the EPA to bring these new wells online.

**REQUEST FOR INFORMATION**

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

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City of Wapakoneta  
Statement of Net Assets  
December 31, 2006

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$4,615,337	\$14,357,491	\$18,972,828
Cash and Cash Equivalents with Fiscal Agents	0	1,178,718	1,178,718
Investments	1,217,761	0	1,217,761
Accounts Receivable	160,378	2,457,279	2,617,657
Due from Other Governments	515,395	23,934	539,329
Municipal Income Taxes Receivable	613,608	0	613,608
Other Local Taxes Receivable	5,590	63,363	68,953
Internal Balances	26,291	(26,291)	0
Prepaid Items	45,677	78,327	124,004
Materials and Supplies Inventory	25,703	1,240,541	1,266,244
Accrued Interest Receivable	133,449	0	133,449
Property Taxes Receivable	514,461	0	514,461
Notes Receivable	468,265	0	468,265
Special Assessments Receivable	343,268	0	343,268
Unamortized Bond Issuance Costs	0	314,639	314,639
Nondepreciable Capital Assets	189,564	938,760	1,128,324
Depreciable Capital Assets, Net	17,640,928	28,727,872	46,368,800
			0
Total Assets	26,515,675	49,354,633	75,870,308
<u>Liabilities</u>			
Accrued Wages Payable	77,761	55,992	133,753
Accounts Payable	84,230	169,824	254,054
Contracts Payable	0	1,068,018	1,068,018
Due to Other Governments	112,339	51,117	163,456
Accrued Interest Payable	6,089	46,136	52,225
Notes Payable	0	1,450,000	1,450,000
Deferred Revenue	507,367	0	507,367
Refundable Deposits	0	112,328	112,328
Long-Term Liabilities			
Due Within One Year	546,468	481,347	1,027,815
Due in More Than One Year	2,177,941	11,571,288	13,749,229
Total Liabilities	3,512,195	15,006,050	18,518,245
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	15,550,482	18,054,990	33,605,472
Restricted for			
Debt Service	440,193	0	440,193
Capital Projects	1,020,043	0	1,020,043
Recreation	1,359,392	0	1,359,392
Other Purposes	1,642,306	0	1,642,306
Revenue Bond Replacement	0	23,589	23,589
Future Debt Service	0	1,141,152	1,141,152
Unrestricted	2,991,064	15,128,852	18,119,916
Total Net Assets	\$23,003,480	\$34,348,583	\$57,352,063

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta  
Statement of Activities  
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$1,266,253	\$9,996	\$23,231	\$754
Fire	1,153,285	49,611	27,170	8,876
Other	11,066	0	0	0
Public Health	215,334	296,934	3,000	0
Leisure Time Activities	196,271	0	252,516	0
Community Environment	105,106	0	33,789	14,100
Transportation	1,033,820	207,116	531,368	137,467
General Government	550,479	26,362	0	0
Interest and Fiscal Charges	93,647	0	0	0
<b>Total Governmental Activities</b>	<b>4,625,261</b>	<b>590,019</b>	<b>871,074</b>	<b>161,197</b>
<u>Business-Type Activities</u>				
Electric	14,303,699	12,848,899	0	0
Water	1,012,010	1,404,361	12,000	0
Sewer	2,075,872	1,856,922	1,000	0
Storm Sewer	119,094	156,184	0	0
Refuse	1,029,841	921,989	0	0
<b>Total Business-Type Activities</b>	<b>18,540,516</b>	<b>17,188,355</b>	<b>13,000</b>	<b>0</b>
<b>Total</b>	<b>\$23,165,777</b>	<b>\$17,778,374</b>	<b>\$884,074</b>	<b>\$161,197</b>

General Revenues

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

Total General Revenues

Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue  
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$1,232,272)	\$0	(\$1,232,272)
(1,067,628)	0	(1,067,628)
(11,066)	0	(11,066)
84,600	0	84,600
56,245	0	56,245
(57,217)	0	(57,217)
(157,869)	0	(157,869)
(524,117)	0	(524,117)
(93,647)	0	(93,647)
<u>(3,002,971)</u>	<u>0</u>	<u>(3,002,971)</u>
0	(1,454,800)	(1,454,800)
0	404,351	404,351
0	(217,950)	(217,950)
0	37,090	37,090
<u>0</u>	<u>(107,852)</u>	<u>(107,852)</u>
<u>0</u>	<u>(1,339,161)</u>	<u>(1,339,161)</u>
<u>(3,002,971)</u>	<u>(1,339,161)</u>	<u>(4,342,132)</u>
390,020	0	390,020
106,334	0	106,334
2,290,400	0	2,290,400
678,614	0	678,614
530,856	0	530,856
45,289	0	45,289
892,006	36,694	928,700
13,142	0	13,142
153,570	45,061	198,631
<u>5,100,231</u>	<u>81,755</u>	<u>5,181,986</u>
<u>(266,589)</u>	<u>266,589</u>	<u>0</u>
1,830,671	(990,817)	839,854
<u>21,172,809</u>	<u>35,339,400</u>	<u>56,512,209</u>
<u>\$23,003,480</u>	<u>\$34,348,583</u>	<u>\$57,352,063</u>

City of Wapakoneta  
Balance Sheet  
Governmental Funds  
December 31, 2006

	General	Street and Sewer Improvement	Other Governmental	Total Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,239,535	\$708,079	\$1,586,635	\$4,534,249
Investments	0	0	1,217,761	1,217,761
Accounts Receivable	160,073	0	305	160,378
Due from Other Governments	275,484	0	239,911	515,395
Municipal Income Taxes Receivable	613,608	0	0	613,608
Other Local Taxes Receivable	0	0	5,590	5,590
Interfund Receivable	59,136	0	14,637	73,773
Prepaid Items	38,872	0	5,254	44,126
Materials and Supplies Inventory	7,442	0	15,358	22,800
Accrued Interest Receivable	124,502	7,755	1,192	133,449
<u>Restricted Assets</u>				
Equity in Pooled Cash and Cash Equivalents	5,263	0	0	5,263
Property Taxes Receivable	403,990	0	110,471	514,461
Notes Receivable	0	0	468,265	468,265
Special Assessments Receivable	0	311,533	31,735	343,268
Total Assets	<u>\$3,927,905</u>	<u>\$1,027,367</u>	<u>\$3,697,114</u>	<u>\$8,652,386</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$67,124	\$0	\$8,065	\$75,189
Accounts Payable	74,115	0	9,322	83,437
Due to Other Governments	104,481	0	5,540	110,021
Interfund Payable	7,313	7,324	0	14,637
Deferred Revenue	1,289,117	319,288	343,358	1,951,763
Total Liabilities	<u>1,542,150</u>	<u>326,612</u>	<u>366,285</u>	<u>2,235,047</u>
<u>Fund Balance</u>				
Reserved for Unclaimed Monies	5,263	0	0	5,263
Reserved for Notes Receivable	0	0	388,853	388,853
Reserved for Encumbrances	77,134	74,397	21,817	173,348
<u>Unreserved, Reported in</u>				
General Fund	2,303,358	0	0	2,303,358
Special Revenue Funds	0	0	2,444,533	2,444,533
Debt Service Funds	0	0	413,201	413,201
Capital Projects Funds	0	626,358	62,425	688,783
Total Fund Balance	<u>2,385,755</u>	<u>700,755</u>	<u>3,330,829</u>	<u>6,417,339</u>
Total Liabilities and Fund Balance	<u>\$3,927,905</u>	<u>\$1,027,367</u>	<u>\$3,697,114</u>	<u>\$8,652,386</u>

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta  
 Reconciliation of Total Governmental Fund Balance  
 to Net Assets of Governmental Activities  
 December 31, 2006

Total Governmental Fund Balance \$6,417,339

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

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

Governmental Activities	17,830,492	
Internal Service Fund	(39,204)	
		17,791,288

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

Accounts Receivable	530,144	
Due from Other Governments	28,313	
Municipal Income Taxes Receivable	406,419	
Accrued Interest Receivable	129,158	
Property Taxes Receivable	7,094	
Special Assessments Receivable	343,268	
		1,444,396

An accounting loss on refunded debt is amortized over the life of the new debt on the statement of activities. 65,788

An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities. (32,845)

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

Accrued Interest Payable	(6,089)	
General Obligations Bonds Payable	(2,284,700)	
Capital Loans Payable	(61,098)	
Compensated Absences Payable	(444,399)	
Compensated Absences Payable-Internal Service Fund	4,317	
		(2,791,969)

An internal service fund is used by management to charge the cost of engineering services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets. 109,483

Net Assets of Governmental Activities \$23,003,480

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta  
Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2006

	General	Street and Sewer Improvement	Other Governmental	Total Governmental Funds
<u>Revenues</u>				
Property Taxes	\$388,457	\$0	\$105,865	\$494,322
Municipal Income Taxes	2,186,885	0	0	2,186,885
Other Local Taxes	678,614	0	72,172	750,786
Special Assessments	0	113,427	14,403	127,830
Charges for Services	376,172	0	18,277	394,449
Fees, Licenses, and Permits	49,667	0	0	49,667
Fines and Forfeitures	23,415	0	2,982	26,397
Intergovernmental	531,295	0	581,680	1,112,975
Interest	824,254	9,258	289,601	1,123,113
Gifts and Donations	13,142	0	26,216	39,358
Other	17,879	0	135,691	153,570
<b>Total Revenues</b>	<b>5,089,780</b>	<b>122,685</b>	<b>1,246,887</b>	<b>6,459,352</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,261,097	0	0	1,261,097
Fire	1,159,404	0	309,007	1,468,411
Other	13,040	0	0	13,040
Public Health	191,798	0	0	191,798
Leisure Time Activities	0	0	209,160	209,160
Community Environment	60,952	0	52,827	113,779
Transportation	0	220,343	520,914	741,257
General Government	533,235	0	0	533,235
Debt Service:				
Principal Retirement	21,657	195,371	231,525	448,553
Interest and Fiscal Charges	2,026	37,111	45,012	84,149
<b>Total Expenditures</b>	<b>3,243,209</b>	<b>452,825</b>	<b>1,368,445</b>	<b>5,064,479</b>
Excess of Revenues Over (Under) Expenditures	1,846,571	(330,140)	(121,558)	1,394,873
<u>Other Financing Sources (Uses)</u>				
Sale of Fixed of Assets	816	0	0	816
Transfers In	0	554,411	413,000	967,411
Transfers Out	(1,234,000)	0	0	(1,234,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,233,184)</b>	<b>554,411</b>	<b>413,000</b>	<b>(265,773)</b>
Change in Fund Balance	613,387	224,271	291,442	1,129,100
Fund Balance Beginning of Year	1,772,368	476,484	3,039,387	5,288,239
Fund Balance End of Year	\$2,385,755	\$700,755	\$3,330,829	\$6,417,339

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta  
 Reconciliation of Statement of Revenues, Expenditures,  
 and Change in Fund Balance  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2006

Change in Fund Balance - Total Governmental Funds \$1,129,100

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

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

Capital Outlay	666,501	
Capital Contributions	147,097	
Depreciation	(595,733)	
Depreciation - Internal Service Fund	1,469	
	219,334	219,334

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(816)	
Loss on Disposal of Capital Assets	(61,792)	
	(62,608)	(62,608)

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

Property Taxes	2,032	
Municipal Income Taxes	103,515	
Special Assessments	(59,336)	
Charges for Services	(25,906)	
Fees, Licenses, and Permits	1,622	
Intergovernmental	29,730	
Interest	64,415	
	116,072	116,072

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 448,553

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets. 912

The accounting loss on refunded debt is reported as an expense at the time of refunding, but is amortized over the life of the new debt on the statement of activities. (10,410)

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

Compensated Absences Payable-Governmental Activities	28,727	
Compensated Absences Payable-Internal Service Fund	(23,507)	
	5,220	5,220

The internal service fund used by management to charge the cost of engineering services to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year. (15,502)

Change in Net Assets of Governmental Activities \$1,830,671

See Accompanying Notes to the Basic Financial Statements

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City of Wapakoneta  
Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$331,072	\$331,072	\$388,457	\$57,385
Municipal Income Taxes	2,100,000	2,100,000	2,205,447	105,447
Other Local Taxes	501,000	501,000	678,404	177,404
Charges for Services	276,900	276,900	368,812	91,912
Fees, Licenses, and Permits	45,900	45,900	50,434	4,534
Fines and Forfeitures	16,300	16,300	22,163	5,863
Intergovernmental	649,626	649,626	558,424	(91,202)
Interest	502,102	502,102	824,854	322,752
Gifts and Donations	7,900	7,900	13,142	5,242
Other	750	750	17,676	16,926
	<u>4,431,550</u>	<u>4,431,550</u>	<u>5,127,813</u>	<u>696,263</u>
Total Revenues				
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,353,141	1,358,576	1,283,404	75,172
Fire	1,273,140	1,273,140	1,183,236	89,904
Other	15,435	15,000	13,063	1,937
Public Health	239,259	239,259	202,569	36,690
Community Environment	127,800	127,800	68,547	59,253
General Government	1,502,971	1,497,971	574,292	923,679
Debt Service:				
Principal Retirement	21,657	21,657	21,657	0
Interest and Fiscal Charges	2,026	2,026	2,026	0
	<u>4,535,429</u>	<u>4,535,429</u>	<u>3,348,794</u>	<u>1,186,635</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	<u>(103,879)</u>	<u>(103,879)</u>	<u>1,779,019</u>	<u>1,882,898</u>
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	0	0	816	816
Transfers Out	(1,499,000)	(1,499,000)	(1,234,000)	265,000
	<u>(1,499,000)</u>	<u>(1,499,000)</u>	<u>(1,233,184)</u>	<u>265,816</u>
Total Other Financing Sources (Uses)				
Change in Fund Balance	(1,602,879)	(1,602,879)	545,835	2,148,714
Fund Balance Beginning of Year	1,529,616	1,529,616	1,529,616	0
Prior Year Encumbrances Appropriated	74,794	74,794	74,794	0
Fund Balance End of Year	<u>\$1,531</u>	<u>\$1,531</u>	<u>\$2,150,245</u>	<u>\$2,148,714</u>

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta  
Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2006

	Business-Type Activities				
	Electric	Water	Sewer	Storm Sewer	Refuse
<u>Assets</u>					
<u>Current Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$10,817,378	\$1,209,088	\$1,226,827	\$456,898	\$511,383
Accounts Receivable	1,878,747	197,558	250,482	13,960	116,532
Due from Other Governments	0	2,500	0	0	21,434
Other Local Taxes Receivable	63,363	0	0	0	0
Prepaid Items	40,665	14,919	15,389	0	7,354
Materials and Supplies Inventory	1,063,258	155,900	21,348	0	35
<b>Total Current Assets</b>	<b>13,863,411</b>	<b>1,579,965</b>	<b>1,514,046</b>	<b>470,858</b>	<b>656,738</b>
<u>Non-Current Assets</u>					
<u>Restricted Assets</u>					
Equity in Pooled Cash and Cash Equivalents	112,328	0	23,589	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	1,178,718	0	0
Unamortized Bond Issuance Costs	0	0	314,639	0	0
Nondepreciable Capital Assets	205,559	337,116	55,944	0	340,141
Depreciable Capital Assets, Net	6,484,647	5,648,106	14,958,973	1,313,453	322,693
<b>Total Non-Current Assets</b>	<b>6,802,534</b>	<b>5,985,222</b>	<b>16,531,863</b>	<b>1,313,453</b>	<b>662,834</b>
<b>Total Assets</b>	<b>20,665,945</b>	<b>7,565,187</b>	<b>18,045,909</b>	<b>1,784,311</b>	<b>1,319,572</b>
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	21,077	7,488	17,126	0	10,301
Accounts Payable	41,082	21,658	20,965	128	85,991
Contracts Payable	1,068,018	0	0	0	0
Due to Other Governments	18,223	5,249	21,286	0	6,359
Interfund Payable	59,136	0	0	0	0
Accrued Interest Payable	0	7,668	38,204	0	264
Notes Payable	0	1,450,000	0	0	0
General Obligation Bonds Payable	0	0	0	0	21,000
Mortgage Revenue Bonds Payable	0	0	335,000	0	0
Due to Auglaize County	0	0	2,500	0	0
Capital Loans Payable	0	2,541	21,406	0	0
Compensated Absences Payable	29,686	7,484	25,558	0	13,524
Landfill Postclosure Costs	0	0	0	0	22,648
<b>Total Current Liabilities</b>	<b>1,237,222</b>	<b>1,502,088</b>	<b>482,045</b>	<b>128</b>	<b>160,087</b>
<u>Non-Current Liabilities</u>					
Refundable Deposits	112,328	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	89,300
Mortgage Revenue Bonds Payable (net of unamortized loss on advance refunding)	0	0	9,973,232	0	0
Due to Auglaize County	0	0	13,750	0	0
Capital Loans Payable	0	11,642	22,160	0	0
Compensated Absences Payable	61,879	27,788	95,459	0	24,394
Landfill Postclosure Costs	0	0	0	0	1,251,684
<b>Total Non-Current Liabilities</b>	<b>174,207</b>	<b>39,430</b>	<b>10,104,601</b>	<b>0</b>	<b>1,365,378</b>
<b>Total Liabilities</b>	<b>1,411,429</b>	<b>1,541,518</b>	<b>10,586,646</b>	<b>128</b>	<b>1,525,465</b>
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt Restricted for	6,690,206	4,521,039	4,977,758	1,313,453	552,534
Revenue Bond Replacement	0	0	23,589	0	0
Future Debt Service	0	0	1,141,152	0	0
Unrestricted (Deficit)	12,564,310	1,502,630	1,316,764	470,730	(758,427)
<b>Total Net Assets (Deficit)</b>	<b>\$19,254,516</b>	<b>\$6,023,669</b>	<b>\$7,459,263</b>	<b>\$1,784,183</b>	<b>(\$205,893)</b>

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

See Accompanying Notes to the Basic Financial Statements

Total Enterprise Funds	Governmental Activity Internal Service Fund
\$14,221,574	\$75,825
2,457,279	0
23,934	0
63,363	0
78,327	1,551
<u>1,240,541</u>	<u>2,903</u>
18,085,018	80,279
135,917	0
1,178,718	0
314,639	0
938,760	0
<u>28,727,872</u>	<u>39,204</u>
31,295,906	39,204
<u>49,380,924</u>	<u>119,483</u>
55,992	2,572
169,824	793
1,068,018	0
51,117	2,318
59,136	0
46,136	0
1,450,000	0
21,000	0
335,000	0
2,500	0
23,947	0
76,252	3,420
22,648	0
<u>3,381,570</u>	<u>9,103</u>
112,328	0
89,300	0
9,973,232	0
13,750	0
33,802	0
209,520	897
<u>1,251,684</u>	<u>0</u>
11,683,616	897
<u>15,065,186</u>	<u>10,000</u>
18,054,990	39,204
23,589	0
1,141,152	0
<u>15,096,007</u>	<u>70,279</u>
34,315,738	<u>\$109,483</u>
32,845	
<u>\$34,348,583</u>	

City of Wapakoneta  
Statement of Revenues, Expenses,  
and Change in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2006

	Business-Type Activities				
	Electric	Water	Sewer	Storm Sewer	Refuse
<u>Operating Revenues</u>					
Charges for Services	\$12,793,470	\$1,404,361	\$0	\$156,184	\$921,989
Charges for Services Pledged as Security on Mortgage Revenue Bonds	0	0	1,856,922	0	0
Licenses and Permits	0	0	0	0	0
Other	23,264	5,628	0	0	7,943
Other Pledged as Security on Mortgage Revenue Bonds	0	0	8,226	0	0
<b>Total Operating Revenues</b>	<b>12,816,734</b>	<b>1,409,989</b>	<b>1,865,148</b>	<b>156,184</b>	<b>929,932</b>
<u>Operating Expenses</u>					
Personal Services	657,074	259,440	546,635	0	334,209
Contractual Services	13,284,670	187,097	375,159	4,774	554,486
Materials and Supplies	48,153	310,049	263,384	63,386	115,207
Depreciation	232,783	181,808	448,436	49,007	21,066
Other	80,089	0	7,198	0	0
<b>Total Operating Expenses</b>	<b>14,302,769</b>	<b>938,394</b>	<b>1,640,812</b>	<b>117,167</b>	<b>1,024,968</b>
<b>Operating Income (Loss)</b>	<b>(1,486,035)</b>	<b>471,595</b>	<b>224,336</b>	<b>39,017</b>	<b>(95,036)</b>
<u>Non-Operating Revenues (Expenses)</u>					
Grants	0	12,000	1,000	0	0
Other Local Taxes	55,429	0	0	0	0
Interest Revenue	0	0	36,694	0	0
Interest Expense	0	(71,490)	(434,728)	0	(3,544)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>55,429</b>	<b>(59,490)</b>	<b>(397,034)</b>	<b>0</b>	<b>(3,544)</b>
<b>Income (Loss) before Transfers</b>	<b>(1,430,606)</b>	<b>412,105</b>	<b>(172,698)</b>	<b>39,017</b>	<b>(98,580)</b>
Transfers In	400,000	0	0	0	0
Transfers Out	(33,353)	(33,353)	(33,353)	0	(33,352)
<b>Change in Net Assets</b>	<b>(1,063,959)</b>	<b>378,752</b>	<b>(206,051)</b>	<b>39,017</b>	<b>(131,932)</b>
<b>Net Assets (Deficit) Beginning of Year</b>	<b>20,318,475</b>	<b>5,644,917</b>	<b>7,665,314</b>	<b>1,745,166</b>	<b>(73,961)</b>
<b>Net Assets (Deficit) End of Year</b>	<b>\$19,254,516</b>	<b>\$6,023,669</b>	<b>\$7,459,263</b>	<b>\$1,784,183</b>	<b>(\$205,893)</b>

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

See Accompanying Notes to the Basic Financial Statements

Total Enterprise Funds	Governmental Activity <u>Internal Service Fund</u>
\$15,276,004	\$139,908
1,856,922	0
0	10,589
36,835	831
8,226	0
<u>17,177,987</u>	<u>151,328</u>
1,797,358	131,211
14,406,186	13,314
800,179	27,480
933,100	1,469
87,287	0
<u>18,024,110</u>	<u>173,474</u>
<u>(846,123)</u>	<u>(22,146)</u>
13,000	0
55,429	0
36,694	0
<u>(509,762)</u>	<u>0</u>
<u>(404,639)</u>	<u>0</u>
(1,250,762)	(22,146)
400,000	0
<u>(133,411)</u>	<u>0</u>
(984,173)	(22,146)
	<u>131,629</u>
	<u>\$109,483</u>
<u>(6,644)</u>	
<u><u>(\$990,817)</u></u>	

City of Wapakoneta  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2006

	Business-Type Activities					Total
	Electric	Water	Sewer	Storm Sewer	Refuse	
Increases (Decreases) in Cash and Cash Equivalents						
<u>Cash Flows from Operating Activities</u>						
Cash Received from Customers	\$12,057,100	\$1,392,099	\$1,867,300	\$155,505	\$910,759	\$16,382,763
Cash Received from Transactions with Other Funds	0	0	0	0	0	0
Cash Received from Utility Deposits	11,137	0	0	0	0	11,137
Cash Received from Other Revenues	23,264	5,628	8,226	0	7,943	45,061
Cash Payments for Personal Services	(676,428)	(261,224)	(549,690)	0	(332,083)	(1,819,425)
Cash Payments for Contractual Services	(12,657,167)	(173,517)	(373,483)	(245)	(554,659)	(13,759,071)
Cash Payments to Vendors	(45,858)	(291,121)	(264,012)	(63,258)	(107,295)	(771,544)
Cash Payments for Transactions with Other Funds	(3,624)	(8,426)	(1,261)	(4,529)	(5,263)	(23,103)
Cash Payments for Utility Refunds	(9,000)	0	0	0	0	(9,000)
Cash Payments for Other Expenses	(80,089)	0	(2,443)	0	0	(82,532)
Net Cash Provided by (Used for) Operating Activities	(1,380,665)	663,439	684,637	87,473	(80,598)	(25,714)
<u>Cash Flows from Noncapital Financing Activities</u>						
Cash Received from Other Local Taxes	55,429	0	0	0	0	55,429
Grants	0	9,500	1,000	0	0	10,500
Transfers In	400,000	0	0	0	0	400,000
Transfers Out	(33,353)	(33,353)	(33,353)	0	(33,352)	(133,411)
Net Cash Provided by (Used for) Noncapital Financing Activities	422,076	(23,853)	(32,353)	0	(33,352)	332,518
<u>Cash Flows from Capital and Related Financing Activities</u>						
Principal Paid on Bond Anticipation Notes	0	(1,932,024)	(6,656,376)	0	0	(8,588,400)
Principal Paid on General Obligation Bonds	0	0	0	0	(20,600)	(20,600)
Principal Paid on Mortgage Revenue Bonds	0	0	(180,000)	0	0	(180,000)
Principal Paid on Due to Auglaize County	0	0	(2,500)	0	0	(2,500)
Principal Paid on Capital Loans	0	(27,340)	(20,676)	0	0	(48,016)
Interest Paid on Bond Anticipation Notes	0	(71,398)	(220,932)	0	0	(292,330)
Interest Paid on General Obligation Bonds	0	0	0	0	(3,578)	(3,578)
Interest Paid on Mortgage Revenue Bonds	0	0	(488,611)	0	0	(488,611)
Interest Paid on Capital Loans	0	(2,158)	(2,268)	0	0	(4,426)
Bond Anticipation Notes Issued	0	1,450,000	0	0	0	1,450,000
Mortgage Revenue Bonds Issued	0	0	7,425,000	0	0	7,425,000
Acquisition of Capital Assets	(442,304)	0	0	(38,919)	(12,040)	(493,263)
Net Cash Used for Capital and Related Financing Activities	(442,304)	(582,920)	(146,363)	(38,919)	(36,218)	(1,246,724)
<u>Cash Flows from Investing Activities</u>						
Interest	0	0	36,694	0	0	36,694
Net Increase (Decrease) in Cash and Cash Equivalents	(1,400,893)	56,666	542,615	48,554	(150,168)	(903,226)
Cash and Cash Equivalents Beginning of Year	12,330,599	1,152,422	1,886,519	408,344	661,551	16,439,435
Cash and Cash Equivalents End of Year	\$10,929,706	\$1,209,088	\$2,429,134	\$456,898	\$511,383	\$15,536,209

Governmental  
Activity  
Internal  
Service

\$10,589  
139,908  
0  
831  
(158,757)  
(13,128)  
(29,061)  
0  
0  
0

(49,618)

0  
0  
0  
0

0

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

0

0

(49,618)

125,443

\$75,825

(continued)

City of Wapakoneta  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2006  
(continued)

	Business-Type Activities					Total
	Electric	Water	Sewer	Storm Sewer	Refuse	
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>						
Operating Income (Loss)	(\$1,486,035)	\$471,595	\$224,336	\$39,017	(\$95,036)	(\$846,123)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>						
Depreciation	232,783	181,808	448,436	49,007	21,066	933,100
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	(736,370)	(12,262)	10,378	(679)	(6,269)	(745,202)
Increase in Due from Other Governments	0	0	0	0	(4,961)	(4,961)
Increase in Other Local Taxes Receivable	(131)	0	0	0	0	(131)
Decrease in Prepaid Items	7,148	7,077	1,626	0	887	16,738
(Increase) Decrease in Materials and Supplies Inventory	(2,330)	14,453	3,417	0	(2)	15,538
Increase (Decrease) in Accrued Wages Payable	52	343	830	0	556	1,781
Increase (Decrease) in Accounts Payable	9,494	3,369	(4,970)	128	22,556	30,577
Increase in Contracts Payable	613,665	0	0	0	0	613,665
Increase (Decrease) in Due to Other Governments	(592)	(158)	4,800	0	(581)	3,469
Increase in Interfund Payable	216	0	0	0	0	216
Increase in Refundable Deposits	2,137	0	0	0	0	2,137
Increase (Decrease) in Compensated Absences Payable	(20,702)	(2,786)	(4,216)	0	1,564	(26,140)
Decrease in Landfill Postclosure Costs	0	0	0	0	(20,378)	(20,378)
Net Cash Provided by (Used for) Operating Activities	<u>(\$1,380,665)</u>	<u>\$663,439</u>	<u>\$684,637</u>	<u>\$87,473</u>	<u>(\$80,598)</u>	<u>(\$25,714)</u>

See Accompanying Notes to the Basic Financial Statements

Governmental  
Activity  
Internal  
Service

(\$22,146)

1,469

0

0

0

587

(287)

(2,946)

(1,315)

0

(1,473)

0

0

(23,507)

0

(\$49,618)

City of Wapakoneta  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2006

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$18,926</u>
 <u>Liabilities</u>	
Deposits Held and Due to Others	\$508
Undistributed Assets	<u>18,418</u>
 Total Liabilities	 <u>\$18,926</u>

See Accompanying Notes to the Basic Financial Statements

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

**A. The City**

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

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

**B. Reporting Entity**

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Wapakoneta in 2006.

The City participates in two insurance pools, the Ohio Government Risk Management Plan and the Ohio Rural Water Association Workers' Compensation Group Rating Plan. These organizations are presented in Note 20 to the basic financial statements.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Fund Accounting**

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

**Governmental Funds**

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

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

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

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

**Proprietary Funds**

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

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

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

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications; pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2006. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for funds deducted from employee's payroll for dependent, copayment, and COBRA insurance coverage and to account for monies belonging to the police auxiliary, an organization that is not part of the City of Wapakoneta.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim at December 31, 2006, but were levied to finance 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

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

F. Cash and Investments

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

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

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

During 2006, investments included non-negotiable certificates of deposit, Telephone Service Company stock, federal agency securities, mutual funds, and STAR Ohio. Non-negotiable certificates of deposit are reported at cost. Telephone Service Company stock is valued according to a formula using historical earnings, capitalized dividend yield, and book value. Since the Telephone Service Company's stock is not publicly traded, this approach utilizes an industry price earnings ratio by averaging the latest price earnings ratio of publicly traded communications companies that are the most representative of the Telephone Service Company. The remaining investments are reported at fair value, which is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006.

Interest earnings are generally allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2006 was \$824,254, which includes \$729,390 assigned from other City funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 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 services are consumed.

**H. Inventory**

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

**I. Restricted Assets**

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

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

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

**J. Unamortized Bond Issuance Costs**

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

**K. Capital Assets**

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

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

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City reports all infrastructure, including that acquired prior to 1980. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20-25 years	N/A
Buildings	20-100 years	45-100 years
Equipment	10-30 years	5-30 years
Vehicles	10-38 years	6-20 years
Streets	15-60 years	N/A
Electric, Water, Sewer, and Storm Sewer Lines	N/A	20-100 years

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**L. Interfund Assets/Liabilities**

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

**M. Compensated Absences**

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

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

**N. Accrued Liabilities and Long-Term Obligations**

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

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

**O. Unamortized Loss on Advance Refunding**

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

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for construction, repair, and maintenance of streets and highways, the community block grant program, and various police department grants and programs. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. At December 31, 2006, there were no net assets restricted by enabling legislation.

Q. Fund Balance Reserves

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

R. Operating Revenues and Expenses

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

S. Interfund Transactions

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities.

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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

T. Capital Contributions

Capital contributions arise from contributions from other funds and outside contributions of capital assets.

U. Estimates

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE**

For 2006, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 47, "Accounting for Termination Benefits". This statement establishes accounting standards for termination benefits. The implementation of this statement did not have any effect on the City's financial statements.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

The deficit net assets in the Refuse enterprise fund, in the amount of \$205,893, is the result of recording landfill postclosure costs. Refuse rates were increased in 2007 to help offset rising costs.

B. Compliance

For the year ended December 31, 2006, the Enforcement and Education special revenue fund had appropriations in excess of estimated resources plus available balances in the amount of \$1,414.

For the year ended December 31, 2006, the Sewer enterprise fund had expenditures in excess of appropriations for issuance costs, in the amount of \$196,678.

The City Auditor will continue to monitor budgetary transactions more closely to ensure appropriations are within estimated resources and expenses are within appropriated amounts.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and change in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Change in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

Change in Fund Balance	
GAAP Basis	\$613,387
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2005, Received in Cash 2006	377,146
Accrued 2006, Not Yet Received in Cash	(340,363)
Expenditure Accruals:	
Accrued 2005, Paid in Cash 2006	(252,216)
Accrued 2006, Not Yet Paid in Cash	245,720
Cash Accruals:	
Unrecorded Activity 2006	1,250
Prepaid Items	(6,494)
Materials and Supplies Inventory	3,208
Encumbrances Outstanding at Year End (Budget Basis)	(95,803)
Budget Basis	\$545,835

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,935,595 of the City's bank balance of \$7,635,595 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

At December 31, 2006, the City owned 49,245 shares of Telephone Company stock with a fair value of \$1,196,161. In addition, the City had \$498,750 invested in Federal National Mortgage Association Notes that will mature on February 22, 2008, \$1,178,718 invested in mutual funds with an average maturity of 30 days, and \$11,048,198 invested in STAR Ohio with an average maturity of 35 days.

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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

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

The City places no limit on the amount of its interim monies it may invest in a particular security. At December 31, 2006, 8.6 percent of the City's portfolio was invested in Telephone Company stock and 3.6 percent was invested in Federal National Mortgage Association Notes.

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2006, consisted of accounts (billings for user charged services, including unbilled utility services); intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; interfund; accrued interest; property taxes; notes; and special assessments. Notes receivable, in the amount of \$388,853, will not be received within one year. Special assessments receivable, in the amount of \$245,909, will not be received within one year. At December 31, 2006, the amount of delinquent special assessments was \$9,901.

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

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Fund	
General Fund	
Homestead and Rollback	\$17,114
Local Government	205,775
Tangible Personal Property Reimbursement	3,930
Beer and Liquor Permits	5,657
Cigarette Taxes	187
Estate Taxes	30,366
Auglaize County	2,202
	(continued)

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 7 - RECEIVABLES** (continued)

	Amount
General Fund (continued)	
Ohio Department of Commerce	\$1,220
Ohio Department of Public Safety	3,000
Bureau of Justice Assistance	6,033
Total General Fund	275,484
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	107,054
Highway Distribution	60,129
Motor Vehicle License Tax	48,610
Ohio Department of Public Safety	1,017
Total Street Maintenance	216,810
State Highway	
Gasoline Tax	8,905
Highway Distribution	4,876
Motor Vehicle License Tax	3,717
Ohio Department of Public Safety	82
Total State Highway	17,580
Recreation	
Homestead and Rollback	3,946
Tangible Personal Property Reimbursement	1,475
Total Recreation	5,421
Enforcement and Education	
State of Ohio	100
Total Nonmajor Funds	239,911
Total Governmental Activities	\$515,395
Business-Type Activities	
Major Funds	
Water	
Ohio Environmental Protection Agency	\$2,500
Refuse	
Auglaize County	21,434
Total Business-Type Activities	\$23,934

**NOTE 8 - MUNICIPAL INCOME TAXES**

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

**NOTE 9 - PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the City. Real property tax revenues received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2004, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2006, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2006 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while the remainder has been deferred.

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 9 - PROPERTY TAXES** (continued)

The full tax rate for all City operations for the year ended December 31, 2006, was \$3.75 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$96,797,980
Commercial/Industrial	39,755,360
Public Utility Real	77,760
Public Utility Personal	3,745,680
Tangible Personal	10,846,559
Total	\$151,223,339

**NOTE 10 - CAPITAL ASSETS**

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

	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$189,564	\$0	\$0	\$189,564
Construction in Progress	21,500	15,350	(36,850)	0
Total Nondepreciable Capital Assets	211,064	15,350	(36,850)	189,564
Depreciable Capital Assets				
Land Improvements	404,894	48,229	0	453,123
Buildings	3,342,634	25,397	0	3,368,031
Equipment	437,560	36,850	0	474,410
Vehicles	1,973,138	368,894	(31,921)	2,310,111
Streets	22,933,483	355,728	(82,618)	23,206,593
Total Depreciable Capital Assets	29,091,709	835,098	(114,539)	29,812,268
				(continued)

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 10 - CAPITAL ASSETS** (continued)

	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
Governmental Activities (continued):				
Less Accumulated Depreciation for				
Land Improvements	(\$109,079)	(\$15,660)	\$0	(\$124,739)
Buildings	(438,191)	(38,580)	0	(476,771)
Equipment	(233,714)	(21,661)	0	(255,375)
Vehicles	(1,503,578)	(94,291)	16,130	(1,581,739)
Streets	(9,342,976)	(425,541)	35,801	(9,732,716)
Total Accumulated Depreciation	<u>(11,627,538)</u>	<u>(595,733)</u>	<u>51,931</u>	<u>(12,171,340)</u>
Total Depreciable Capital Assets, Net	<u>17,464,171</u>	<u>239,365</u>	<u>(62,608)</u>	<u>17,640,928</u>
Governmental Activities Capital Assets, Net	<u>\$17,675,235</u>	<u>\$254,715</u>	<u>(\$99,458)</u>	<u>\$17,830,492</u>

During 2006, the City accepted contributions of depreciable capital assets for governmental activities with a fair value of \$147,097.

	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$926,720	\$0	\$0	\$926,720
Construction in Progress	88,000	56,790	(132,750)	12,040
Total Nondepreciable Capital Assets	<u>1,014,720</u>	<u>56,790</u>	<u>(132,750)</u>	<u>938,760</u>
Depreciable Capital Assets				
Buildings	10,406,923	0	0	10,406,923
Equipment	538,260	132,750	0	671,010
Vehicles	1,835,713	0	0	1,835,713
Electric, Water, Sewer, and Storm Sewer Lines	29,587,272	436,473	(4,280)	30,019,465
Total Depreciable Capital Assets	<u>42,368,168</u>	<u>569,223</u>	<u>(4,280)</u>	<u>42,933,111</u>
Less Accumulated Depreciation for				
Buildings	(616,625)	(161,061)	0	(777,686)
Equipment	(417,572)	(17,537)	0	(435,109)
Vehicles	(873,074)	(100,990)	0	(974,064)
Electric, Water, Sewer, and Storm Sewer Lines	(11,369,148)	(653,512)	4,280	(12,018,380)
Total Accumulated Depreciation	<u>(13,276,419)</u>	<u>(933,100)</u>	<u>4,280</u>	<u>(14,205,239)</u>
Total Depreciable Capital Assets, Net	<u>29,091,749</u>	<u>(363,877)</u>	<u>0</u>	<u>28,727,872</u>
Business-Type Activities Capital Assets, Net	<u>\$30,106,469</u>	<u>(\$307,087)</u>	<u>(\$132,750)</u>	<u>\$29,666,632</u>

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 10 - CAPITAL ASSETS** (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$25,101
Security of Persons and Property - Fire	52,527
Public Health	16,866
Leisure Time Activities	27,637
Transportation	456,460
General Government	17,142
Total Depreciation Expense - Governmental Activities	\$595,733

**NOTE 11 - INTERFUND RECEIVABLES/PAYABLES**

At December 31, 2006, the General Fund had an interfund receivable, in the amount of \$59,136, for kilowatt monies due from the Electric Fund. Other governmental funds had an interfund receivable, in the amount of \$14,637; \$7,313 from the General Fund and \$7,324, from the Street and Sewer Improvement capital projects fund for taxes and special assessments recorded incorrectly.

**NOTE 12 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the City contracted with the Ohio Government Risk Management Plan, an insurance pool, for the following coverage:

Type of Coverage	Coverage	Deductible
Property	\$36,428,433	\$1,000
Liability		
Each Occurrence	5,000,000	0
Aggregate	7,000,000	0
Wrongful Acts		
Each Occurrence	5,000,000	5,000
Aggregate	7,000,000	5,000
Law Enforcement		
Each Occurrence	5,000,000	5,000
Aggregate	7,000,000	5,000
Automobile	5,000,000	250-500
Inland Marine	1,369,005	1,000
Fire Vehicle	2,771,980	250 - 500
Electronic Data Processing	280,740	1,000

**NOTE 12 - RISK MANAGEMENT** (continued)

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

For 2006, the City participated in the Ohio Rural Water Association Workers' Compensation Group Rating Plan (Plan), an insurance pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan. To maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the City pays an enrollment fee to the Plan to cover the costs of administering the program.

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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

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

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS** (continued)

For the year ended December 31, 2006, members of all three plans were required to contribute 9 percent of their annual covered salary to fund pension obligations. The City's contribution rate for pension benefits for 2006 was 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$217,419, \$215,085, and \$212,431, respectively; 88 percent has been contributed for 2006 and 100 percent has been contributed for 2005 and 2004. The unpaid contribution for 2006, in the amount of \$25,164, is recorded as a liability. Contributions to the member-directed plan for 2006 was \$85 made by the City and \$56 made by plan members.

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

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to OPF for the years ended December 31, 2006, 2005, and 2004 were \$191,408, \$179,582, and \$169,050, respectively; 72 percent has been contributed for 2006 and 100 percent has been contributed for 2005 and 2004. The unpaid contribution for 2006, in the amount of \$53,725, is recorded as a liability.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 employer contribution rate was 13.7 percent of covered payroll; 4.5 percent was the portion used to fund health care.

**NOTE 14 - POSTEMPLOYMENT BENEFITS** (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase .5 to 6 percent annually for the next nine years and 4 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits was \$106,388. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2005 (the latest information available), was \$11.1 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

In September 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. 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 (OPF) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen, whether or not the child is attending school, or under the age of twenty-two if attending school full-time or on a two-thirds basis.

The health care coverage provided by OPF is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the OPF's board of trustees to provide health care coverage and states that health care costs paid from OPF shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total employer contribution rate for police is 19.5 percent of covered payroll and for firefighters is 24 percent of covered payroll; 7.75 percent was applied to the postemployment health care program during 2006. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$51,369 for police and \$54,143 for firefighters. The OPF's total health care expense for the year ended December 31, 2005 (the latest information available), was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OPF participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 15 - COMPENSATED ABSENCES**

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

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

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

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

**NOTE 16 - NOTES PAYABLE**

The City's note transactions for the year ended December 31, 2006, were as follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2006</u>
<u>Business-Type Activities</u>					
<u>General Obligation Bond Anticipation Notes</u>					
Water					
2005 Bond Anticipation Note	3.75%	\$1,750,000	\$0	\$1,750,000	\$0
2005 Bond Anticipation Note	3.30	182,024	0	182,024	0
2006 Bond Anticipation Note	4.00	0	1,450,000	0	1,450,000
Total Water Fund		<u>1,932,024</u>	<u>1,450,000</u>	<u>1,932,024</u>	<u>1,450,000</u>
Sewer					
2005 Bond Anticipation Note	3.30	256,376	0	256,376	0
2005 Bond Anticipation Note	3.30	6,400,000	0	6,400,000	0
Total Sewer Fund		<u>6,656,376</u>	<u>0</u>	<u>6,656,376</u>	<u>0</u>
Total Business-Type Activities		<u>\$8,588,400</u>	<u>\$1,450,000</u>	<u>\$8,588,400</u>	<u>\$1,450,000</u>

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 16 - NOTES PAYABLE** (continued)

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

The bond anticipation notes in the Water enterprise fund, in the amount of \$1,450,000, were issued to partially retire notes previously issued for improvements to the water system, including a water tower and the installation of water lines.

The bond anticipation notes in the Sewer enterprise fund, in the amount of \$6,656,376, were issued for improvements to the sewer system, including the construction and installation of sanitary sewer lines, a force main and lift station, and for various costs related to the bio solids plant. The notes were paid off in 2006.

**NOTE 17 - LONG-TERM OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
1998 Various Purpose	3.30 - 4.25%	\$250,000	\$0	\$80,000	\$170,000	\$85,000
2003 Various Purpose	1.75 - 3.80	2,454,100	0	339,400	2,114,700	339,000
Accounting Loss	3.30 - 4.25	(76,198)	10,410	0	(65,788)	0
Total General Obligation Bonds		2,627,902	10,410	419,400	2,218,912	424,000
Other Long-Term Obligations						
Capital Loans Payable		90,251	0	29,153	61,098	30,074
Compensated Absences Payable		473,126	47,422	76,149	444,399	92,394
Total Governmental Activities		\$3,191,279	\$57,832	\$524,702	\$2,724,409	\$546,468
<u>Business-Type Activities</u>						
General Obligation Bonds						
2003 Various Purpose	1.75 - 3.80%	\$130,900	\$0	\$20,600	\$110,300	\$21,000
Mortgage Revenue Bonds						
1998 Sewer System Bonds	3.30 - 4.95	3,105,000	0	180,000	2,925,000	185,000
Accounting Loss		(54,457)	12,689	0	(41,768)	0
2006 Sewer System Bonds	4 - 4.25	0	7,425,000	0	7,425,000	150,000
Total Mortgage Revenue Bonds		3,050,543	7,437,689	180,000	10,308,232	335,000

(continued)

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 17 - LONG-TERM OBLIGATIONS** (continued)

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Business-Type Activities (continued)</u>						
Other Long-Term Obligations						
Due to Auglaize County		\$18,750	\$0	\$2,500	\$16,250	\$2,500
Capital Loans Payable		105,765	0	48,016	57,749	23,947
Compensated Absences Payable		311,912	0	26,140	285,772	76,252
Landfill Postclosure Costs		1,294,710	0	20,378	1,274,332	22,648
Total Other Long-Term Obligations		1,731,137	0	97,034	1,634,103	125,347
Total Business-Type Activities		\$4,912,580	\$7,437,689	\$297,634	\$12,052,635	\$481,347

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

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

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

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

Mortgage Revenue Bonds - Mortgage revenue bonds are special obligations of the City secured by a lien upon the assets of the respective system. These bonds are payable solely from the gross revenues of the respective system after provisions for reasonable operating and maintenance expenses. The bond indentures have certain restrictive covenants and principally require that the bond reserve funds be maintained and charges for services to customers be in sufficient amounts to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemptions of principal, and maintenance of properties.

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 17 - LONG-TERM OBLIGATIONS** (continued)

1998 Sewer System Bonds - On November 30, 1998, the City issued \$4,190,000 in sewer system bonds to advance refund 1990 sewer bonds and pay the costs of certain other improvements to the sewer system. The refunding bonds include serial and term bonds. The bonds are reported on the financial statements net of the unamortized loss on advance refunding of \$41,768 in the Sewer enterprise fund. The bonds were issued for a twenty year period, with final maturity during 2018. The bonds will be paid from the Sewer enterprise fund.

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

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

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

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

In conjunction with the issuance of the sewer system bonds, the City entered into a trust agreement with a commercial bank. This trust agreement, along with the bond indenture, requires that the City establish various funds for the repayment of debt. The restricted assets in the Sewer enterprise fund segregate funds held by the City from funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the sewer system bonds at December 31, 2006, were \$376,618.

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 17 - LONG-TERM OBLIGATIONS** (continued)

The sewer system bonds defeased, in-substance, \$1,345,000 in sewer system bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. At December 31, 2006, \$485,000 of this debt was still outstanding.

2006 Sewer System Bonds - On June 1, 2006, the City issued \$7,425,000 in sewer system bonds for improvements to the wastewater collection and sewer system. The bonds were issued for a twenty year period, with final maturity during 2026. The bonds will be paid from the Sewer enterprise fund.

The bonds maturing on or after December 1, 2017, are subject to optional redemption prior to maturity, commencing December 1, 2016, either in whole or in part, in inverse order of maturity and by lot within any maturity, at 100 percent of the principal amount redeemed plus accrued interest to the date of redemption.

In conjunction with the issuance of the sewer system bonds, the City entered into a trust agreement with a commercial bank. This trust agreement, along with the bond indenture, requires that the City establish various funds for the repayment of debt. The restricted assets in the Sewer enterprise fund segregate funds held by the City from funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the sewer system bonds at December 31, 2006, were \$802,100.

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

The City's legal debt margin was \$13,593,751 at December 31, 2006.

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2006, were as follows:

Year	General Obligation Bonds		Capital Loans	
	Principal	Interest	Principal	Interest
2007	\$424,000	\$71,215	\$30,074	\$1,930
2008	418,600	60,061	31,024	980
2009	338,000	48,108	0	0
2010	332,400	38,644	0	0
2011	331,700	28,007	0	0
2012 to 2016	440,000	24,947	0	0
Total	\$2,284,700	\$270,982	\$61,098	\$2,910

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 17 - LONG-TERM OBLIGATIONS** (continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2006, from the enterprise funds were as follows:

Year	General Obligation Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2007	\$21,000	\$3,162	\$335,000	\$450,787
2008	21,400	2,690	345,000	437,110
2009	22,000	2,155	355,000	422,823
2010	22,600	1,539	375,000	407,905
2011	23,300	816	400,000	390,910
2012 to 2016	0	0	2,245,000	1,668,740
2016 to 2021	0	0	2,825,000	1,111,522
2022 to 2026	0	0	3,470,000	454,963
Total	\$110,300	\$10,362	\$10,350,000	\$5,344,760

Year	Due to Auglaize County		Capital Loans	
	Principal	Interest	Principal	Interest
2007	\$2,500		\$23,947	\$2,318
2008	2,500		24,841	1,422
2009	2,500		2,829	493
2010	2,500		2,984	337
2011	2,500		3,148	173
2012 to 2016	3,750		0	0
Total	\$16,250		\$57,749	\$4,743

**NOTE 18 - LANDFILL POSTCLOSURE COSTS**

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City stopped accepting waste at its landfill in 1994. The Ohio EPA approved the final closure and postclosure plan in July 1998. The \$1,274,332 reported as landfill postclosure costs at December 31, 2006, represents the costs of maintenance and monitoring through 2028. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

**NOTE 19 - INTERFUND TRANSFERS**

During 2006, the General Fund made transfers to the Street and Sewer Improvement capital projects fund, in the amount of \$421,000, as debt payments came due. The General Fund also made transfers to other governmental funds, in the amount of \$413,000; \$363,000 as debt payments came due and \$50,000 to subsidize activities in other funds. In addition, the General Fund transferred \$400,000 to the Electric Fund to support operations.

The Electric enterprise fund transferred \$33,353 to the Street and Sewer improvement capital projects fund as debt payments came due.

The Water enterprise fund transferred \$33,353 to the Street and Sewer Improvement capital projects fund as debt payments came due.

The Sewer enterprise fund transferred \$33,353 to the Street and Sewer Improvement capital projects fund as debt payments came due.

The Refuse enterprise fund transferred \$33,352 to the Street and Sewer Improvement capital projects fund as debt payments came due.

**NOTE 20 - INSURANCE POOLS**

**A. Ohio Government Risk Management Plan**

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

**B. Ohio Rural Water Association Workers' Compensation Group Rating Plan**

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

City of Wapakoneta  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 21 - CONTINGENT LIABILITIES**

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

For the period January 1, 2006, to December 31, 2006, the City received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

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**COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

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### **Nonmajor Special Revenue Funds**

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

#### Street Maintenance Fund

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

#### State Highway Fund

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

#### Motor Vehicle Permissive Tax Fund

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

#### Community Block Grant Fund

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

#### Recreation Fund

To account for monies received for use on recreation activities.

#### Law Enforcement Fund

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

#### Enforcement and Education Fund

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

#### Drug Law Enforcement Fund

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

#### Recreation Trust Fund

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

#### Rudd Park Trust Fund

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

(continued)

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

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**Nonmajor Debt Service Funds**

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

Debt Service Fund

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

Downtown Debt Fund

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

**Nonmajor Capital Projects Fund**

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

Capital Fire Truck Fund

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

City of Wapakoneta  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,118,333	\$405,877	\$62,425	\$1,586,635
Investments	1,217,761	0	0	1,217,761
Accounts Receivable	305	0	0	305
Due from Other Governments	239,911	0	0	239,911
Other Local Taxes Receivable	5,590	0	0	5,590
Interfund Receivable	7,313	7,324	0	14,637
Prepaid Items	5,254	0	0	5,254
Materials and Supplies Inventory	15,358	0	0	15,358
Accrued Interest Receivable	0	1,192	0	1,192
Property Taxes Receivable	110,471	0	0	110,471
Notes Receivable	468,265	0	0	468,265
Special Assessments Receivable	0	31,735	0	31,735
Total Assets	<u>\$3,188,561</u>	<u>\$446,128</u>	<u>\$62,425</u>	<u>\$3,697,114</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$8,065	\$0	\$0	\$8,065
Accounts Payable	9,322	0	0	9,322
Due to Other Governments	5,540	0	0	5,540
Deferred Revenue	310,431	32,927	0	343,358
Total Liabilities	<u>333,358</u>	<u>32,927</u>	<u>0</u>	<u>366,285</u>
<u>Fund Balance</u>				
Reserved for Notes Receivable	388,853	0	0	388,853
Reserved for Encumbrances	21,817	0	0	21,817
Unreserved, Reported in				
Special Revenue Funds	2,444,533	0	0	2,444,533
Debt Service Funds	0	413,201	0	413,201
Capital Projects Fund	0	0	62,425	62,425
Total Fund Balance	<u>2,855,203</u>	<u>413,201</u>	<u>62,425</u>	<u>3,330,829</u>
Total Liabilities and Fund Balance	<u>\$3,188,561</u>	<u>\$446,128</u>	<u>\$62,425</u>	<u>\$3,697,114</u>

City of Wapakoneta  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006

	Street Maintenance	State Highway	Motor Vehicle Permissive Tax	Community Block Grant	Recreation
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$188,244	\$53,885	\$516,666	\$201,672	\$150,030
Investments	0	0	0	0	1,196,161
Accounts Receivable	305	0	0	0	0
Due from Other Governments	216,810	17,580	0	0	5,421
Other Local Taxes Receivable	0	0	5,590	0	0
Interfund Receivable	0	0	0	0	7,313
Prepaid Items	4,787	0	0	0	467
Materials and Supplies Inventory	13,890	0	0	0	1,468
Property Taxes Receivable	0	0	0	0	110,471
Notes Receivable	0	0	0	468,265	0
<b>Total Assets</b>	<b>\$424,036</b>	<b>\$71,465</b>	<b>\$522,256</b>	<b>\$669,937</b>	<b>\$1,471,331</b>
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$7,527	\$0	\$0	\$0	\$538
Accounts Payable	7,408	0	0	0	1,914
Due to Other Governments	5,018	0	0	0	522
Deferred Revenue	179,948	14,591	0	0	115,892
<b>Total Liabilities</b>	<b>199,901</b>	<b>14,591</b>	<b>0</b>	<b>0</b>	<b>118,866</b>
<u>Fund Balance</u>					
Reserved for Notes Receivable	0	0	0	388,853	0
Reserved for Encumbrances	15,575	0	0	247	5,995
Unreserved	208,560	56,874	522,256	280,837	1,346,470
<b>Total Fund Balance</b>	<b>224,135</b>	<b>56,874</b>	<b>522,256</b>	<b>669,937</b>	<b>1,352,465</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$424,036</b>	<b>\$71,465</b>	<b>\$522,256</b>	<b>\$669,937</b>	<b>\$1,471,331</b>

<u>Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>Recreation Trust</u>	<u>Rudd Park Trust</u>	<u>Total</u>
\$1,488	\$2,616	\$3,448	\$0	\$284	\$1,118,333
0	0	0	21,600	0	1,217,761
0	0	0	0	0	305
0	0	100	0	0	239,911
0	0	0	0	0	5,590
0	0	0	0	0	7,313
0	0	0	0	0	5,254
0	0	0	0	0	15,358
0	0	0	0	0	110,471
0	0	0	0	0	468,265
<u>\$1,488</u>	<u>\$2,616</u>	<u>\$3,548</u>	<u>\$21,600</u>	<u>\$284</u>	<u>\$3,188,561</u>
\$0	\$0	\$0	\$0	\$0	\$8,065
0	0	0	0	0	9,322
0	0	0	0	0	5,540
0	0	0	0	0	310,431
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>333,358</u>
0	0	0	0	0	388,853
0	0	0	0	0	21,817
1,488	2,616	3,548	21,600	284	2,444,533
<u>1,488</u>	<u>2,616</u>	<u>3,548</u>	<u>21,600</u>	<u>284</u>	<u>2,855,203</u>
<u>\$1,488</u>	<u>\$2,616</u>	<u>\$3,548</u>	<u>\$21,600</u>	<u>\$284</u>	<u>\$3,188,561</u>

City of Wapakoneta  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2006

	Debt Service	Downtown Debt	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$19,346	\$386,531	\$405,877
Interfund Receivable	7,324	0	7,324
Accrued Interest Receivable	1,192	0	1,192
Special Assessments Receivable	31,735	0	31,735
	<hr/>	<hr/>	<hr/>
Total Assets	\$59,597	\$386,531	\$446,128
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Deferred Revenue	\$32,927	\$0	\$32,927
<u>Fund Balance</u>			
Unreserved	26,670	386,531	413,201
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$59,597	\$386,531	\$446,128
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Wapakoneta  
Combining Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$105,865	\$0	\$0	\$105,865
Other Local Taxes	72,172	0	0	72,172
Special Assessments	0	14,403	0	14,403
Charges for Services	18,277	0	0	18,277
Fines and Forfeitures	2,982	0	0	2,982
Intergovernmental	581,680	0	0	581,680
Interest	287,767	1,834	0	289,601
Gifts and Donations	26,216	0	0	26,216
Other	135,491	200	0	135,691
Total Revenues	<u>1,230,450</u>	<u>16,437</u>	<u>0</u>	<u>1,246,887</u>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Fire	0	0	309,007	309,007
Leisure Time Activities	209,160	0	0	209,160
Community Environment	52,827	0	0	52,827
Transportation	520,914	0	0	520,914
Debt Service:				
Principal Retirement	7,496	224,029	0	231,525
Interest and Fiscal Charges	825	44,187	0	45,012
Total Expenditures	<u>791,222</u>	<u>268,216</u>	<u>309,007</u>	<u>1,368,445</u>
Excess of Revenues Over (Under) Expenditures	439,228	(251,779)	(309,007)	(121,558)
<u>Other Financing Sources</u>				
Transfers In	<u>0</u>	<u>363,000</u>	<u>50,000</u>	<u>413,000</u>
Change in Fund Balance	439,228	111,221	(259,007)	291,442
Fund Balance Beginning of Year	<u>2,415,975</u>	<u>301,980</u>	<u>321,432</u>	<u>3,039,387</u>
Fund Balance End of Year	<u><u>\$2,855,203</u></u>	<u><u>\$413,201</u></u>	<u><u>\$62,425</u></u>	<u><u>\$3,330,829</u></u>

City of Wapakoneta  
Combining Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2006

	Street Maintenance	State Highway	Motor Vehicle Permissive Tax	Community Block Grant	Recreation
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$0	\$105,865
Other Local Taxes	0	0	72,172	0	0
Charges for Services	18,277	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	434,272	35,211	48,413	35,700	28,084
Interest	7,135	1,944	27,039	33,789	217,860
Gifts and Donations	0	0	0	0	25,955
Other	82	0	135,034	0	375
<b>Total Revenues</b>	<b>459,766</b>	<b>37,155</b>	<b>282,658</b>	<b>69,489</b>	<b>378,139</b>
<u>Expenditures</u>					
Current:					
Leisure Time Activities	0	0	0	0	208,860
Community Environment	0	0	0	52,827	0
Transportation	384,115	0	136,799	0	0
Debt Service:					
Principal Retirement	7,496	0	0	0	0
Interest and Fiscal Charges	825	0	0	0	0
<b>Total Expenditures</b>	<b>392,436</b>	<b>0</b>	<b>136,799</b>	<b>52,827</b>	<b>208,860</b>
Change in Fund Balance	67,330	37,155	145,859	16,662	169,279
Fund Balance Beginning of Year	156,805	19,719	376,397	653,275	1,183,186
<b>Fund Balance End of Year</b>	<b>\$224,135</b>	<b>\$56,874</b>	<b>\$522,256</b>	<b>\$669,937</b>	<b>\$1,352,465</b>

Law Enforcement	Enforcement and Education	Drug Law Enforcement	Recreation Trust	Rudd Park Trust	Total
\$0	\$0	\$0	\$0	\$0	\$105,865
0	0	0	0	0	72,172
0	0	0	0	0	18,277
385	1,770	827	0	0	2,982
0	0	0	0	0	581,680
0	0	0	0	0	287,767
0	0	0	0	261	26,216
0	0	0	0	0	135,491
<u>385</u>	<u>1,770</u>	<u>827</u>	<u>0</u>	<u>261</u>	<u>1,230,450</u>
0	0	0	0	300	209,160
0	0	0	0	0	52,827
0	0	0	0	0	520,914
0	0	0	0	0	7,496
0	0	0	0	0	825
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300</u>	<u>791,222</u>
385	1,770	827	0	(39)	439,228
<u>1,103</u>	<u>846</u>	<u>2,721</u>	<u>21,600</u>	<u>323</u>	<u>2,415,975</u>
<u>\$1,488</u>	<u>\$2,616</u>	<u>\$3,548</u>	<u>\$21,600</u>	<u>\$284</u>	<u>\$2,855,203</u>

City of Wapakoneta  
Combining Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2006

	Debt Service	Downtown Debt	Total
<u>Revenues</u>			
Special Assessments	\$14,403	\$0	\$14,403
Interest	1,834	0	1,834
Other	200	0	200
Total Revenues	<u>16,437</u>	<u>0</u>	<u>16,437</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	40,800	183,229	224,029
Interest and Fiscal Charges	5,314	38,873	44,187
Total Expenditures	<u>46,114</u>	<u>222,102</u>	<u>268,216</u>
Excess of Revenues Under Expenditures	(29,677)	(222,102)	(251,779)
<u>Other Financing Sources</u>			
Transfers In	<u>30,000</u>	<u>333,000</u>	<u>363,000</u>
Change in Fund Balance	323	110,898	111,221
Fund Balance Beginning of Year	<u>26,347</u>	<u>275,633</u>	<u>301,980</u>
Fund Balance End of Year	<u><u>\$26,670</u></u>	<u><u>\$386,531</u></u>	<u><u>\$413,201</u></u>

City of Wapakoneta  
Combining Statements - Fiduciary Funds

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

**Agency Funds**

Dependent Coverage Fund

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

Police Auxiliary Fund

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

City of Wapakoneta  
Combining Statement of Assets and Liabilities  
Agency Funds  
December 31, 2006

	Dependent Coverage	Police Auxiliary	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$508	\$18,418	\$18,926
	\$508	\$18,418	\$18,926
<u>Liabilities</u>			
Deposits Held and Due to Others	\$508	\$0	\$508
Undistributed Assets	0	18,418	18,418
Total Liabilities	\$508	\$18,418	\$18,926

City of Wapakoneta  
Combining Statement of Change in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2006

	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
<u>Dependent Coverage</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$988	\$130,719	\$131,199	\$508
<u>Liabilities</u>				
Deposits Held and Due to Others	\$988	\$130,719	\$131,199	\$508
<u>Police Auxiliary</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$23,648	\$16,832	\$22,062	\$18,418
<u>Liabilities</u>				
Undistributed Assets	\$23,648	\$16,832	\$22,062	\$18,418
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$24,636	\$147,551	\$153,261	\$18,926
<u>Liabilities</u>				
Deposits Held and Due to Others	\$988	\$130,719	\$131,199	\$508
Undistributed Assets	23,648	16,832	22,062	18,418
Total Liabilities	\$24,636	\$147,551	\$153,261	\$18,926

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

City of Wapakoneta  
General Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<u>Revenues</u>				
Property Taxes	\$331,072	\$331,072	\$388,457	\$57,385
Municipal Income Taxes	2,100,000	2,100,000	2,205,447	105,447
Other Local Taxes	501,000	501,000	678,404	177,404
Charges for Services	276,900	276,900	368,812	91,912
Fees, Licenses, and Permits	45,900	45,900	50,434	4,534
Fines and Forfeitures	16,300	16,300	22,163	5,863
Intergovernmental	649,626	649,626	558,424	(91,202)
Interest	502,102	502,102	824,854	322,752
Gifts and Donations	7,900	7,900	13,142	5,242
Other	750	750	17,676	16,926
<b>Total Revenues</b>	<b>4,431,550</b>	<b>4,431,550</b>	<b>5,127,813</b>	<b>696,263</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police Department				
Personal Services	1,105,800	1,105,800	1,057,540	48,260
Contractual Services	151,320	162,870	145,354	17,516
Materials and Supplies	27,331	28,216	22,479	5,737
Capital Outlay	68,690	61,690	58,031	3,659
<b>Total Police Department</b>	<b>1,353,141</b>	<b>1,358,576</b>	<b>1,283,404</b>	<b>75,172</b>
Fire Department				
Personal Services	1,110,402	1,105,402	1,033,976	71,426
Contractual Services	60,974	64,749	57,850	6,899
Materials and Supplies	28,654	32,129	26,391	5,738
Capital Outlay	73,110	70,860	65,019	5,841
<b>Total Fire Department</b>	<b>1,273,140</b>	<b>1,273,140</b>	<b>1,183,236</b>	<b>89,904</b>
Safety Director				
Personal Services	5,000	5,000	4,313	687
Contractual Services	10,000	10,000	8,750	1,250
Materials and Supplies	435	0	0	0
<b>Total Safety Director</b>	<b>15,435</b>	<b>15,000</b>	<b>13,063</b>	<b>1,937</b>
<b>Total Security of Persons and Property</b>	<b>2,641,716</b>	<b>2,646,716</b>	<b>2,479,703</b>	<b>167,013</b>

(continued)

City of Wapakoneta  
General Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006  
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Public Health				
Emergency Medical				
Personal Services	\$116,081	\$116,081	\$113,808	\$2,273
Contractual Services	71,020	70,870	60,788	10,082
Materials and Supplies	12,341	12,491	8,571	3,920
Capital Outlay	10,717	10,717	5,522	5,195
Other	300	300	105	195
Total Emergency Medical	<u>210,459</u>	<u>210,459</u>	<u>188,794</u>	<u>21,665</u>
Miscellaneous				
Contractual Services	3,000	3,000	626	2,374
Capital Outlay	25,800	25,800	13,149	12,651
Total Miscellaneous	<u>28,800</u>	<u>28,800</u>	<u>13,775</u>	<u>15,025</u>
Total Public Health	<u>239,259</u>	<u>239,259</u>	<u>202,569</u>	<u>36,690</u>
Community Environment				
Boards and Commissions				
Contractual Services	63,800	63,800	47,033	16,767
Materials and Supplies	17,000	17,000	11,512	5,488
Capital Outlay	47,000	47,000	10,002	36,998
Total Community Environment	<u>127,800</u>	<u>127,800</u>	<u>68,547</u>	<u>59,253</u>
General Government				
Council				
Personal Services	37,000	37,000	36,900	100
Materials and Supplies	9,000	9,000	6,427	2,573
Total Council	<u>46,000</u>	<u>46,000</u>	<u>43,327</u>	<u>2,673</u>
Clerk of Council				
Personal Services	3,200	3,200	3,200	0
Contractual Services	4,679	4,679	4,188	491
Materials and Supplies	100	100	0	100
Total Clerk of Council	<u>7,979</u>	<u>7,979</u>	<u>7,388</u>	<u>591</u>
Administrative				
Personal Services	72,500	72,500	63,820	8,680
Contractual Services	57,115	186,055	181,930	4,125
Materials and Supplies	44,920	45,980	40,558	5,422
Capital Outlay	1,000	1,000	843	157
Total Administrative	<u>175,535</u>	<u>305,535</u>	<u>287,151</u>	<u>18,384</u>

(continued)

City of Wapakoneta  
General Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006  
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<b>Finance</b>				
Personal Services	\$32,500	\$32,500	\$27,000	\$5,500
Contractual Services	56,500	56,500	51,923	4,577
Materials and Supplies	1,500	1,500	535	965
<b>Total Finance</b>	<b>90,500</b>	<b>90,500</b>	<b>79,458</b>	<b>11,042</b>
<b>Income Tax</b>				
Personal Services	47,500	47,500	40,724	6,776
Contractual Services	8,986	8,986	5,887	3,099
Materials and Supplies	21,629	21,629	15,892	5,737
Capital Outlay	1,000	1,000	0	1,000
Other	1,047,000	912,000	59,699	852,301
<b>Total Income Tax</b>	<b>1,126,115</b>	<b>991,115</b>	<b>122,202</b>	<b>868,913</b>
<b>Law Director</b>				
Personal Services	25,000	25,000	20,000	5,000
Contractual Services	1,000	1,000	0	1,000
Materials and Supplies	500	500	195	305
<b>Total Law Director</b>	<b>26,500</b>	<b>26,500</b>	<b>20,195</b>	<b>6,305</b>
<b>Civil Service</b>				
Personal Services	1,100	1,100	1,000	100
Materials and Supplies	1,042	1,042	59	983
<b>Total Civil Service</b>	<b>2,142</b>	<b>2,142</b>	<b>1,059</b>	<b>1,083</b>
<b>Elections</b>				
Contractual Services	1,000	2,950	2,947	3
<b>Auglaize County</b>				
Contractual Services	20,100	18,150	10,528	7,622
<b>Administrative Support</b>				
Other	7,100	7,100	37	7,063
<b>Total General Government</b>	<b>1,502,971</b>	<b>1,497,971</b>	<b>574,292</b>	<b>923,679</b>
<b>Debt Service:</b>				
Principal Retirement	21,657	21,657	21,657	0
Interest and Fiscal Charges	2,026	2,026	2,026	0
<b>Total Debt Service</b>	<b>23,683</b>	<b>23,683</b>	<b>23,683</b>	<b>0</b>
<b>Total Expenditures</b>	<b>4,535,429</b>	<b>4,535,429</b>	<b>3,348,794</b>	<b>1,186,635</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(103,879)</b>	<b>(103,879)</b>	<b>1,779,019</b>	<b>1,882,898</b>

(continued)

City of Wapakoneta  
General Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006  
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	\$0	\$0	\$816	\$816
Transfers Out	(1,499,000)	(1,499,000)	(1,234,000)	265,000
Total Other Financing Sources (Uses)	(1,499,000)	(1,499,000)	(1,233,184)	265,816
Change in Fund Balance	(1,602,879)	(1,602,879)	545,835	2,148,714
Fund Balance Beginning of Year	1,529,616	1,529,616	1,529,616	0
Prior Year Encumbrances Appropriated	74,794	74,794	74,794	0
Fund Balance End of Year	<u>\$1,531</u>	<u>\$1,531</u>	<u>\$2,150,245</u>	<u>\$2,148,714</u>

City of Wapakoneta  
Street and Sewer Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$60,742	\$112,135	\$51,393
Interest	9,258	9,258	0
Total Revenues	<u>70,000</u>	<u>121,393</u>	<u>51,393</u>
<u>Expenditures</u>			
Current:			
Transportation			
Street and Sewer Improvement			
Contractual Services	83,616	55,823	27,793
Capital Outlay	366,700	246,153	120,547
Total Transportation	<u>450,316</u>	<u>301,976</u>	<u>148,340</u>
Debt Service:			
Principal Retirement	89,500	89,500	0
Interest and Fiscal Charges	10,500	9,571	929
Total Debt Service	<u>100,000</u>	<u>99,071</u>	<u>929</u>
Total Expenditures	<u>550,316</u>	<u>401,047</u>	<u>149,269</u>
Excess of Revenues Under Expenditures	(480,316)	(279,654)	200,662
<u>Other Financing Sources</u>			
Transfers In	21,000	421,000	400,000
Change in Fund Balance	(459,316)	141,346	600,662
Fund Balance Beginning of Year	477,636	477,636	0
Prior Year Encumbrances Appropriated	14,700	14,700	0
Fund Balance End of Year	<u>\$33,020</u>	<u>\$633,682</u>	<u>\$600,662</u>

City of Wapakoneta  
Electric Enterprise Fund

Schedule of Revenues, Expenses,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$12,120,700	\$12,057,100	(\$63,600)
Other Local Taxes	300,000	55,429	(244,571)
Utility Deposits	25,000	11,137	(13,863)
Interest	15,000	0	(15,000)
Other	17,300	23,264	5,964
<b>Total Revenues</b>	<b>12,478,000</b>	<b>12,146,930</b>	<b>(331,070)</b>
<u>Expenses</u>			
Personal Services	824,400	770,533	53,867
Contractual Services	14,119,638	13,852,345	267,293
Materials and Supplies	407,836	387,385	20,451
Capital Outlay	2,794,750	270,350	2,524,400
Utility Refunds	20,000	9,000	11,000
Other	6,446,237	80,089	6,366,148
Debt Service:			
Principal Retirement	26,500	26,468	32
Interest Expense	8,500	6,885	1,615
<b>Total Expenses</b>	<b>24,647,861</b>	<b>15,403,055</b>	<b>9,244,806</b>
Excess of Revenues Under Expenses	(12,169,861)	(3,256,125)	8,913,736
Transfers In	400,000	400,000	0
<b>Change in Fund Balance</b>	<b>(11,769,861)</b>	<b>(2,856,125)</b>	<b>8,913,736</b>
Fund Balance Beginning of Year	11,705,738	11,705,738	0
Prior Year Encumbrances Appropriated	624,861	624,861	0
<b>Fund Balance End of Year</b>	<b>\$560,738</b>	<b>\$9,474,474</b>	<b>\$8,913,736</b>

City of Wapakoneta  
Water Enterprise Fund

Schedule of Revenues, Expenses,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$1,521,700	\$1,392,099	(\$129,601)
Grants	0	9,500	9,500
Bond Anticipation Notes Issued	1,028,000	1,450,000	422,000
Other	3,200	5,628	2,428
	<u>2,552,900</u>	<u>2,857,227</u>	<u>304,327</u>
<u>Expenses</u>			
Personal Services	286,600	261,341	25,259
Contractual Services	295,476	251,724	43,752
Materials and Supplies	367,782	314,646	53,136
Capital Outlay	173,957	74,158	99,799
Other	231,500	0	231,500
Debt Service:			
Principal Retirement	1,985,932	1,985,832	100
Interest Expense	86,368	82,956	3,412
	<u>3,427,615</u>	<u>2,970,657</u>	<u>456,958</u>
Change in Fund Balance	(874,715)	(113,430)	761,285
Fund Balance Beginning of Year	1,028,306	1,028,306	0
Prior Year Encumbrances Appropriated	124,116	124,116	0
Fund Balance End of Year	<u>\$277,707</u>	<u>\$1,038,992</u>	<u>\$761,285</u>

City of Wapakoneta  
Sewer Enterprise Fund

Schedule of Revenues, Expenses,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$1,788,500	\$1,867,300	\$78,800
Bond Anticipation Notes Issued	6,732,020	7,425,000	692,980
Grants	0	1,000	1,000
Interest	8,000	36,694	28,694
Other	15,700	8,226	(7,474)
<b>Total Revenues</b>	<b>8,544,220</b>	<b>9,338,220</b>	<b>794,000</b>
<u>Expenses</u>			
Personal Services	588,240	550,268	37,972
Contractual Services	511,074	436,919	74,155
Materials and Supplies	258,953	192,719	66,234
Capital Outlay	141,578	101,471	40,107
Other	885,700	4,895	880,805
Debt Service:			
Principal Retirement	6,886,176	6,886,020	156
Interest Expense	530,868	522,018	8,850
Issuance Costs	0	196,678	(196,678)
<b>Total Expenses</b>	<b>9,802,589</b>	<b>8,890,988</b>	<b>911,601</b>
Excess of Revenues Over (Under) Expenses	(1,258,369)	447,232	1,705,601
Transfers Out	(15,000)	0	15,000
<b>Change in Fund Balance</b>	<b>(1,273,369)</b>	<b>447,232</b>	<b>1,720,601</b>
Fund Balance Beginning of Year	1,823,830	1,823,830	0
Prior Year Encumbrances Appropriated	62,689	62,689	0
<b>Fund Balance End of Year</b>	<b>\$613,150</b>	<b>\$2,333,751</b>	<b>\$1,720,601</b>

City of Wapakoneta  
Storm Sewer Enterprise Fund

Schedule of Revenues, Expenses,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Charges for Services	\$150,000	\$155,505	\$5,505
<u>Expenses</u>			
Contractual Services	33,000	4,774	28,226
Materials and Supplies	16,748	5,894	10,854
Capital Outlay	500,600	97,357	403,243
Total Expenses	550,348	108,025	442,323
Change in Fund Balance	(400,348)	47,480	447,828
Fund Balance Beginning of Year	406,596	406,596	0
Prior Year Encumbrances Appropriated	1,748	1,748	0
Fund Balance End of Year	<u>\$7,996</u>	<u>\$455,824</u>	<u>\$447,828</u>

City of Wapakoneta  
Refuse Enterprise Fund

Schedule of Revenues, Expenses,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Charges for Services	\$882,100	\$910,759	\$28,659
Other	4,850	7,943	3,093
	<u>886,950</u>	<u>918,702</u>	<u>31,752</u>
<u>Expenses</u>			
Personal Services	346,900	332,083	14,817
Contractual Services	713,208	636,963	76,245
Materials and Supplies	109,094	97,529	11,565
Capital Outlay	52,163	38,649	13,514
Other	224,300	0	224,300
Debt Service:			
Principal Retirement	48,568	47,067	1,501
Interest Expense	11,432	10,463	969
	<u>1,505,665</u>	<u>1,162,754</u>	<u>342,911</u>
Change in Fund Balance	(618,715)	(244,052)	374,663
Fund Balance Beginning of Year	576,836	576,836	0
Prior Year Encumbrances Appropriated	84,715	84,715	0
	<u>\$42,836</u>	<u>\$417,499</u>	<u>\$374,663</u>

City of Wapakoneta  
Street Maintenance Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$26,500	\$19,000	(\$7,500)
Intergovernmental	378,500	431,585	53,085
Interest	1,000	7,135	6,135
Other	500	82	(418)
<b>Total Revenues</b>	<b>406,500</b>	<b>457,802</b>	<b>51,302</b>
<u>Expenditures</u>			
Current:			
Transportation			
Street Maintenance			
Personal Services	293,400	266,117	27,283
Contractual Services	84,457	72,771	11,686
Materials and Supplies	107,607	70,613	36,994
Capital Outlay	13,079	11,604	1,475
Other	500	0	500
Debt Service:			
Principal Retirement	7,496	7,496	0
Interest and Fiscal Charges	825	825	0
<b>Total Expenditures</b>	<b>507,364</b>	<b>429,426</b>	<b>77,938</b>
Excess of Revenues Over (Under) Expenditures	(100,864)	28,376	129,240
<u>Other Financing Sources</u>			
Sale of Capital Assets	500	0	(500)
Change in Fund Balance	(100,364)	28,376	128,740
Fund Balance Beginning of Year	121,076	121,076	0
Prior Year Encumbrances Appropriated	15,864	15,864	0
<b>Fund Balance End of Year</b>	<b>\$36,576</b>	<b>\$165,316</b>	<b>\$128,740</b>

City of Wapakoneta  
State Highway Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$31,500	\$34,993	\$3,493
Interest	1,500	1,944	444
	<u>33,000</u>	<u>36,937</u>	<u>3,937</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway			
Contractual Services	7,000	0	7,000
Capital Outlay	40,100	0	40,100
	<u>47,100</u>	<u>0</u>	<u>47,100</u>
Total Expenditures	(14,100)	36,937	51,037
Change in Fund Balance	16,948	16,948	0
Fund Balance Beginning of Year	<u>\$2,848</u>	<u>\$53,885</u>	<u>\$51,037</u>
Fund Balance End of Year			

City of Wapakoneta  
Motor Vehicle Permissive Tax Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$72,500	\$72,111	(\$389)
Intergovernmental	50,000	48,413	(1,587)
Interest	5,000	27,039	22,039
Other	0	135,034	135,034
	<u>127,500</u>	<u>282,597</u>	<u>155,097</u>
<u>Expenditures</u>			
Current:			
Transportation			
Motor Vehicle Permissive Tax			
Contractual Services	20,000	0	20,000
Capital Outlay	340,500	136,799	203,701
Other	137,000	0	137,000
	<u>497,500</u>	<u>136,799</u>	<u>360,701</u>
Total Expenditures	<u>497,500</u>	<u>136,799</u>	<u>360,701</u>
Change in Fund Balance	(370,000)	145,798	515,798
Fund Balance Beginning of Year	<u>370,868</u>	<u>370,868</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$868</u></u>	<u><u>\$516,666</u></u>	<u><u>\$515,798</u></u>

City of Wapakoneta  
Community Block Grant Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$40,000	\$35,700	(\$4,300)
Interest	400	9,552	9,152
Revolving Loan Payments	91,200	120,472	29,272
	<u>131,600</u>	<u>165,724</u>	<u>34,124</u>
<u>Expenditures</u>			
Current:			
Community Environment Community Block Grant Contractual Services	<u>220,300</u>	<u>53,074</u>	<u>167,226</u>
Change in Fund Balance	(88,700)	112,650	201,350
Fund Balance Beginning of Year	<u>88,775</u>	<u>88,775</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$75</u></u>	<u><u>\$201,425</u></u>	<u><u>\$201,350</u></u>

City of Wapakoneta  
Recreation Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$96,433	\$105,865	\$9,432
Fees, Licenses, and Permits	200	0	(200)
Intergovernmental	30,967	20,771	(10,196)
Interest	47,500	56,336	8,836
Gifts and Donations	20,000	25,955	5,955
Other	0	375	375
Total Revenues	<u>195,100</u>	<u>209,302</u>	<u>14,202</u>
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Recreation			
Personal Services	61,300	47,999	13,301
Contractual Services	64,825	50,959	13,866
Materials and Supplies	23,300	18,878	4,422
Capital Outlay	195,800	100,808	94,992
Total Expenditures	<u>345,225</u>	<u>218,644</u>	<u>126,581</u>
Change in Fund Balance	(150,125)	(9,342)	140,783
Fund Balance Beginning of Year	97,838	97,838	0
Prior Year Encumbrances Appropriated	<u>53,625</u>	<u>53,625</u>	<u>0</u>
Fund Balance End of Year	<u>\$1,338</u>	<u>\$142,121</u>	<u>\$140,783</u>

City of Wapakoneta  
Law Enforcement Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$400	\$385	(\$15)
<u>Expenditures</u>	0	0	0
Change in Fund Balance	400	385	(15)
Fund Balance Beginning of Year	1,103	1,103	0
Fund Balance End of Year	\$1,503	\$1,488	(\$15)

City of Wapakoneta  
Enforcement and Education Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fines and Forfeitures	\$1,000	\$1,930	\$930
<u>Expenditures</u>			
Current:			
Security of Persons and Property Enforcement and Education Materials and Supplies	<u>5,480</u>	<u>2,380</u>	<u>3,100</u>
Change in Fund Balance	(4,480)	(450)	4,030
Fund Balance Beginning of Year	686	686	0
Prior Year Encumbrances Appropriated	<u>2,380</u>	<u>2,380</u>	<u>0</u>
Fund Balance (Deficit) End of Year	<u><u>(\$1,414)</u></u>	<u><u>\$2,616</u></u>	<u><u>\$4,030</u></u>

City of Wapakoneta  
Drug Law Enforcement Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fines and Forfeitures	\$500	\$727	\$227
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Drug Law Enforcement			
Materials and Supplies	3,100	0	3,100
Change in Fund Balance	(2,600)	727	3,327
Fund Balance Beginning of Year	2,721	2,721	0
Fund Balance End of Year	<u>\$121</u>	<u>\$3,448</u>	<u>\$3,327</u>

City of Wapakoneta  
Recreation Trust Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

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

City of Wapakoneta  
Rudd Park Trust Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Gifts and Donations	\$250	\$261	\$11
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Rudd Park			
Materials and Supplies	550	300	250
Change in Fund Balance	(300)	(39)	261
Fund Balance Beginning of Year	323	323	0
Fund Balance End of Year	\$23	\$284	\$261

City of Wapakoneta  
Debt Service Debt Service Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$11,361	\$15,274	\$3,913
Interest	0	200	200
Other	2,255	2,255	0
Total Revenues	<u>13,616</u>	<u>17,729</u>	<u>4,113</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	40,800	40,800	0
Interest and Fiscal Charges	5,700	5,314	386
Total Expenditures	<u>46,500</u>	<u>46,114</u>	<u>386</u>
Excess of Revenues Under Expenditures	(32,884)	(28,385)	4,499
<u>Other Financing Sources</u>			
Transfers In	30,000	30,000	0
Change in Fund Balance	(2,884)	1,615	4,499
Fund Balance Beginning of Year	<u>17,731</u>	<u>17,731</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$14,847</u></u>	<u><u>\$19,346</u></u>	<u><u>\$4,499</u></u>

City of Wapakoneta  
Downtown Debt Debt Service Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	185,000	183,229	1,771
Interest and Fiscal Charges	40,000	38,873	1,127
Total Expenditures	<u>225,000</u>	<u>222,102</u>	<u>2,898</u>
Excess of Revenues Under Expenditures	(225,000)	(222,102)	2,898
<u>Other Financing Sources</u>			
Transfers In	<u>300,000</u>	<u>333,000</u>	<u>33,000</u>
Change in Fund Balance	75,000	110,898	35,898
Fund Balance Beginning of Year	<u>275,633</u>	<u>275,633</u>	<u>0</u>
Fund Balance End of Year	<u>\$350,633</u>	<u>\$386,531</u>	<u>\$35,898</u>

City of Wapakoneta  
Capital Fire Truck Capital Projects Fund

Schedule of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Fire Department			
Capital Outlay	309,007	309,007	0
Excess of Revenues			
Under Expenditures	(309,007)	(309,007)	0
<u>Other Financing Sources</u>			
Transfers In	50,000	50,000	0
Change in Fund Balance	(259,007)	(259,007)	0
Fund Balance Beginning of Year	12,425	12,425	0
Prior Year Encumbrances Appropriated	309,007	309,007	0
Fund Balance End of Year	\$62,425	\$62,425	\$0

City of Wapakoneta  
Engineering Internal Service Fund

Schedule of Revenues, Expenses,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$150,000	\$139,908	(\$10,092)
Fees, Licenses, and Permits	12,600	10,589	(2,011)
Other	500	831	331
	<u>163,100</u>	<u>151,328</u>	<u>(11,772)</u>
<u>Expenses</u>			
Personal Services	199,700	158,757	40,943
Contractual Services	18,985	13,959	5,026
Materials and Supplies	31,624	24,484	7,140
Capital Outlay	6,869	6,033	836
Other	19,000	0	19,000
	<u>276,178</u>	<u>203,233</u>	<u>72,945</u>
Change in Fund Balance	(113,078)	(51,905)	61,173
Fund Balance Beginning of Year	118,365	118,365	0
Prior Year Encumbrances Appropriated	<u>7,078</u>	<u>7,078</u>	<u>0</u>
Fund Balance End of Year	<u>\$12,365</u>	<u>\$73,538</u>	<u>\$61,173</u>

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**SCHEDULES OF CAPITAL ASSETS**  
**USED IN THE OPERATION OF**  
**GOVERNMENTAL FUNDS**

City of Wapakoneta

Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Program and Department  
 December 31, 2006

Program/Department	Total	Land	Land Improvements	Buildings
Security of Persons and Property				
Police	\$1,300,655	\$46,702	\$0	\$1,057,574
Fire	1,864,900	46,702	48,229	468,679
Total Security of Persons and Property	3,165,555	93,404	48,229	1,526,253
Public Health				
Emergency Medical	587,073	0	0	342,156
Leisure Time Activities				
Recreation	846,687	63,300	404,894	261,483
Transportation				
Street	24,032,250	32,860	0	89,450
General Government				
City Offices	1,249,893	0	0	1,088,679
Total General Capital Assets Allocated to Programs	<u>\$29,881,458</u>	<u>\$189,564</u>	<u>\$453,123</u>	<u>\$3,308,021</u>

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

<u>Equipment</u>	<u>Vehicles</u>	<u>Streets</u>
\$62,372	\$134,007	\$0
133,344	1,167,946	0
195,716	1,301,953	0
0	244,917	0
117,010	0	0
58,510	644,837	23,206,593
78,212	83,002	0
<u>\$449,448</u>	<u>\$2,274,709</u>	<u>\$23,206,593</u>

City of Wapakoneta

Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Change by Program and Department  
 For the Year Ended December 31, 2006

Program/Department	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
Security of Persons and Property				
Police	\$1,321,945	\$0	\$21,290	\$1,300,655
Fire	1,492,743	372,157	0	1,864,900
Total Security of Persons and Property	2,814,688	372,157	21,290	3,165,555
Public Health				
Emergency Medical	587,073	0	0	587,073
Leisure Time Activities				
Recreation	805,940	77,597	36,850	846,687
Transportation				
Street	23,759,141	355,728	82,619	24,032,250
General Government				
City Offices	1,204,927	44,966	0	1,249,893
Total General Capital Assets Allocated to Programs	<u>\$29,171,769</u>	<u>\$850,448</u>	<u>\$140,759</u>	<u>\$29,881,458</u>

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

City of Wapakoneta

Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Source  
 December 31, 2006

	<u>Amounts</u>
<u>Governmental Funds Capital Assets</u>	
Land	\$189,564
Land Improvements	453,123
Buildings	3,308,021
Equipment	449,448
Vehicles	2,274,709
Streets	23,206,593
	<hr/>
Total Capital Assets	<u>\$29,881,458</u>
<u>Investment in Governmental Funds Capital Assets</u>	
General Fund	\$2,780,391
Special Revenue Funds	1,855,807
Capital Projects Funds	1,345,732
Enterprise Funds	2,446,397
General Capital Assets Acquired Prior to 1986	21,453,131
	<hr/>
Total Investment in Capital Assets	<u>\$29,881,458</u>

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

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**STATISTICAL  
SECTION**

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

City of Wapakoneta  
Statistical Section

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This part of the City’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.

**Contents** **Page**

Financial Trends.....S-3

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity.....S-8

These schedules contain information to help the reader assess the City’s most significant local revenue source.

Debt Capacity.....S-30

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.

Demographic and Economic Information.....S-37

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

Operating Information.....S-41

These schedules contain service 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.

Source: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2006	2005	2004	2003	2002
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$15,550,482	\$14,957,082	\$14,695,619	\$14,325,984	\$14,289,011
Restricted for					
Debt Service	440,193	344,370	550,261	555,349	526,506
Capital Projects	1,020,043	842,208	816,352	1,469,441	670,264
Other Purposes	3,001,698	2,557,353	2,352,316	2,002,016	1,975,374
Unrestricted	2,991,064	2,471,796	1,874,180	1,184,646	1,501,892
<b>Total Governmental Activities Net Assets</b>	<b>\$23,003,480</b>	<b>\$21,172,809</b>	<b>\$20,288,728</b>	<b>\$19,537,436</b>	<b>\$18,963,047</b>
<b>Business-Type Activities</b>					
Invested in Capital Assets, Net of Related Debt	18,054,990	18,859,104	18,380,759	18,897,701	18,717,036
Restricted	1,164,741	355,195	396,777	413,447	243,745
Unrestricted	15,128,852	16,125,101	14,648,742	12,696,857	11,411,235
<b>Total Business-Type Activities Net Assets</b>	<b>\$34,348,583</b>	<b>\$35,339,400</b>	<b>\$33,426,278</b>	<b>\$32,008,005</b>	<b>\$30,372,016</b>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	33,605,472	33,816,186	33,076,378	33,223,685	33,006,047
Restricted	5,626,675	4,099,126	4,115,706	4,440,253	3,415,889
Unrestricted	18,119,916	18,596,897	16,522,922	13,881,503	12,913,127
<b>Total Primary Government Net Assets</b>	<b>\$57,352,063</b>	<b>\$56,512,209</b>	<b>\$53,715,006</b>	<b>\$51,545,441</b>	<b>\$49,335,063</b>

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

	2006	2005	2004	2003	2002
<u>Expenses</u>					
Governmental Activities					
Security of Persons and Property					
Police	\$1,266,253	\$1,221,018	\$1,145,709	\$1,142,760	\$1,070,085
Fire	1,153,285	1,182,460	1,166,485	1,011,846	1,009,275
Other	11,066	119,623	20,226	56,884	70,022
Public Health	215,334	212,986	226,206	222,529	199,262
Leisure Time Activities	196,271	223,249	165,540	161,832	134,702
Community Environment	105,106	120,691	62,593	99,744	86,357
Transportation	1,033,820	1,439,048	1,596,994	937,128	1,130,944
General Government	550,479	434,292	390,067	441,101	319,163
Interest and Fiscal Charges	93,647	103,670	120,857	203,770	169,643
Total Governmental Activities Expenses	4,625,261	5,057,037	4,894,677	4,277,594	4,189,453
Business-Type Activities					
Electric	14,303,699	7,035,506	6,772,154	6,718,403	6,318,919
Water	1,012,010	813,587	1,196,319	1,072,455	1,131,496
Sewer	2,075,872	1,736,226	1,540,649	1,426,900	1,392,847
Storm Sewer	119,094	102,578	147,612	71,095	223,165
Refuse	1,029,841	872,598	766,336	857,056	809,936
Total Business-Type Activities Expenses	18,540,516	10,560,495	10,423,070	10,145,909	9,876,363
Total Primary Government Expenses	23,165,777	15,617,532	15,317,747	14,423,503	14,065,816
<u>Program Revenues</u>					
Governmental Activities					
Charges for Services					
Security of Persons and Property					
Police	9,996	7,352	9,314	6,203	4,981
Fire	49,611	38,084	37,657	41,073	40,655
Public Health	296,934	295,465	181,748	180,201	188,157
Leisure Time Activities	0	350	1,130	0	0
Transportation	207,116	322,510	241,842	170,253	211,536
General Government	26,362	26,651	35,148	30,855	39,593
Total Charges for Services	590,019	690,412	506,839	428,585	484,922
Operating Grants, Contributions, and Interest	871,074	1,263,577	778,158	604,227	463,262
Capital Grants and Contributions	161,197	29,847	512,480	384,169	0
Total Governmental Activities Program Revenues	1,622,290	1,983,836	1,797,477	1,416,981	948,184
Business-Type Activities					
Charges for Services					
Electric	12,848,899	7,785,644	7,250,248	7,250,893	7,352,151
Water	1,404,361	1,312,634	1,210,189	1,155,879	1,185,685
Sewer	1,856,922	1,827,371	1,799,788	1,677,186	1,486,318
Storm Sewer	156,184	154,160	151,128	149,247	147,618
Refuse	921,989	924,455	890,986	902,553	884,524
Total Charges for Services	17,188,355	12,004,264	11,302,339	11,135,758	11,056,296
Operating Grants, Contributions, and Interest	13,000	0	155,203	50,000	0
Total Business-Type Activities Program Revenues	17,201,355	12,004,264	11,457,542	11,185,758	11,056,296
Total Primary Government Program Revenues	18,823,645	13,988,100	13,255,019	12,602,739	12,004,480
<u>Net (Expense) Revenue</u>					
Governmental Activities	(3,002,971)	(3,073,201)	(3,097,200)	(2,860,613)	(3,241,269)
Business-Type Activities	(1,339,161)	1,443,769	1,034,472	1,039,849	1,179,933
Total Primary Government Net Expense	(4,342,132)	(1,629,432)	(2,062,728)	(1,820,764)	(2,061,336)

(continued)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>General Revenues and Other Changes in Net Assets</u>					
Governmental Activities					
Property Taxes Levied for General Purposes	\$390,020	\$356,201	\$343,628	\$349,783	\$334,631
Property Taxes Levied for Recreation	106,334	105,934	102,350	104,731	103,501
Municipal Income Taxes	2,290,400	2,136,920	2,118,637	2,004,839	1,970,435
Other Local Taxes	678,614	656,921	639,180	641,975	673,523
Grants and Entitlements not Restricted to Specific Programs	530,856	483,500	653,985	515,817	554,922
Franchise Taxes	45,289	39,650	37,741	57,486	40,210
Interest	892,006	546,259	236,441	260,864	310,150
Gifts and Donations	13,142	7,791	17,348	22,090	0
Other	153,570	9,090	24,438	32,297	13,384
Transfers	<u>(266,589)</u>	<u>(384,984)</u>	<u>(325,256)</u>	<u>(554,880)</u>	<u>(1,149,664)</u>
Total Governmental Activities	<u>4,833,642</u>	<u>3,957,282</u>	<u>3,848,492</u>	<u>3,435,002</u>	<u>2,851,092</u>
Business-Type Activities					
Interest	36,694	10,904	30,482	2,001	4,937
Other	45,061	73,465	28,063	39,259	297,796
Transfers	<u>266,589</u>	<u>384,984</u>	<u>325,256</u>	<u>554,880</u>	<u>1,149,664</u>
Total Business-Type Activities	<u>348,344</u>	<u>469,353</u>	<u>383,801</u>	<u>596,140</u>	<u>1,452,397</u>
Total Primary Government	<u>5,181,986</u>	<u>4,426,635</u>	<u>4,232,293</u>	<u>4,031,142</u>	<u>4,303,489</u>
<u>Change in Net Assets</u>					
Governmental Activities	1,830,671	884,081	751,292	574,389	(390,177)
Business-Type Activities	<u>(990,817)</u>	<u>1,913,122</u>	<u>1,418,273</u>	<u>1,635,989</u>	<u>2,632,330</u>
Total Primary Government Change in Net Assets	<u>\$839,854</u>	<u>\$2,797,203</u>	<u>\$2,169,565</u>	<u>\$2,210,378</u>	<u>\$2,242,153</u>

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund					
Reserved	\$82,397	\$40,641	\$38,253	\$59,165	\$273,285
Unreserved	<u>2,303,358</u>	<u>1,731,727</u>	<u>899,035</u>	<u>690,012</u>	<u>965,471</u>
Total General Fund	<u>2,385,755</u>	<u>1,772,368</u>	<u>937,288</u>	<u>749,177</u>	<u>1,238,756</u>
All Other Governmental Funds					
Reserved	485,067	841,079	298,187	142,587	191,622
Unreserved, Reported in					
Special Revenue Funds	2,444,533	1,894,745	2,175,390	1,805,603	1,681,597
Debt Service Funds	413,201	301,980	229,925	161,129	118,215
Capital Projects Funds	<u>688,783</u>	<u>478,067</u>	<u>831,123</u>	<u>1,364,097</u>	<u>628,285</u>
Total All Other Governmental Funds	<u>4,031,584</u>	<u>3,515,871</u>	<u>3,534,625</u>	<u>3,473,416</u>	<u>2,619,719</u>
Total Governmental Funds	<u><u>\$6,417,339</u></u>	<u><u>\$5,288,239</u></u>	<u><u>\$4,471,913</u></u>	<u><u>\$4,222,593</u></u>	<u><u>\$3,858,475</u></u>

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

	2006	2005	2004	2003	2002
<u>Revenues</u>					
Property Taxes	\$494,322	\$463,550	\$450,912	\$449,601	\$437,305
Municipal Income Taxes	2,186,885	2,155,844	2,064,190	2,031,494	1,986,327
Other Local Taxes	750,786	729,535	712,250	714,371	675,548
Special Assessments	127,830	141,800	110,523	122,025	151,789
Charges for Services	394,449	314,313	282,566	272,376	232,494
Fees, Licenses, and Permits	49,667	53,014	54,022	44,452	51,123
Fines and Forfeitures	26,397	19,469	28,312	25,471	30,010
Intergovernmental	1,112,975	1,932,243	1,319,319	1,202,606	974,282
Interest	1,123,113	622,515	497,487	304,393	375,824
Gifts and Donations	39,358	33,081	35,090	105,535	46,921
Other	153,570	9,443	24,085	30,794	13,384
<b>Total Revenues</b>	<b>6,459,352</b>	<b>6,474,807</b>	<b>5,578,756</b>	<b>5,303,118</b>	<b>4,975,007</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	1,261,097	1,184,347	1,115,067	1,175,836	1,071,413
Fire	1,468,411	1,201,714	1,127,628	995,116	972,477
Other	13,040	119,204	20,343	56,880	73,680
Public Health	191,798	188,684	204,721	315,559	187,207
Leisure Time Activities	209,160	284,270	140,660	249,335	135,161
Community Environment	113,779	121,393	133,654	134,590	93,989
Transportation	741,257	1,203,088	1,395,155	995,578	1,061,111
General Government	533,235	416,606	374,390	426,549	322,148
Debt Service:					
Principal Retirement	448,553	448,060	431,989	3,020,000	280,000
Interest and Fiscal Charges	84,149	94,174	118,485	306,967	147,511
<b>Total Expenditures</b>	<b>5,064,479</b>	<b>5,261,540</b>	<b>5,062,092</b>	<b>7,676,410</b>	<b>4,344,697</b>
Excess of Revenues Over (Under) Expenditures	1,394,873	1,213,267	516,664	(2,373,292)	630,310
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	816	0	0	1,510	0
Capital Loans Issued	0	0	0	145,000	0
General Obligation Bonds Issued	0	0	0	288,400	0
General Obligation Refunding Bonds Issued	0	0	0	2,836,000	0
Transfers In	967,411	500,059	876,428	1,225,000	977,138
Transfers Out	(1,234,000)	(897,000)	(1,143,772)	(1,758,500)	(2,130,908)
<b>Total Other Financing Sources (Uses)</b>	<b>(265,773)</b>	<b>(396,941)</b>	<b>(267,344)</b>	<b>2,737,410</b>	<b>(1,153,770)</b>
<b>Change in Fund Balance</b>	<b>\$1,129,100</b>	<b>\$816,326</b>	<b>\$249,320</b>	<b>\$364,118</b>	<b>(\$523,460)</b>
Debt Service as a Percentage of Noncapital Expenditures	12.11%	11.61%	11.90%	48.13%	10.91%

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

Year	Real Property			Total Assessed Value	Estimated Actual Value	Public Utility Personal Property	
	Assessed Value		Public Utility			Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial					
2006	\$96,797,980	\$39,755,360	\$77,760	\$136,631,100	\$390,374,571	\$3,745,680	\$4,256,455
2005	85,608,830	33,803,110	76,420	119,488,360	341,395,314	3,715,910	4,222,625
2004	84,027,250	33,452,810	75,780	117,555,840	335,873,829	3,816,660	4,337,114
2003	82,548,700	33,025,070	74,390	115,648,160	330,423,314	3,954,800	4,494,091
2002	76,609,370	32,569,640	71,520	109,250,530	312,144,371	4,045,290	4,596,920
2001	74,844,900	33,066,020	73,910	107,984,830	308,528,086	4,711,420	5,353,886
2000	72,754,680	32,587,890	87,770	105,430,340	301,229,543	3,802,580	4,321,114
1999	60,169,690	28,788,710	65,400	89,023,800	254,353,714	4,623,490	5,253,966
1998	58,485,680	27,131,710	60,100	85,677,490	244,792,830	4,781,650	5,433,690
1997	57,706,770	26,494,870	54,430	84,256,070	240,731,629	4,347,540	4,940,386

Source: Auglaize County Auditor

Note: Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated actual value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of actual value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent of actual value for machinery and equipment and 23 percent for inventory. The general business tangible personal property tax is being phased out beginning in 2006. The percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent, and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

Tangible Personal Property		Total		Weighted Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$10,846,559	\$57,848,315	\$151,223,339	\$452,479,341	\$3.48
14,938,545	59,754,180	138,142,815	405,372,119	3.55
21,012,884	84,051,536	142,385,384	424,262,479	3.56
22,326,522	89,306,088	141,929,482	424,223,493	3.56
22,437,024	89,748,096	135,732,844	406,489,387	3.59
25,315,900	101,263,600	138,012,150	415,145,572	3.59
22,119,150	88,476,600	131,352,070	394,027,257	3.59
20,180,660	80,722,640	113,827,950	340,330,320	3.68
22,239,512	79,426,828	112,698,652	329,653,348	3.68
19,951,835	71,256,554	108,555,445	316,928,569	3.68

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

Collection Year	2006	2005	2004	2003	2002
<b>Voted Millage</b>					
2002 Recreation - 5 Years	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Effective Millage Rates					
Residential/Agriculture	0.6316	0.7014	0.7028	0.7035	0.7451
Commercial/Industrial	0.8528	0.9316	0.9314	0.9301	0.9256
Tangible/Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000
<b>Total Voted Millage</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
<b>Total Effective Voted Millage by Type of Property</b>					
Residential/Agriculture	0.6316	0.7014	0.7028	0.7035	0.7451
Commercial/Industrial	0.8528	0.9316	0.9314	0.9301	0.9256
Tangible/Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000
<b>Unvoted Millage</b>					
General	2.1500	2.1500	2.1500	2.1500	2.1500
Effective Millage Rates					
Residential/Agriculture	2.1500	2.1500	2.1500	2.1500	2.1500
Commercial/Industrial	2.1500	2.1500	2.1500	2.1500	2.1500
Tangible/Public Utility Personal	2.1500	2.1500	2.1500	2.1500	2.1500
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Effective Millage Rates					
Residential/Agriculture	0.3000	0.3000	0.3000	0.3000	0.3000
Commercial/Industrial	0.3000	0.3000	0.3000	0.3000	0.3000
Tangible/Public Utility Personal	0.3000	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Effective Millage Rates					
Residential/Agriculture	0.3000	0.3000	0.3000	0.3000	0.3000
Commercial/Industrial	0.3000	0.3000	0.3000	0.3000	0.3000
Tangible/Public Utility Personal	0.3000	0.3000	0.3000	0.3000	0.3000
<b>Total Unvoted Millage</b>	<b>2.7500</b>	<b>2.7500</b>	<b>2.7500</b>	<b>2.7500</b>	<b>2.7500</b>
<b>Total Effective Unvoted Millage by Type of Property</b>					
Residential/Agriculture	2.7500	2.7500	2.7500	2.7500	2.7500
Commercial/Industrial	2.7500	2.7500	2.7500	2.7500	2.7500
Tangible/Public Utility Personal	2.7500	2.7500	2.7500	2.7500	2.7500
<b>Total Millage</b>	<b>3.7500</b>	<b>3.7500</b>	<b>3.7500</b>	<b>3.7500</b>	<b>3.7500</b>
<b>Total Effective Millage by Type of Property</b>					
Residential/Agriculture	3.3816	3.4514	3.4528	3.4535	3.4951
Commercial/Industrial	3.6028	3.6816	3.6814	3.6801	3.6756
Tangible/Public Utility Personal	3.7500	3.7500	3.7500	3.7500	3.7500
Auglaize County	11.2500	11.2500	11.2500	9.3700	9.4000
Wapakoneta City School District	29.6000	29.6000	29.6000	29.8000	30.7000
Apollo Career Center	2.2000	2.2000	2.2000	2.2000	2.2000
Duchouquet Township	0.2000	0.2000	0.2000	0.2000	0.2000

Source: Auglaize County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The basic property tax rate can only be increased by a majority vote of the City's residents.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is reappraised every six years and property values are updated in the third year following each reappraisal.

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

2001	2000	1999	1998	1997
\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
0.7477	0.7509	0.8780	0.8791	0.8828
0.8999	0.8985	0.9623	0.9621	0.9638
1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000
0.7477	0.7509	0.8780	0.8791	0.8828
0.8999	0.8985	0.9623	0.9621	0.9638
1.0000	1.0000	1.0000	1.0000	1.0000
2.1500	2.1500	2.1500	2.1500	2.1500
2.1500	2.1500	2.1500	2.1500	2.1500
2.1500	2.1500	2.1500	2.1500	2.1500
2.1500	2.1500	2.1500	2.1500	2.1500
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
2.7500	2.7500	2.7500	2.7500	2.7500
2.7500	2.7500	2.7500	2.7500	2.7500
2.7500	2.7500	2.7500	2.7500	2.7500
2.7500	2.7500	2.7500	2.7500	2.7500
3.7500	3.7500	3.7500	3.7500	3.7500
3.4977	3.5009	3.6280	3.6291	3.6328
3.6499	3.6485	3.7123	3.7121	3.7138
3.7500	3.7500	3.7500	3.7500	3.7500
9.4000	9.4000	9.5000	9.5000	9.5000
30.7000	30.7000	31.8000	32.0000	32.3000
2.2000	2.2000	2.2000	2.2000	2.2000
0.2000	0.2000	0.2000	0.2000	0.2000

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City of Wapakoneta  
Property Tax Levies and Collections  
Last Ten Years

Collection Year	Current Tax Levy (1)	Current Tax Collections	Percent Collected	Total Outstanding Delinquent Taxes	Percent Delinquent
2006	\$553,228	\$606,765	109.68%	\$12,849	2.32%
2005	548,783	583,413	106.31	7,559	1.38
2004	508,913	491,031	96.49	13,257	2.60
2003	502,468	486,704	96.86	20,341	4.05
2002	494,903	469,867	94.94	12,646	2.56
2001	481,194	471,669	98.02	8,475	1.76
2000	461,863	456,994	98.95	8,545	1.85
1999	424,489	408,828	96.31	9,381	2.21
1998	407,044	405,461	99.61	12,246	3.01
1997	397,875	384,411	96.62	13,464	3.38

Source: Auglaize County Auditor

(1) State reimbursement of rollback and homestead exemptions are included

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

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

Taxpayer	Type of Business	2006		
		Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Schlenker Enterprises	Land Developments and Apartments	\$1,686,150	1	1.23%
GAMCO Components Group LLC	Automotive Suspension Manufacturing	1,268,870	2	0.93
Normandy Ridge Limited	Residential Apartments	1,248,060	3	0.91
Schlenker Developments, Inc.	Rental Properties	1,181,020	4	0.87
Ametek, Inc.	Plastic Compounds	1,164,360	5	0.85
Wal-Mart Stores East LP	Retail Business	1,161,450	6	0.85
DW 28 Wapakoneta LLC	Retail Business	1,092,510	7	0.80
LRV Acquisition Corporation	Hotel Properties	1,081,660	8	0.79
Quaker Run Farms	Warehousing and Distribution	987,150	9	0.72
Dr. L.Y. Soo	Individual Property Owner	735,550	10	0.54
L & G Truckers	Truck Stop			
Quaker Run	Residential Apartments			
Hi Pockets, Inc.	Residential Investments			
Auglaize Investment Company	Big Bear Department Store			
WGP Holding	Superior Tube			
Superior Metal Products, Inc.	Metal Stamping			
Roger L. and Dianne Bornhorst	Individual Property Owner			
Kenneth J. Steinke	Individual Property Owner			
	Total	11,606,780		8.49
	All Other Taxpayers	125,024,320		91.51
	Total Assessed Valuation	<u>\$136,631,100</u>		<u>100.00%</u>

Source: Auglaize County Auditor

1997		
<u>Real Property Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
\$2,036,340	1	2.42%
1,383,390	2	1.64
883,250	3	1.05
751,170	4	0.89
731,170	5	0.87
707,010	6	0.84
547,660	7	0.65
519,960	8	0.62
518,130	9	0.61
<u>506,540</u>	10	<u>0.60</u>
8,584,620		10.19
<u>75,671,450</u>		<u>89.81</u>
<u><u>\$84,256,070</u></u>		<u><u>100.00%</u></u>

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

Taxpayer	Type of Business	2006		
		Personal Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Superior Metal Products, Inc.	Metal Stamping	\$1,869,110	1	17.23%
Koneta, Inc.	Rubber Truck Accessories Manufacturing	1,021,540	2	9.42
Ametek, Inc.	Plastic Compounds	920,550	3	8.49
Midwest Elastomers, Inc.	Rubber Products	885,900	4	8.17
Miller's Textile Services, Inc.	Uniform Rentals	871,720	5	8.03
Durez Corporation	Manufacturing	732,050	6	6.75
Wapakoneta Machine Company	Machine Knives	519,590	7	4.79
Ruck Brady Company	Paper Bag Manufacturing	421,760	8	3.89
Mike Swaney Pontiac/Buick/GMC Trucks	Car Dealership	397,050	9	3.66
Kinstle Truck & Auto Service, Inc.	Truck Dealership	365,620	10	3.37
JB Tool and Machine Company	Metal Stamping			
NuTek Foods, Inc.	Cheese Processing			
American Trim Limited	Liability Company			
LRV Acquisition Corporation	Hotel Properties			
Penn Traffic Company	Retail Grocery and Department Store			
Besnier Scerma USA	Import/Export Milk Protein			
Agway Consumer Products, Inc. (AKA Apex Bag)	Manufacturing Plant			
	Total	8,004,890		73.80
	All Other Taxpayers	2,841,669		26.20
	Total Assessed Valuation	<u>\$10,846,559</u>		<u>100.00%</u>

Source: Auglaize County Auditor

1997		
Personal Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$858,480	6	4.30%
508,140	9	2.55
474,810	10	2.38
2,997,590	1	15.02
1,930,200	2	9.67
1,860,040	3	9.32
1,232,370	4	6.18
897,020	5	4.50
780,150	7	3.91
535,150	8	2.68
12,073,950		60.51
7,877,885		39.49
<u>\$19,951,835</u>		<u>100.00%</u>

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

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes from Net Profits	Percentage of Taxes from Net Profits	Taxes From Individual Payments	Percentage of Taxes from Individual Payments
2006	1.00%	\$2,290,400	\$1,689,748	73.78%	\$309,030	13.49%	\$291,622	12.73%
2005	1.00	2,136,920	1,726,299	80.78	139,636	6.53	270,985	12.68
2004	1.00	2,118,637	1,648,114	77.79	157,669	7.44	312,854	14.77

Source: City Records

Note: Tax years prior to 2004 not available.

City of Wapakoneta  
Electric Utility Statistics  
Last Ten Years

	2006	2005	2004	2003	2002
Kilowatt Hours Purchased from:					
American Electric Power	187,474,222	187,080,998	182,064,625	179,583,038	179,215,817
AMP-Ohio	4,122,000	4,096,736	4,172,642	4,749,257	5,021,624
<b>Total Kilowatt Hours Purchased</b>	<b>191,596,222</b>	<b>191,177,734</b>	<b>186,237,267</b>	<b>184,332,295</b>	<b>184,237,441</b>
Payments for Purchased Power to:					
American Electric Power	\$12,570,995	\$5,252,736	\$5,035,490	\$4,939,067	\$4,977,901
AMP-Ohio	136,101	165,854	97,896	115,651	121,407
<b>Total Payments for Purchased Power</b>	<b>\$12,707,096</b>	<b>\$5,418,590</b>	<b>\$5,133,386</b>	<b>\$5,054,718</b>	<b>\$5,099,308</b>
Kilowatt Hours Sold to Users					
Residential	48,981,563	51,072,037	48,335,392	47,658,779	49,167,864
Commercial	62,709,278	61,528,576	56,617,209	55,814,108	56,865,233
Industrial	70,704,980	63,297,900	65,596,500	68,457,100	69,255,300
<b>Total Kilowatt Hours Sold to Users</b>	<b>182,395,821</b>	<b>175,898,513</b>	<b>170,549,101</b>	<b>171,929,987</b>	<b>175,288,397</b>
Charges for Kilowatt Hours Sold to Users					
Residential	\$3,691,525	\$2,568,233	\$2,404,143	\$2,364,694	\$2,442,441
Commercial	4,938,547	3,158,202	2,862,108	2,817,770	2,867,954
Industrial	4,587,937	2,604,184	2,548,999	2,601,531	2,646,084
<b>Total Dollar Amount of Kilowatt Hours Sold to Users</b>	<b>\$13,218,009</b>	<b>\$8,330,619</b>	<b>\$7,815,250</b>	<b>\$7,783,995</b>	<b>\$7,956,479</b>

Rate

Residential		
Service Charge (base)	\$2.50	per month
Energy Charge:		
0 - 750 kwh	\$0.092	per kwh
751 - 9,999,999 kwh	\$0.084	per kwh
Commercial		
Service Charge (base)	\$10.00	per month
Demand:		
First 5 kwh	No Charge	
6 - 9,999,999 kwh	\$6.00	per kwh
Energy Charge:		
First 1,000 kwh	\$0.1085	per kwh
1,001 - 9,999,999 kwh	\$0.0785	per kwh
Industrial (Large Power)		
Service Charge (base)	\$100.00	per month
Demand	\$18.00	per kwh
Energy Charge	\$0.0340	per kwh

Source: City Records

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

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
169,197,813	177,338,340	169,407,160	164,244,364	161,208,985
<u>4,706,427</u>	<u>5,537,652</u>	<u>5,814,896</u>	<u>7,179,238</u>	<u>6,186,215</u>
<u>173,904,240</u>	<u>182,875,992</u>	<u>175,222,056</u>	<u>171,423,602</u>	<u>167,395,200</u>
\$4,744,500	\$5,000,663	\$4,845,661	\$5,306,816	\$5,008,843
<u>112,609</u>	<u>100,395</u>	<u>116,745</u>	<u>155,880</u>	<u>155,071</u>
<u>\$4,857,109</u>	<u>\$5,101,058</u>	<u>\$4,962,406</u>	<u>\$5,462,696</u>	<u>\$5,163,914</u>
45,955,454	43,937,445	45,558,562	42,378,075	42,071,778
57,127,766	58,086,396	60,089,223	60,078,541	68,872,203
<u>62,258,000</u>	<u>70,867,400</u>	<u>65,245,700</u>	<u>61,784,367</u>	<u>47,527,160</u>
<u>165,341,220</u>	<u>172,891,241</u>	<u>170,893,485</u>	<u>164,240,983</u>	<u>158,471,141</u>
\$2,309,352	\$2,202,581	\$2,285,449	\$2,178,704	\$2,105,650
2,896,209	2,946,545	3,049,840	3,086,543	3,396,085
<u>2,466,596</u>	<u>2,679,322</u>	<u>2,532,610</u>	<u>2,519,449</u>	<u>1,952,854</u>
<u>\$7,672,157</u>	<u>\$7,828,448</u>	<u>\$7,867,899</u>	<u>\$7,784,696</u>	<u>\$7,454,589</u>

City of Wapakoneta  
Water Utility Statistics  
Last Ten Years

Type of Customer	2006	2005	2004	2003	2002
Residential	\$845,137	\$803,042	\$709,519	\$707,773	\$754,799
Industrial	263,913	209,814	207,575	167,426	156,204
Commercial	264,331	256,465	204,331	227,810	246,097
<b>Total Billed</b>	<b>\$1,373,381</b>	<b>\$1,269,321</b>	<b>\$1,121,425</b>	<b>\$1,103,009</b>	<b>\$1,157,100</b>
Billed in Cubic Feet					
Rate in Cubic Feet:					
All Customers					
0 - 200	\$6.12	\$5.67	\$5.25	\$5.25	\$5.25
201 - 1,300	2.58	2.39	2.21	2.21	2.21
1,301 - 6,100	2.15	1.99	1.84	1.84	1.84
6,101 - 22,800	1.75	1.62	1.50	1.50	1.50
22,801 and up	1.57	1.45	1.34	1.34	1.34
Multi Residential					
0 - 200	\$6.12	\$5.67	\$5.25	\$5.25	\$5.25
Each Additional 100	2.49	2.31	2.14	2.14	2.14

Outside Rates prior to February 1, 2005, add 150%

Outside Rates after February 1, 2005, add 200%

Source: City Records

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

2001	2000	1999	1998	1997
\$743,662	\$609,917	\$530,869	\$512,859	\$501,767
159,939	118,322	75,824	94,198	84,796
228,353	198,081	172,012	146,091	149,884
<u>\$1,131,954</u>	<u>\$926,320</u>	<u>\$778,705</u>	<u>\$753,148</u>	<u>\$736,447</u>

\$5.25	\$4.50	\$3.80	\$3.80	\$3.80
2.21	1.81	1.49	1.49	1.49
1.84	1.44	1.12	1.12	1.12
1.50	1.10	0.78	0.78	0.78
1.34	0.94	0.62	0.62	0.62
\$5.25	\$4.50	\$3.80	\$3.80	\$3.80
2.14	1.74	1.42	1.42	1.42

City of Wapakoneta  
Sewer Utility Statistics  
Last Ten Years

Type of Customer	2006	2005	2004	2003	2002
Residential	\$1,013,454	\$1,016,743	\$994,203	\$974,159	\$854,661
Commercial	348,872	365,911	304,829	342,570	318,176
Industrial	471,939	414,251	425,951	337,538	285,997
<b>Total Billed</b>	<b>\$1,834,265</b>	<b>\$1,796,905</b>	<b>\$1,724,983</b>	<b>\$1,654,267</b>	<b>\$1,458,834</b>

Billed in Cubic Feet

Base Rate for First 200 Cubic Feet:

Residential	\$9.75	\$9.60	\$9.46	\$9.32	\$7.76
Commercial	9.75	9.60	9.46	9.32	7.76
Industrial	9.75	9.60	9.46	9.32	7.76

Additional per 100 Cubic Feet:

Residential	\$3.06	\$3.01	\$2.97	\$2.93	\$2.44
Commercial	2.85	2.81	2.77	2.73	2.28
Industrial	2.85	2.81	2.77	2.73	2.28

Outside Rates add 115%

Source: City Records

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

2001	2000	1999	1998	1997
\$667,021	\$641,624	\$658,871	\$557,966	\$504,272
231,829	273,393	297,845	237,008	234,171
233,445	236,919	210,233	326,503	336,742
<u>\$1,132,295</u>	<u>\$1,151,936</u>	<u>\$1,166,949</u>	<u>\$1,121,477</u>	<u>\$1,075,185</u>

\$6.21	\$6.03	\$6.03	\$5.94	\$5.01
6.21	6.03	6.03	5.94	5.01
6.21	6.03	6.03	5.94	5.01
\$1.95	\$1.89	\$1.89	\$1.86	\$1.57
1.82	1.76	1.76	1.73	1.46
1.82	1.76	1.76	1.73	1.46

City of Wapakoneta  
Storm Sewer Utility Statistics  
Last Eight Years

Type of Customer	2006	2005	2004	2003	2002	2001	2000
Residential	\$86,742	\$85,832	\$84,732	\$83,888	\$82,568	\$82,146	\$81,802
Commercial/Industrial	67,411	66,755	64,812	63,852	63,684	62,757	62,799
Total Billed	<u>\$154,153</u>	<u>\$152,587</u>	<u>\$149,544</u>	<u>\$147,740</u>	<u>\$146,252</u>	<u>\$144,903</u>	<u>\$144,601</u>

Rates:

Residential: \$2 per month

Commercial/Industrial:

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

Source: City Records

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

Information prior to 1999 not available.

1999  
\$80,926  
61,378  
\$142,304

City of Wapakoneta  
Refuse Utility Statistics  
Last Ten Years

Type of Customer	2006	2005	2004	2003	2002
Residential	\$294,849	\$291,252	\$290,097	\$289,368	\$288,412
Commercial/Industrial	136,612	141,192	128,449	128,209	124,606
Bag Sales (all customers)	236,150	241,800	195,500	188,450	209,700
Total	<u>\$667,611</u>	<u>\$674,244</u>	<u>\$614,046</u>	<u>\$606,027</u>	<u>\$622,718</u>
Amount Paid by City to Waste Management	<u>\$219,332</u>	<u>\$180,182</u>	<u>\$161,692</u>	<u>\$160,854</u>	<u>\$146,767</u>
Amount per Ton Paid to Waste Management	\$51.00	\$41.60	\$39.30	\$37.30	\$37.30

Monthly Base Rate (for all ten years):

Residential Inside	\$6
Residential Outside	\$10

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

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

Source: City Records

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

2001	2000	1999	1998	1997
\$289,659	\$287,472	\$287,472	\$287,616	\$287,178
125,568	116,691	116,691	108,874	99,879
225,200	200,000	200,000	191,650	165,757
<u>\$640,427</u>	<u>\$604,163</u>	<u>\$604,163</u>	<u>\$588,140</u>	<u>\$552,814</u>
<u>\$144,449</u>	<u>\$112,203</u>	<u>\$112,203</u>	<u>\$107,685</u>	<u>\$105,192</u>
\$36.50	\$36.50	\$36.50	\$36.50	\$33.00

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

Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Special Assessment Bonds	Capital Loans	Police and Fire Pension	General Obligation Bonds	Mortgage Revenue Bonds	Due to Auglaize County
2006	\$2,218,912	\$0	\$61,098	\$0	\$110,300	\$10,308,232	\$16,250
2005	2,627,902	0	90,251	0	130,900	3,050,543	18,750
2004	3,037,372	0	118,511	0	151,100	3,213,383	21,250
2003	3,432,764	0	145,000	0	170,600	3,367,280	23,750
2002	3,425,000	0	0	0	0	3,516,177	26,250
2001	3,705,000	0	0	0	0	3,760,000	28,750
2000	3,982,541	17,459	30,059	0	0	3,910,000	31,250
1999	4,250,083	34,917	80,955	90,155	0	4,055,000	33,750
1998	4,490,809	52,375	158,652	91,506	0	4,190,000	36,250
1997	3,055,709	76,091	169,481	92,540	0	1,420,000	38,750

Source: City Records

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

OWDA Loans	Capital Loans	Landfill Closure	Total Debt	Percentage of Personal Income (1)	Per Capita (1)
\$0	\$57,749	\$1,274,332	\$14,046,873	7.71%	\$1,463
0	105,765	1,294,710	7,318,821	4.05	768
0	151,762	1,315,484	8,008,862	4.43	841
0	195,789	1,342,111	8,677,294	4.83	916
0	115,913	1,380,609	8,463,949	4.71	893
943,414	53,977	1,404,221	9,895,362	5.50	1,044
943,414	56,370	1,436,123	10,407,216	5.79	1,099
943,414	56,370	1,458,248	11,002,892	8.88	1,068
943,414	104,716	1,493,596	11,561,318	9.33	1,122
943,414	193,542	1,440,000	7,429,527	5.99	721

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

Year	Population	Estimated Actual Value	Gross Bonded Debt	Ratio of Bonded Debt to Estimated Actual Value	Bonded Debt Per Capita
2006	9,602	\$452,479,341	\$2,218,912	0.49%	\$231.09
2005	9,531	405,372,119	2,758,802	0.68	289.46
2004	9,518	424,262,479	3,188,472	0.75	334.99
2003	9,474	424,223,493	3,603,364	0.85	380.34
2002	9,474	406,489,387	3,425,000	0.84	361.52
2001	9,474	415,145,572	3,705,000	0.89	391.07
2000	9,474	394,027,257	3,982,541	1.01	420.37
1999	10,303	340,330,320	4,250,083	1.25	412.51
1998	10,303	329,653,348	4,490,809	1.36	435.87
1997	10,303	316,928,569	3,055,709	0.96	296.58

Source: City Records  
Auglaize County Auditor

City of Wapakoneta  
 Computation of Direct and Overlapping Debt for Governmental Activities  
 December 31, 2006

Jurisdiction	Outstanding Debt	Percentage Applicable to City of Wapakoneta (1)	Amount Applicable to City of Wapakoneta
City of Wapakoneta			
1998 Various Purpose	\$170,000	100.00%	\$170,000
2003 Various Purpose	2,048,912	100.00	2,048,912
	<u>2,218,912</u>		<u>2,218,912</u>
Wapakoneta City School District	1,250,000	50.16	627,000
Auglaize County	89,465	17.51	15,665
Total	<u><u>\$3,558,377</u></u>		<u><u>\$2,861,577</u></u>

Source: City Records  
 Ohio Municipal Advisory Council

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

City of Wapakoneta  
Computation of Legal Debt Margin  
Last Ten Years

	2006	2005	2004	2003
Total Assessed Valuation	<u>\$151,223,339</u>	<u>\$138,142,815</u>	<u>\$142,385,384</u>	<u>\$141,929,482</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	15,878,451	14,504,996	14,950,465	14,902,596
Gross Indebtedness	14,313,847	14,724,416	15,082,873	14,762,589
Less Debt Outside Limitation				
Bond Anticipation Notes	1,450,000	8,588,400	8,257,600	7,276,800
Special Assessment Notes	0	0	0	0
General Obligation Bonds	110,300	130,900	151,100	170,600
Special Assessment Bonds	0	0	0	0
Mortgage Revenue Bonds	10,350,000	3,105,000	3,280,000	3,445,000
OWDA Loans	0	0	0	0
Capital Loans	<u>118,847</u>	<u>196,016</u>	<u>270,273</u>	<u>340,789</u>
Net Indebtedness	2,284,700	2,704,100	3,123,900	3,529,400
Less Fund Balance in Debt Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>161,129</u>
Net Debt Within 10.5 Percent Limitation	<u>2,284,700</u>	<u>2,704,100</u>	<u>3,123,900</u>	<u>3,368,271</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$13,593,751</u>	<u>\$11,800,896</u>	<u>\$11,826,565</u>	<u>\$11,534,325</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	85.61%	81.36%	79.10%	77.40%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$8,317,284	\$7,597,855	\$7,831,196	\$7,806,122
Gross Indebtedness	14,313,847	14,724,416	15,082,873	14,762,589
Less Debt Outside Limitation				
Bond Anticipation Notes	1,450,000	8,588,400	8,257,600	7,276,800
Special Assessment Notes	0	0	0	0
General Obligation Bonds	110,300	130,900	151,100	170,600
Special Assessment Bonds	0	0	0	0
Mortgage Revenue Bonds	10,350,000	3,105,000	3,280,000	3,445,000
OWDA Loans	0	0	0	0
Capital Loans	<u>118,847</u>	<u>196,016</u>	<u>270,273</u>	<u>340,789</u>
Net Indebtedness	2,284,700	2,704,100	3,123,900	3,529,400
Less Fund Balance in Debt Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>161,129</u>
Net Debt Within 5.5 Percent Limitation	<u>2,284,700</u>	<u>2,704,100</u>	<u>3,123,900</u>	<u>3,368,271</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$6,032,584</u>	<u>\$4,893,755</u>	<u>\$4,707,296</u>	<u>\$4,437,851</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	72.53%	64.41%	60.11%	56.85%

Source: City Records

2002	2001	2000	1999	1998	1997
<u>\$135,732,844</u>	<u>\$138,012,150</u>	<u>\$131,352,070</u>	<u>\$113,827,950</u>	<u>\$112,698,652</u>	<u>\$108,555,445</u>
14,251,949	14,491,276	13,791,967	11,951,935	11,833,358	11,398,322
9,958,036	13,323,554	12,869,843	11,561,840	10,272,573	7,981,437
2,547,941	4,730,977	3,835,860	2,072,500	275,000	1,146,204
0	0	0	0	0	88,796
0	0	0	0	0	888,200
0	0	17,459	34,917	64,191	76,091
3,605,000	3,760,000	3,910,000	4,055,000	4,190,000	1,420,000
1,123	943,414	943,414	943,414	943,414	943,414
115,913	53,977	86,429	185,671	309,159	363,023
3,688,059	3,835,186	4,076,681	4,270,338	4,490,809	3,055,709
118,215	60,695	64,024	120,707	181,796	240,432
<u>3,569,844</u>	<u>3,774,491</u>	<u>4,012,657</u>	<u>4,149,631</u>	<u>4,309,013</u>	<u>2,815,277</u>
<u>\$10,682,105</u>	<u>\$10,716,785</u>	<u>\$9,779,310</u>	<u>\$7,802,304</u>	<u>\$7,524,345</u>	<u>\$8,583,045</u>
74.95%	73.95%	70.91%	65.28%	63.59%	75.30%
\$7,465,306	\$7,590,668	\$7,224,364	\$6,260,537	\$6,198,426	\$5,970,549
9,958,036	13,323,554	12,869,843	11,561,840	10,272,573	7,981,437
2,547,941	4,730,977	3,835,860	2,072,500	275,000	1,146,204
0	0	0	0	0	88,796
0	0	0	0	0	888,200
0	0	17,459	34,917	64,191	76,091
3,605,000	3,760,000	3,910,000	4,055,000	4,190,000	1,420,000
1,123	943,414	943,414	943,414	943,414	943,414
115,913	53,977	86,429	185,671	309,159	363,023
3,688,059	3,835,186	4,076,681	4,270,338	4,490,809	3,055,709
118,215	60,695	64,024	120,707	181,796	240,432
<u>3,569,844</u>	<u>3,774,491</u>	<u>4,012,657</u>	<u>4,149,631</u>	<u>4,309,013</u>	<u>2,815,277</u>
<u>\$3,895,462</u>	<u>\$3,816,177</u>	<u>\$3,211,707</u>	<u>\$2,110,906</u>	<u>\$1,889,413</u>	<u>\$3,155,272</u>
52.18%	50.27%	44.46%	33.72%	30.48%	52.85%

City of Wapakoneta  
Revenue Bond Coverage  
Sewer Fund  
Last Ten Years

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	\$1,901,842	\$1,192,376	\$709,466	\$180,000	\$291,933	\$471,933	1.50
2005	1,864,785	963,590	901,195	175,000	155,092	330,092	2.73
2004	1,832,802	896,473	936,329	165,000	161,610	326,610	2.87
2003	1,693,997	860,093	833,904	160,000	167,770	327,770	2.54
2002	1,495,944	829,276	666,668	155,000	173,583	328,583	2.03
2001	1,217,966	659,164	558,802	150,000	179,058	329,058	1.70
2000	1,311,695	865,523	446,172	145,000	186,348	331,348	1.35
1999	1,312,885	831,324	481,561	135,000	188,600	323,600	1.49
1998	1,383,945	1,039,990	343,955	75,000	100,517	175,517	1.96
1997	1,337,755	974,294	363,461	70,000	105,137	175,137	2.08

Source: City Records

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

City of Wapakoneta  
Demographic and Economic Statistics  
Last Ten Years

Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate Auglaize County (5)
2006	9,602	\$182,207,552	\$18,976	3,023	4.20%
2005	9,531	180,860,256	18,976	3,163	4.20
2004	9,518	180,613,568	18,976	3,119	3.30
2003	9,474	179,778,624	18,976	3,069	5.50
2002	9,474	179,778,624	18,976	3,269	5.30
2001	9,474	179,778,624	18,976	3,285	4.60
2000	9,474	179,778,624	18,976	3,334	2.80
1999	10,303	123,955,393	12,031	3,455	2.90
1998	10,303	123,955,393	12,031	3,610	4.90
1997	10,303	123,955,393	12,031	3,479	4.80

Source: (1) Chamber of Commerce and U.S. Census Bureau  
(2) U.S. Census Bureau - Computation of per capita personal income multiplied by population.  
(3) U.S. Census Bureau  
(4) Wapakoneta City School District  
(5) Ohio Bureau of Employment Services

City of Wapakoneta  
Principal Employers  
Current Year and Eight Years Ago

Employer	Type of Business	2006		
		Number of Employees	Rank	Percentage of Total Employment
Auglaize County	Government	516	1	10.89%
Wapakoneta City School District	Government	324	2	6.84
American Trim, LLC	Product Design/Manufacturing	233	3	4.92
Koneta, Inc.	Rubber Truck Accessories Manufacturing	202	4	4.26
Auglaize Provico	Agricultural Commodities Supplier	165	5	3.48
City of Wapakoneta	Government	132	6	2.79
General Aluminum Manufacturing Company	Aluminum Manufacturing	130	7	2.74
Ametek, Inc.	Plastic Compounds	116	8	2.45
Miller's Textile Services, Inc.	Uniform Rentals	115	9	2.43
Frost & Company	Contractor	100	10	2.10
JB Tool and Machine Company	Metal Stamping			
Superior Metal Products, Inc.	Metal Stamping			
Nu-Tek Foods	Cheese Processing			
Penn Traffic Company	Retail Grocery and Department Store			
Amcast Industrial Corporation	Automotive Parts			
Total		2,033		42.90%
Total Employment Within the City		4,739		

Source: City Records

Note: Information prior to 1998 not available.

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

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

Function/Program	2006	2005	2004
<b>General Government</b>			
Mayor	1.00	1.00	1.00
Council	8.00	8.00	8.00
Clerk of Council	0.50	0.50	0.50
Auditor	1.00	1.00	1.00
Treasurer	1.00	1.00	1.00
Income Tax Administrator	1.00	1.00	1.00
Income Tax Clerk	1.00	1.00	1.00
Law Director	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
<b>Security of Persons and Property</b>			
Police	14.00	14.00	19.00
Police - Dispatchers	5.00	5.00	5.00
Police - Auxiliary	15.00	15.00	16.00
Fire	14.00	15.00	14.00
Fire - Auxiliary	11.00	14.00	16.00
Safety Director	1.00	1.00	1.00
<b>Public Health</b>			
Emergency Medical Services	14.00	10.00	12.00
<b>Leisure Time Activities</b>			
Recreation Director	0.50	0.50	0.50
<b>Transportation</b>			
Public Works	10.00	10.00	10.00
<b>Basic Utility Services</b>			
Engineering	2.00	4.00	4.00
Utility Clerks	2.00	3.00	3.00
Electric	11.00	12.00	12.00
Water	4.00	4.00	4.00
Sewer	6.00	6.00	6.00
Refuse	7.00	7.00	7.00
<b>Total</b>	<b>132.00</b>	<b>136.00</b>	<b>145.00</b>

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

Source: City Payroll Records

Note: Information prior to 2004 not available.

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

Function/Program	2006	2005	2004	2003
<b>Security of Persons and Property-Police</b>				
Vehicle Mileage	102,691	104,561	108,388	102,354
Number of Traffic Citations and Arrests	1,070	845	1,278	1,068
Number of Parking Tickets Issued	429	371	377	465
Dollar Amount Collected for Tickets	\$3,870	\$3,930	\$3,280	\$4,420
<b>Security of Persons and Property-Fire</b>				
Number of EMS Calls	995	926	899	841
Number of Fire Calls	40	46	57	56
Miscellaneous Calls	198	422	423	294
<b>Transportation</b>				
Number of Gallons of R-S-2 Used to Fill Potholes	2,760	2,569	4,920	2,186
Number of Pounds of Crack Sealer Used	8,928	4,630	6,120	n/a
<b>General Government</b>				
<b>Income Tax</b>				
Number of Individual Accounts	4,709	4,392	4,541	4,600
Number of Business Accounts	823	464	756	681
Number of Business Withholding Accounts	817	805	816	764
Total Receipts Collected	\$2,290,400	\$2,136,920	\$2,118,637	\$2,004,839
Amount of Interest and Penalties Charged	\$4,901	\$5,576	\$15,676	\$20,887
Amount of Interest and Penalties Collected	\$446	\$1,211	\$7,387	\$15,611
<b>City Commission</b>				
Number of Ordinances Passed	62	48	47	72
Number of Resolutions Passed	8	5	12	13
<b>Electric Department</b>				
Kilowatt Hours Used	191,596,222	191,177,734	186,237,267	184,332,295
City Cost of Power	\$12,707,096	\$5,418,590	\$5,133,386	\$5,054,718
Power Factor Average	91.50%	93.60%	93.90%	94.20%
<b>Water Department</b>				
Number of Wells Operating	7	7	7	7
Millions of Gallons of Finished Water	530.86	561.44	562.37	564.50
Chlorine Used (pounds)	13,074	10,349	9,403	8,948
Phosphate Used (gallons)	2,606	2,639	11,449	10,571
Salt in Tons (regenerates softening units)	1,929	2,232	2,181	2,047
Number of Gallons of Water Able to be Pumped a Day Combined	2,000,000	2,000,000	n/a	n/a
Daily Average Consumption (gallons)	1,540,000	1,540,000	1,540,000	1,500,000
Maximum Daily Capacity of Treatment Plant (gallons)	2,722,000	2,722,000	2,722,000	2,722,000
<b>Sewer Department</b>				
Number of Gallons of Sewage Treated (in millions)	1,141	1,208	1,132	1,267
Average Daily Flow (millions of gallons per day)	3.13	3.31	3.10	3.50
Maximum Daily Capacity of Treatment Plant (gallons)	6,000,000	8,000,000	8,000,000	4,000,000
Number of Tons of N-Viro Produced (fertilizer)	3,460	3,145	3,285	2,693
<b>Refuse Department</b>				
Number of Tons of Refuse Collected	4,326	4,346	4,129	4,120
Number of Trash Bags Sold (in cases of 250 bags)	998	1,058	889	889
Number of Tons of Recycling Collected	1,338	1,429	1,466	1,444
Number of Gallons of Used Motor Oil Collected and Recycled	4,200	3,800	4,200	3,100
<b>Engineering</b>				
Number of Registered Contractors	245	226	194	190
Number of Building Permits Issued	206	192	197	203

Source: City Records

2002	2001	2000	1999	1998	1997
96,139	97,946	93,293	100,494	99,789	104,325
1,228	1,135	1,044	1,129	1,112	989
465	389	428	624	492	331
\$4,280	\$3,630	\$4,050	\$5,400	\$4,800	\$3,655
789	885	824	914	803	782
54	37	59	71	46	72
271	281	240	247	296	190
750	1,160	2,760	1,100	5,000	n/a
n/a	n/a	13,645	11,316	n/a	n/a
4,544	4,659	4,751	4,821	4,838	4,181
657	665	676	699	685	649
789	820	794	799	837	n/a
\$1,970,435	\$1,962,036	\$1,969,733	\$1,902,741	\$1,788,261	\$1,765,207
\$22,313	\$33,012	\$33,847	\$15,535	\$90,397	\$271
\$18,655	\$25,927	\$27,446	\$10,794	\$75,143	\$271
62	56	54	52	61	75
20	14	17	15	18	13
184,237,441	173,904,240	182,875,992	175,222,056	171,423,602	167,395,200
\$5,099,308	\$4,857,109	\$5,101,058	\$4,962,406	\$5,462,696	\$5,163,914
93.80%	93.90%	94.40%	94.60%	94.00%	94.60%
7	7	7	7	7	7
589.20	599.20	622.80	684.90	676.00	640.04
8,246	7,174	6,804	7,220	5,849	5,782
11,346	10,979	10,139	11,256	9,856	n/a
2,257	2,163	2,187	2,293	2,154	2,092
n/a	n/a	n/a	n/a	n/a	n/a
1,614,000	1,641,100	1,706,300	1,876,400	1,794,000	1,794,000
2,722,000	2,722,000	2,722,000	2,722,000	2,722,000	2,722,000
922	945	871	829	875	n/a
2.60	2.60	2.39	2.27	1.79	1.79
4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
2,288	n/a	n/a	n/a	n/a	n/a
3,953	3,917	3,750	3,345	3,352	3,314
982	950	887	851	706	870
1,473	1,524	1,488	1,496	1,145	1,400
2,400	3,400	2,700	3,200	2,200	2,100
153	192	100	124	104	114
176	170	56	158	147	168

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

Function/Program	2006	2005	2004	2003
Security of Persons and Property-Police				
Stations	1	1	1	1
Vehicles	7	9	8	8
Security of Persons and Property-Fire				
Stations	1	1	1	1
Fire Trucks	6	6	6	6
Trailer	1	1	1	1
Vehicles	2	2	2	2
Public Health				
Vehicles	3	3	3	3
Leisure Time Activities				
Vehicles	0	0	1	0
Transportation				
Streets (miles)	46.15	45.90	45.90	45.00
Vehicles	18	20	19	20
General Government				
Vehicles	1	1	1	1
Electric				
Electric Lines (miles)	106.37	106.37	102.15	98.72
Number of Substations	8	8	8	8
Vehicles	12	11	11	11
Water				
Water Lines (miles)	59.73	59.73	59.73	58.72
Number of Treatment Plants	1	1	1	1
Vehicles	5	4	4	4
Sewer				
Sanitary Sewer Lines (miles)	47.93	47.93	47.93	47.05
Storm Sewer Lines (miles)	27.80	27.80	27.80	26.27
Number of Treatment Plants	1	1	1	1
Vehicles	4	4	4	4
Refuse				
Vehicles	5	4	6	6
Recycling				
Vehicles	3	3	3	3
Engineering				
Vehicles	3	3	3	3

Source: City Records

2002	2001	2000	1999	1998	1997
1 8	1 7	1 7	1 7	1 6	1 6
1 6 1 2	1 6 1 3	1 6 1 2	1 6 1 3	1 6 1 2	1 6 1 2
2	2	2	2	2	2
1	1	0	0	0	0
45.00 19	46.00 17	46.00 18	46.00 15	44.80 14	44.40 12
1	1	1	1	1	1
98.72 8 11	98.22 7 12	96.18 7 11	89.52 7 9	87.59 7 9	67.07 7 10
58.52 1 3	58.52 1 3	58.27 1 3	58.27 1 5	n/a n/a 5	n/a n/a 5
47.05 25.83 1 3	47.05 25.50 1 4	47.05 25.40 1 4	47.05 25.40 1 4	45.88 24.52 1 4	42.22 26.00 1 5
6	5	6	6	5	6
3	3	3	3	2	2
3	4	4	4	4	2

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**Mary Taylor, CPA**  
Auditor of State

**CITY OF WAPAKONETA**

**AUGLAIZE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 20, 2007**