



**Auditor of State
Betty Montgomery**

CITY OF WAPAKONETA
AUGLAIZE COUNTY

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**Auditor of State
Betty Montgomery**

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

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

To the Members of Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Wapakoneta (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could 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 such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. Also, we noted certain immaterial instances of noncompliance that we have reported to the City's management in a separate letter dated October 22, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the City's management in a separate letter dated October 22, 2004.

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

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

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

Betty Montgomery
Auditor of State

October 22, 2004

**CITY OF WAPAKONETA
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Ohio Rev. Code Sections 135.18 and 135.181(L) state that the Treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities. Also, upon request of a treasurer no more than four times per year, a public depository is required to report the amount of public monies deposited by the treasurer and secured and the total value based on the valuations described above, of the pool of securities pledged to secure public monies held by the depository, including those deposited by the treasurer.

The amount of collateral pledged to cover the deposits at a local bank were not adequate to cover the amount held as deposits at the end of each calendar quarter during 2003 - with the percentage of uninsured / uncollateralized ranging between 3 to 34 percent.

Pledged and pooled collateral statements should be obtained at least quarterly from the various financial institutions that the City deposits funds. The pledged and pooled collateral statements should be examined by the Treasurer and/or Auditor to ensure that adequate collateral coverage is being provided for the City's deposits and that the securities pledged and pooled are eligible

FINDING NUMBER 2003-002

Ohio Rev. Code Section 5705.39 states the total appropriations from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

At December 31, 2003, the following funds total appropriations exceeded the total estimated resources due to the fact that the last 2003 estimated resources amendment was not filed with the County Budget Commission until January 20, 2004 – which is considered untimely filed when performing budgetary compliance review:

- Various Purpose Debt Fund (458) / Downtown Debt Service Fund (459).
 - appropriations \$3,128,180 vs estimated resources \$412,119
- Safety Building Fund (303)
 - appropriations \$51,100 vs estimated resources \$49,254

Procedures should be implemented so that (1) amendments to the certificate of estimated resources are filed with the County Budget Commission timely so that the Council adopted appropriations do not exceed the estimated resources, (2) that amendments to the estimated resources for a specific fiscal year be submitted and filed with the County Budget Commission by the last day of the respective fiscal year, and (3) that amendments to the appropriations for a specific fiscal year be adopted by Council Ordinance by the last day of the respective fiscal year.

CITY OF WAPAKONETA, OHIO

Comprehensive Annual Financial Report

For the Year Ended
December 31, 2003

Introductory Section

CITY OF WAPAKONETA, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2003

Prepared By:

City Auditor

GAIL E. WALTER

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CITY OF WAPAKONETA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

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Director of Public Service and Safety
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October 22, 2004

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, 2003. This report was prepared according to generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City, specifically the City Auditor's Office. To the best of our knowledge, the data presented is accurate in all material respects and is reported in an organized, comprehensive, and informative manner. All information regarding the City's financial activities has been disclosed.

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

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

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

CITY ORGANIZATION

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



701 Parlette Court

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

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

The City's reporting entity has been defined in accordance with principles established by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the City. Component units are legally separate organizations that are fiscally dependent on the City or for which the City is financially accountable. There were no component units of the City of Wapakoneta in 2003.

ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

Wal-Mart is building a superstore near the I-75 interstate highway, which is on the east side of the City and it will be visible to U.S. 33 on the south side of the City. Construction started in early spring with completion by the end of 2004 or early 2005. The City is anxiously optimistic about this new venture and what other changes will come along in the near future.

A new subdivision is currently being built on the south side of the City. The development began in 2003 and will continue until completed. This development, named South Ridge, is being built by two local businessmen.

The City issued two hundred three building permits during 2003, including forty-nine for new residences, twenty-one additions to current residences, and five commercial permits. The City addresses local issues, enhances economic development, provides optimism, and anticipates potential for its citizens in an effort to keep our future on a path for growth.

MAJOR INITIATIVES

Again in 2003, the City of Wapakoneta continued to improve its facilities and infrastructure to serve its citizens. This includes the continuation of the sidewalk, curb, and gutter program and construction and reconstruction of streets within the City. The following projects were completed in 2003:

- a. Resurfacing of various streets which had not had work for 15 to 18 years. This project included parts of twenty different streets. This ambitious project was partially funded by an Issue II grant through the Ohio Public Works Commission.
- b. A gazebo at Harmon Park was constructed with the help of a grant through the Ohio Department of Natural Resources. This project had much city organization support, with almost \$70,000 in donations toward the \$100,000 plus project cost.

The City received Community Development Block Grant (CDBG) monies in 2003 to update the historic fire department building and keep it functional and safe. Grant monies were spent installing a new 24-hour ceiling in the apparatus room and installing new bay doors.

For the Year - The City negotiated a contract with a local landowner for a parcel of land that is in excess of twenty-five acres on which to build a satellite water treatment plant. In 2002, the City purchased land adjacent to this land and drilled for two new wells, each of which should pump approximately one million gallons of water per day. The City has entered into an engineering contract with Poggemeyer Design Group of Bowling Green, Ohio to design a new 2.5 million gallon per day ion-exchange water plant. In 2003, another new well was installed. While not yet functioning, it shows the continuing progress toward additional well field construction in preparation for the new facility.

In 2003, the City’s engineering staff worked with the Kentucky Water Modeling computer program and with the help of the public works department, more water lines were located and mapped. They located unknown water lines, sizes of lines, and unknown water valves which when completed will give us the additional information not only to estimate extensions, repairs, etc. with more accuracy, it also gives us a perfect source for infrastructure information.

During 2001, the City completed the wastewater biosolids facility; however, the Ohio EPA has brought to our attention a concern that wastewater currently overflows storm water into the river in times of excessive rainfall because our plant has a combined collection system. This means that during normal operation, the lines transport raw wastewater, and in the event of rainfall, these same lines transport storm water to a point of discharge. The combined collection system incorporates three overflow structures that permit excessive and diluted flows to go directly into the Auglaize River without treatment and the stored wastewater is then brought into the plant for treatment after such rain. In April 2003, City Council passed legislation to move ahead with the improvements to the wastewater treatment plant and its collection system. By the end of June, construction was underway. The completion date is 2004.

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

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

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

The Administration had determined that benefits of outsourcing our utility bills and EMS bills would exceed the costs and increase our effectiveness and efficiency. This will continue in 2004. The City will also continue to implement direct deposit for payroll. Many organizations have online payment systems, which, when it makes sense, we use to make payments. Some of these include OPERS and child support payments. The City of Wapakoneta will always strive to stay as current as possible with technology; increasing our effectiveness without the need to increase staff, while still keeping costs low and not sacrificing public service and personnel contact with the customer.

UTILITY SERVICES

The City of Wapakoneta purchases electricity from the Ohio Power Company and from American Municipal Power - Ohio (AMP-OHIO), distributing the power through its own system. The distribution system includes eight substations owned and operated by the City, 9.92 miles of 69,000 KV transmission lines, 16.21 miles of 7,200/12,470 KV lines, and 72.59 miles of 24,000/4,160 KV lines. System usage is 18-24 megawatts per day (MWD) serving 5,142 users; 4,518 residential, 613 commercial, and 11 industrial.

The City's waterworks system operates five wells at all times, with two standby wells employed during peak demand. Well capacity is 3,020 gallons per minute. Combined storage at the City's three water towers is 1.52 million gallons, with 400,000 gallons stored in seven underground deep wells. Wapakoneta's water treatment plant currently operates at 1.500 million gallons per day. The City's water system serves 4,293 customers; 3,869 residential, 401 commercial, and 23 industrial.

The capacity of the City's wastewater treatment plant is four million gallons per day, with an average dry weather flow of 2.6 million gallons per day. Built in 1984, the plant has approximately 220,000 feet of pipe and serves 4,148 customers; 3,763 residential, 365 commercial, and 20 industrial.

The City of Wapakoneta also operates its own refuse collection department, offering the service to all residents of the City as well as to many commercial and industrial establishments. The City serves 4,064

customers; 3,858 residential and 206 commercial; forty-one dumpsters were placed at resident's homes and special events. The City had revenue for the sale of trash bags of approximately \$209,220 in 2003. The City is hauling garbage to Waste Management in Lima, Ohio.

The City of Wapakoneta currently provides curbside recycling service to all residential refuse customers, including those living in apartments. The City has been able to provide this service as a result of two grants received from the Ohio Department of Natural Resources. Several years ago, the State of Ohio mandated the percentage of collected refuse a community has to recycle. In 2003, the City's recycling percentage was 25 percent, which is 1,444 tons of recyclables. Approximately 3,100 gallons of used motor oil was collected and recycled by using it to operate the furnace in the public works building. In 2003, 4,120 tons of refuse was collected and 889 cases of large white and small red refuse bags were sold and distributed. The compost farm had 5,477 vehicles come to discard composting materials and sold one hundred fifty-four loads of mulch.

FINANCIAL INFORMATION

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

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

OTHER INFORMATION

Independent Audit

Included in this report is an unqualified opinion rendered on the City's financial statements for the year ended December 31, 2003, by Betty Montgomery, Auditor of State. City management plans to continue to subject the City's financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wapakoneta for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2002. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Wapakoneta has received a Certificate of Achievement for the last thirteen consecutive years (1990-2002). We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments

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

Respectfully submitted,



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, 2002

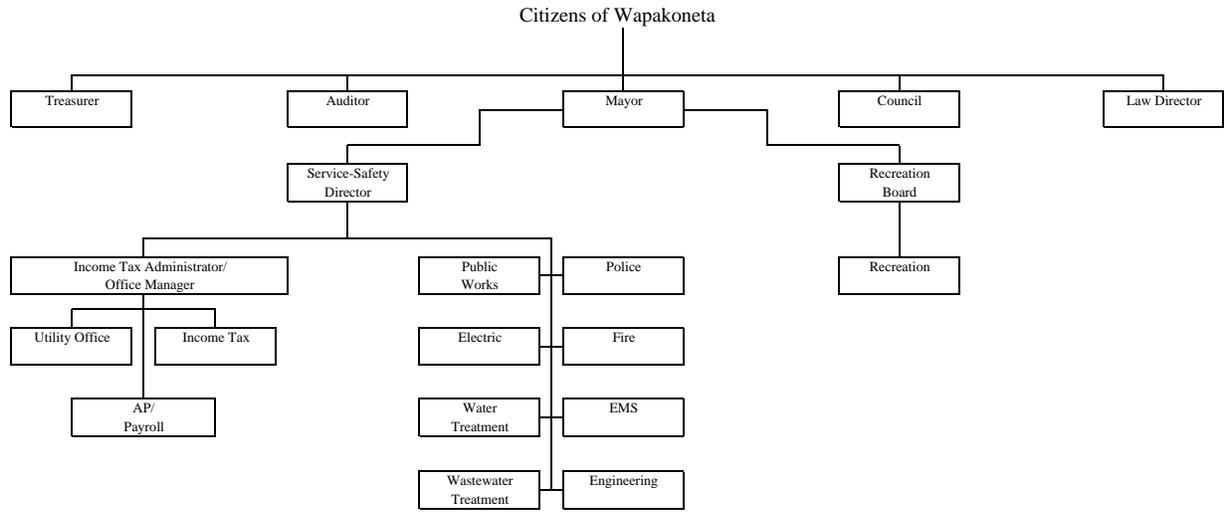
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Wapakoneta Organizational Chart



CITY OF WAPAKONETA

LIST OF PRINCIPAL OFFICIALS

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

Financial Section



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

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

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wapakoneta, Auglaize County, (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

October 22, 2004

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2003

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, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Key highlights for 2003 are as follows:

In total, the City's net assets increased \$2,241,562, or approximately 4.5 percent. While this dollar amount may seem substantial, it's not particularly significant when evaluating the City overall. The increase for governmental activities was a little over 3 percent and a little over 5 percent for business-type activities. Most of the increase for business-type activities is attributed to the net income in the Electric enterprise fund.

The City continues to focus on the maintenance and repair of streets and electric, water, sewer, and storm sewer lines. In 2003, the City repaired or reconstructed twenty streets. These projects included new underground utilities, streets, curbs, gutters, and sidewalks. The street work was performed, in part, with resources received under the Issue II program. Sidewalks, which are not capitalized by the City, were constructed predominately under the City's sidewalk program.

During 2002, the City hired an engineering firm to design a facility to increase the capacity of the wastewater treatment plant to incorporate three overflow structures. This was in response to concerns from the Ohio EPA. The City's plans were finalized in 2002. Ohio EPA approval and bidding were completed at the end of April 2003. Construction was started in 2003 with an estimated timeframe for construction of eighteen months. Currently, construction is substantially completed; however, the project is not totally finished.

All of the City's enterprise funds had an operating income in 2003 indicating operating revenues are currently sufficient to cover operating expenses of the respective funds. The City is in the process of evaluating the water rates in 2004 in anticipation of constructing a new satellite water treatment plant. No increases will go into effect until 2005. Rates for all enterprise funds are monitored by the Administration to maintain the revenue needed to operate these activities.

USING THIS ANNUAL REPORT

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

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

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

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2003

REPORTING THE CITY AS A WHOLE

The statement of net assets and the statement of activities reflect how the City did financially during 2003. 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, Downtown Debt, Street and Sewer Improvement, Electric, Water, Sewer, Storm Sewer, and Refuse funds. While the City uses many funds to account for its financial transactions, these are the most significant.

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

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

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2003

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, 2003

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net assets for 2003 compared to 2002.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
<u>Assets</u>						
Current and Other						
Assets	\$6,469,915	\$6,081,776	\$19,467,026	\$14,202,455	\$25,936,941	\$20,284,231
Capital Assets, Net	17,903,748	17,714,011	27,258,040	24,924,367	45,161,788	42,638,378
Total Assets	<u>24,373,663</u>	<u>23,795,787</u>	<u>46,725,066</u>	<u>39,126,822</u>	<u>71,098,729</u>	<u>62,922,609</u>
<u>Liabilities</u>						
Current and Other						
Liabilities	796,718	1,013,580	9,336,210	3,443,080	10,132,928	4,456,660
Long-Term Liabilities	3,996,387	3,819,160	5,392,789	5,311,726	9,389,176	9,130,886
Total Liabilities	<u>4,793,105</u>	<u>4,832,740</u>	<u>14,728,999</u>	<u>8,754,806</u>	<u>19,522,104</u>	<u>13,587,546</u>
<u>Net Assets</u>						
Invested in Capital						
Assets, Net of						
Related Debt	14,325,984	14,289,011	18,897,701	18,717,036	33,223,685	33,006,047
Restricted	4,057,990	3,172,144	413,447	403,745	4,471,437	3,575,889
Unrestricted	1,196,584	1,501,892	12,684,919	11,251,235	13,881,503	12,753,127
Total Net Assets	<u>\$19,580,558</u>	<u>\$18,963,047</u>	<u>\$31,996,067</u>	<u>\$30,372,016</u>	<u>\$51,576,625</u>	<u>\$49,335,063</u>

Total net assets for governmental activities increased \$617,511, or a little over 3 percent. This is just slightly higher than the prior year's growth of 2 percent. While overall this change was fairly insignificant, there are several items worth noting. The balance of the City's cash and cash equivalents was over \$500,000 greater than that at the end of the prior year as a result of estate tax revenues received. In addition, the City had a greater amount of receivables due from other governments at the end of 2003 from various state and federal grants. The drop in current and other liabilities from the prior year resulted from the retirement of special assessment bond anticipation notes.

Total net assets for business-type activities increased \$1,624,051, or a little over 5 percent. The Electric enterprise fund is primarily responsible for this increase. The combination of an operating income and monies transferred from the General Fund contributed to an increase in cash and cash equivalents of over \$1.4 million in the Electric enterprise fund and is also reflected in the increase in unrestricted net assets. Other important transactions in 2003 included the issuance of bond anticipation notes, in the amount of \$5,300,000, for improvements to the sewer system. At the end of the year, over \$2.5 million of these proceeds remained unspent. The balance was spent on construction activities at the wastewater treatment plant. While this activity had no effect on net assets, it does explain the increase in current and other assets and capital assets, as well as the increase in current and other liabilities (in both increases in notes payable and contracts/retainage payable related to construction activities).

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2003

Table 2 reflects the change in net assets from the prior year.

Table 2
Change in Net Assets

	Governmental Activities 2003	Governmental Activities 2002	Business- Type Activities 2003	Business- Type Activities 2002	Total 2003	Total 2002
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$459,769	\$525,132	\$11,135,758	\$11,056,296	\$11,595,527	\$11,581,428
Operating Grants, Contributions, and Interest	604,227	463,262	0	0	604,227	463,262
Capital Grants and Contributions	384,169	0	50,000	0	434,169	0
Total Program Revenues	<u>1,448,165</u>	<u>988,394</u>	<u>11,185,758</u>	<u>11,056,296</u>	<u>12,633,923</u>	<u>12,044,690</u>
General Revenues						
Property Taxes-General Purposes	349,783	334,631	0	0	349,783	334,631
Property Taxes-Recreation	104,731	103,501	0	0	104,731	103,501
Municipal Income Taxes	2,004,839	1,970,435	0	0	2,004,839	1,970,435
Other Local Taxes	641,975	628,500	0	0	641,975	628,500
Grants and Entitlements not Restricted to Specific Programs	515,817	554,922	0	0	515,817	554,922
Franchise Fees	57,486	45,023	0	0	57,486	45,023
Interest	260,864	310,150	2,001	4,937	262,865	315,087
Gifts and Donations	22,090	0	0	0	22,090	0
Other	32,297	13,384	39,259	297,796	71,556	311,180
Total General Revenues	<u>3,989,882</u>	<u>3,960,546</u>	<u>41,260</u>	<u>302,733</u>	<u>4,031,142</u>	<u>4,263,279</u>
Total Revenues	<u>5,438,047</u>	<u>4,948,940</u>	<u>11,227,018</u>	<u>11,359,029</u>	<u>16,665,065</u>	<u>16,307,969</u>
Transfers	(554,880)	(1,149,664)	554,880	1,149,664	0	0
Total Revenues and Transfers	<u>4,883,167</u>	<u>3,799,276</u>	<u>11,781,898</u>	<u>12,508,693</u>	<u>16,665,065</u>	<u>16,307,969</u>
<u>Program Expenses</u>						
Security of Persons and Property						
Police	1,142,760	1,070,085	0	0	1,142,760	1,070,085
Fire	1,011,846	1,009,275	0	0	1,011,846	1,009,275
Other	56,884	70,022	0	0	56,884	70,022
Public Health	222,529	199,262	0	0	222,529	199,262
Leisure Time Activities	161,476	134,702	0	0	161,476	134,702
Community Environment	96,002	86,357	0	0	96,002	86,357
Transportation	929,288	1,130,944	0	0	929,288	1,130,944
General Government	441,101	319,163	0	0	441,101	319,163
Interest and Fiscal Charges	203,770	169,643	0	0	203,770	169,643
Electric	0	0	6,719,239	6,318,919	6,719,239	6,318,919
Water	0	0	1,076,275	1,131,496	1,076,275	1,131,496
Sewer	0	0	1,430,243	1,392,847	1,430,243	1,392,847
Storm Sewer	0	0	73,960	223,165	73,960	223,165
Refuse	0	0	858,130	809,936	858,130	809,936
Total Expenses	<u>4,265,656</u>	<u>4,189,453</u>	<u>10,157,847</u>	<u>9,876,363</u>	<u>14,423,503</u>	<u>14,065,816</u>
Increase (Decrease) in Net Assets	<u>\$617,511</u>	<u>(\$390,177)</u>	<u>\$1,624,051</u>	<u>\$2,632,330</u>	<u>\$2,241,562</u>	<u>\$2,242,153</u>

CITY OF WAPAKONETA
Management's Discussion and Analysis
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Program revenues accounted for 27 percent of total revenues for governmental activities for 2003. The amount of program revenues increased somewhat from the prior year, most of the increase related to capital grants and contributions (resources used for the fire department, a gazebo at the park, and street repaving). Governmental activities services are primarily funded through general revenues, those being basically property taxes, municipal income taxes, other local taxes, and State shared revenues. These revenue sources make up 91 percent of general revenues and over 66 percent of revenues overall. The City's general revenues changed very little from the prior year. For business-type activities, program revenues (primarily charges for services) accounted for over 99 percent of total revenues. This is also consistent with those of the prior year.

The major program expenses for governmental activities continue to be for the police and fire departments, which account for just over 50 percent of all governmental activities expenses. Maintenance of the City's streets also represents a significant amount of the City's governmental expenses, 22 percent. The general business of operating the City accounts for 10 percent of governmental expenses. These four programs alone represent over 82 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 very comparable to the prior year.

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

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

Table 3
Governmental Activities

	Total Cost of Services 2003	Total Cost of Services 2002	Net Cost of Services 2003	Net Cost of Services 2002
Security of Persons and Property				
Police	\$1,142,760	\$1,070,085	\$1,121,557	\$1,065,104
Fire	1,011,846	1,009,275	828,808	968,620
Other	56,884	70,022	56,884	70,022
Public Health	222,529	199,262	38,064	(5,730)
Leisure Time Activities	161,476	134,702	30,420	72,936
Community Environment	96,002	86,357	89,644	35,091
Transportation	929,288	1,130,944	38,098	589,628
General Government	441,101	319,163	410,246	235,745
Interest and Fiscal Charges	203,770	169,643	203,770	169,643
Total Expenses	<u>\$4,265,656</u>	<u>\$4,189,453</u>	<u>\$2,817,491</u>	<u>\$3,201,059</u>

As reflected in the above table, 66 percent 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 slightly lower than the prior year as the City received more in program revenues in 2003. A few programs which were able to offset costs through program revenues include public health, leisure time activities, and transportation.

CITY OF WAPAKONETA
Management's Discussion and Analysis
For the Year Ended December 31, 2003

Public health expenses are primarily funded by EMS and ambulance charges. 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 City also received grant monies in 2003 for the construction of a gazebo at Harmon Park. 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 and, in 2003, received grant monies for street resurfacing projects.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund, the Downtown Debt debt service fund, and the Street and Sewer Improvement capital projects fund. Unfortunately, the General Fund reflects a 34 percent decrease in fund balance from the prior year. While the revenues received in this fund were almost the same as in the prior year, expenditures increased. Expenditures increased in both the public health and general government programs. For public health, the increase in expenditures is due to the acquisition of an ambulance. While this amount is reflected as a capital asset on the City's government-wide financial statements, its expenditure reduces fund balance on the fund statements. A quick review of the City's statement of revenues, expenditures, and change in fund balance might lead one to believe the sizable transfer out contributed to the change in fund balance; however, the amount of this transfer is consistent with prior years. Bond proceeds received in the Downtown Debt debt service fund contributed to its increase in fund balance. The increase in fund balance in the Street and Sewer Improvement capital projects fund is the result of two factors. The fund had substantially lower expenditures in 2003. In addition, the fund received operating resources from other funds, in the form of transfers. These transfers were much larger than it had in the prior year and therefore contributed to the increase in fund balance.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

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

The Electric fund rates continue to be the same as they have been since 1985. They are sufficient to cover operating expenses and maintenance. While the City has increased in size and population, the Electric fund continues to stay on the side of positive cash flows as upgrades, improvements, and new infrastructure is built. In the next year, the City will be in negotiations for the purchase price of energy with American Electric Power. Rates may have an adjustment when these negotiations are complete.

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. Rates are being evaluated to determine what increases may be necessary to adequately construct and maintain buildings and infrastructure as the City grows and changes. Water rates were not increased during 2003.

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

CITY OF WAPAKONETA
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The Storm Sewer utility was established in May of 1994. This fund provided the City the ability to undertake storm water separation. The EPA has mandated the separation of storm water and sanitary sewers. For 2003, the fund had an operating income, an improvement from the operating loss of 2002.

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

BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is passed by City Council before April 1 each year. The City of Wapakoneta operates under a temporary budget for the first three months of each year. The City's most significant budgeted fund is the General Fund. Modifications from the original to the final budget have been minimal due to the fine job by department heads in keeping within their budgets. The changes in the police and fire department's budgets occurred when it became clear there would be grant and donation money available and that had not been previously appropriated. A comparison of the final budget with actual revenues and expenditures reveals minimal changes occurred here as well.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2003, was \$14,325,984 and \$18,897,701, respectively (net of accumulated depreciation and related debt). This investment in capital assets includes land; land improvements, buildings; equipment; vehicles; streets; electric, water, sewer, and storm sewer lines. Additions to governmental activities capital assets during the year consisted primarily of building improvements, two police cruisers, an ambulance, and street repaving.

In the business-type activities, the most significant change was an increase in construction in progress for the water treatment plant expansion plans as well as the wastewater treatment plant expansion. Capital asset additions also included infrastructure improvements, a truck, and a John Deer loader. The land acquisition is for the future water treatment plant expansion.

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

Debt - At December 31, 2003, the City had \$7,276,800 in bond anticipation notes payable from business-type activities.

The City also had a number of long-term obligations outstanding. The governmental activities obligations included \$3,432,764 in general obligation bonds (net of unamortized loss on advance refunding). The business-type activities obligations included \$170,600 in general obligation bonds, \$3,367,280 in mortgage revenue bonds (net of unamortized loss on advance refunding), and \$1,342,111 in landfill postclosure costs.

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

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

CURRENT ISSUES

The City is looking forward to the completion of the wastewater treatment plant expansion, which should finish construction in 2004. The City issued \$5,300,000 in bond anticipation notes toward this construction in June 2003.

Sewer rates increased on January 1, 2003, by 20 percent and, as part of the ordinance passed in 2001, will increase an additional 1.5 percent every year on January 1 until the rates need to either increase more or level off.

Poggemeyer Design Group has completed the plans for a new satellite water treatment plant. The plans were submitted to the Ohio EPA in May 2003. Financing arrangements for the new construction have not been finalized.

Wal-Mart began construction of a superstore in Wapakoneta in 2004 and it is scheduled to open in late 2004 or early 2005. This will increase property and income taxes received by the City as well as increase utility related revenues. With this new business, there is of course hope for more business expansion in the City.

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, 2003

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,224,553	\$16,461,680	\$19,686,233
Investments	838,575	0	838,575
Account Receivable	215,464	1,485,323	1,700,787
Due from Other Governments	599,360	65,689	665,049
Municipal Income Taxes Receivable	451,182	0	451,182
Other Local Taxes Receivable	35,964	57,034	92,998
Internal Balances	34,147	(34,147)	0
Prepaid Items	36,314	77,716	114,030
Materials and Supplies Inventory	37,905	1,227,379	1,265,284
Accrued Interest Receivable	15,642	0	15,642
Property Taxes Receivable	472,038	0	472,038
Notes Receivable	96,056	0	96,056
Special Assessments Receivable	412,715	0	412,715
Unamortized Bond Issuance Cost	0	126,352	126,352
Nondepreciable Capital Assets	189,564	3,898,377	4,087,941
Depreciable Capital Assets, Net	17,714,184	23,359,663	41,073,847
Total Assets	24,373,663	46,725,066	71,098,729
<u>Liabilities</u>			
Accrued Wages Payable	53,025	45,570	98,595
Accounts Payable	97,684	145,071	242,755
Contracts Payable	16,760	1,409,229	1,425,989
Retainage Payable	34,195	194,225	228,420
Due to Other Governments	118,856	65,768	184,624
Accrued Interest Payable	15,571	83,226	98,797
Notes Payable	0	7,276,800	7,276,800
Deferred Revenue	460,627	0	460,627
Refundable Deposits	0	116,321	116,321
Long-Term Liabilities			
Due Within One Year	523,669	332,870	856,539
Due in More Than One Year	3,472,718	5,059,919	8,532,637
Total Liabilities	4,793,105	14,728,999	19,522,104
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	14,325,984	18,897,701	33,223,685
Restricted for			
Debt Service	555,376	0	555,376
Capital Projects	1,469,441	0	1,469,441
Other Purposes	2,033,173	0	2,033,173
Revenue Bond Replacement	0	45,957	45,957
Future Debt Service	0	367,490	367,490
Unrestricted	1,196,584	12,684,919	13,881,503
Total Net Assets	\$19,580,558	\$31,996,067	\$51,576,625

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
Statement of Activities
For the Year Ended December 31, 2003

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$1,142,760	\$6,203	\$15,000	\$0
Fire	1,011,846	41,073	97,965	44,000
Other	56,884	0	0	0
Public Health	222,529	180,201	4,264	0
Leisure Time Activities	161,476	0	115,887	15,169
Community Environment	96,002	0	6,358	0
Transportation	929,288	201,437	364,753	325,000
General Government	441,101	30,855	0	0
Interest and Fiscal Charges	203,770	0	0	0
Total Governmental Activities	4,265,656	459,769	604,227	384,169
<u>Business-Type Activities</u>				
Electric	6,719,239	7,250,893	0	0
Water	1,076,275	1,155,879	0	15,000
Sewer	1,430,243	1,677,186	0	0
Storm Sewer	73,960	149,247	0	35,000
Refuse	858,130	902,553	0	0
Total Business-Type Activities	10,157,847	11,135,758	0	50,000
Total	\$14,423,503	\$11,595,527	\$604,227	\$434,169

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 Fees
Interest
Gifts and Donations
Other

Total General Revenues

Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (Note 3)

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$1,121,557)	\$0	(\$1,121,557)
(828,808)	0	(828,808)
(56,884)	0	(56,884)
(38,064)	0	(38,064)
(30,420)	0	(30,420)
(89,644)	0	(89,644)
(38,098)	0	(38,098)
(410,246)	0	(410,246)
(203,770)	0	(203,770)
<u>(2,817,491)</u>	<u>0</u>	<u>(2,817,491)</u>
0	531,654	531,654
0	94,604	94,604
0	246,943	246,943
0	110,287	110,287
<u>0</u>	<u>44,423</u>	<u>44,423</u>
<u>0</u>	<u>1,027,911</u>	<u>1,027,911</u>
<u>(2,817,491)</u>	<u>1,027,911</u>	<u>(1,789,580)</u>
349,783	0	349,783
104,731	0	104,731
2,004,839	0	2,004,839
641,975	0	641,975
515,817	0	515,817
57,486	0	57,486
260,864	2,001	262,865
22,090	0	22,090
32,297	39,259	71,556
<u>3,989,882</u>	<u>41,260</u>	<u>4,031,142</u>
<u>(554,880)</u>	<u>554,880</u>	<u>0</u>
617,511	1,624,051	2,241,562
<u>18,963,047</u>	<u>30,372,016</u>	<u>49,335,063</u>
<u>\$19,580,558</u>	<u>\$31,996,067</u>	<u>\$51,576,625</u>

City of Wapakoneta
Balance Sheet
Governmental Funds
December 31, 2003

	General	Downtown Debt	Street and Sewer Improvement	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$573,906	\$132,046	\$1,221,012	\$1,217,770	\$3,144,734
Investments	0	0	0	838,575	838,575
Accounts Receivable	212,023	0	0	3,441	215,464
Due from Other Governments	388,106	0	0	211,254	599,360
Municipal Income Taxes Receivable	451,182	0	0	0	451,182
Other Local Taxes Receivable	0	0	0	35,964	35,964
Interfund Receivable	74,014	0	0	0	74,014
Prepaid Items	30,574	0	0	4,422	34,996
Materials and Supplies Inventory	13,864	0	0	21,529	35,393
Accrued Interest Receivable	5,060	0	7,414	3,168	15,642
Property Taxes Receivable	362,717	0	0	109,321	472,038
Notes Receivable	0	0	0	96,056	96,056
Special Assessments Receivable	0	538	333,682	78,495	412,715
Total Assets	\$2,111,446	\$132,584	\$1,562,108	\$2,619,995	\$6,426,133
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$44,282	\$0	\$0	\$4,600	\$48,882
Accounts Payable	75,699	0	0	19,449	95,148
Contracts Payable	0	0	16,760	0	16,760
Retainage Payable	0	0	34,195	0	34,195
Due to Other Governments	34,342	0	0	8,159	42,501
Interfund Payable	0	0	0	21,500	21,500
Deferred Revenue	1,136,839	538	341,096	394,351	1,872,824
Total Liabilities	1,291,162	538	392,051	448,059	2,131,810
<u>Fund Balance</u>					
Reserved for Notes Receivable	0	0	0	68,988	68,988
Reserved for Encumbrances	59,165	0	59,029	14,570	132,764
Unreserved, Reported in					
General Fund	761,119	0	0	0	761,119
Special Revenue Funds	0	0	0	1,806,226	1,806,226
Debt Service Funds	0	132,046	0	29,083	161,129
Capital Projects Funds	0	0	1,111,028	253,069	1,364,097
Total Fund Balance	820,284	132,046	1,170,057	2,171,936	4,294,323
Total Liabilities and Fund Balance	\$2,111,446	\$132,584	\$1,562,108	\$2,619,995	\$6,426,133

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, 2003

Total Governmental Fund Balance		\$4,294,323
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental Activities	17,903,748	
Internal Service Fund	(44,918)	
		17,858,830
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:</p>		
Accounts Receivable	526,035	
Due from Other Governments	152,916	
Municipal Income Taxes Receivable	267,381	
Other Local Taxes Receivable	31,157	
Property Taxes Receivable	11,411	
Special Assessments Receivable	423,297	
		1,412,197
<p>An accounting loss on refunded debt is reported as an expense at the time of the refunding; however, this amount is amortized over the life of the new debt on the statement of activities.</p>		
		96,636
<p>An interfund payable is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.</p>		
		(18,367)
<p>Due to other governments includes contractually required pension contributions not expected to be paid with available expendable financial resources and, therefore, not reported in the funds.</p>		
		(71,730)
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Accrued Interest Payable	(15,571)	
General Obligations Bonds Payable	(3,529,400)	
Capital Loans Payable	(145,000)	
Compensated Absences Payable	(418,623)	
Compensated Absences Payable-Internal Service	25,428	
		(4,083,166)
<p>An internal service fund is used by management to charge the cost of engineering services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.</p>		
		91,835
Net Assets of Governmental Activities		\$19,580,558

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, 2003

	General	Downtown Debt	Street and Sewer Improvement	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Property Taxes	\$346,050	\$0	\$0	\$103,551	\$449,601
Municipal Income Taxes	2,031,494	0	0	0	2,031,494
Other Local Taxes	641,975	0	0	72,396	714,371
Special Assessments	0	0	63,596	58,429	122,025
Charges for Services	256,489	0	0	15,887	272,376
Fees, Licenses, and Permits	44,317	0	0	135	44,452
Fines and Forfeitures	23,688	0	0	1,783	25,471
Intergovernmental	489,314	0	0	713,292	1,202,606
Interest	260,864	0	7,225	36,304	304,393
Gifts and Donations	22,090	0	0	83,445	105,535
Other	16,685	5,952	1,325	6,832	30,794
Total Revenues	4,132,966	5,952	72,146	1,092,054	5,303,118
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	1,133,833	0	0	10,475	1,144,308
Fire	956,240	0	0	0	956,240
Other	11,023	0	0	45,840	56,863
Public Health	315,008	0	0	0	315,008
Leisure Time Activities	0	0	0	249,281	249,281
Community Environment	59,651	0	0	74,939	134,590
Transportation	0	0	285,591	709,418	995,009
General Government	426,414	0	0	0	426,414
Debt Service:					
Principal Retirement	0	2,950,000	0	70,000	3,020,000
Interest and Fiscal Charges	0	277,025	10,665	19,277	306,967
Total Expenditures	2,902,169	3,227,025	296,256	1,179,230	7,604,680
Excess of Revenues Over (Under) Expenditures	1,230,797	(3,221,073)	(224,110)	(87,176)	(2,301,562)
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	1,510	0	0	0	1,510
Capital Loans Issued	107,721	0	0	37,279	145,000
General Obligation Bonds Issued	0	0	288,400	0	288,400
General Obligation Refunding Bonds Issued	0	2,836,000	0	0	2,836,000
Transfers In	0	425,000	720,000	80,000	1,225,000
Transfers Out	(1,758,500)	0	0	0	(1,758,500)
Total Other Financing Sources (Uses)	(1,649,269)	3,261,000	1,008,400	117,279	2,737,410
Change in Fund Balance	(418,472)	39,927	784,290	30,103	435,848
Fund Balance Beginning of Year	1,238,756	92,119	385,767	2,141,833	3,858,475
Fund Balance End of Year	\$820,284	\$132,046	\$1,170,057	\$2,171,936	\$4,294,323

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, 2003

Change in Fund Balance - Total Governmental Funds \$435,848

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	764,002	
Depreciation	(563,164)	
		200,838

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

Sale of Capital Assets	(1,510)	
Gain on Sale of Capital Assets	1,510	
Loss on Disposal of Capital Assets	(4,886)	
		(4,886)

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

Property Taxes	4,913	
Municipal Income Taxes	(26,655)	
Other Local Taxes	(238)	
Special Assessments	(9,817)	
Charges for Services	(29,286)	
Fees, Licenses, and Permits	20,011	
Intergovernmental	174,976	
Interest	(478)	
Miscellaneous	(7)	
		133,419

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 3,020,000

Bond proceeds are other financing sources in governmental funds, but the issuance increases long-term liabilities on the statement of net assets. (3,124,400)

The proceeds of capital loans are reported as other financing sources in governmental funds, but increases long-term liabilities on the statement of net assets. (145,000)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets.
 Accrued Interest Payable 6,561

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. 96,636

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

Due to Other Governments	13,461	
Compensated Absences Payable	(23,326)	
		(9,865)

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. 8,360

Change in Net Assets of Governmental Activities \$617,511

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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$353,039	\$334,630	\$334,646	\$16
Municipal Income Taxes	2,000,000	2,060,600	2,060,600	0
Other Local Taxes	600,000	642,330	642,525	195
Charges for Services	218,500	254,295	254,278	(17)
Fees, Licenses, and Permits	49,100	44,317	44,317	0
Fines and Forfeitures	24,200	23,688	23,688	0
Intergovernmental	582,161	424,716	486,433	61,717
Interest	300,000	264,769	260,687	(4,082)
Gifts and Donations	4,000	22,665	22,090	(575)
Other	3,500	86,100	15,335	(70,765)
Total Revenues	4,134,500	4,158,110	4,144,599	(13,511)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,187,058	1,205,158	1,156,799	48,359
Fire	994,271	1,014,171	983,869	30,302
Other	11,400	11,400	11,004	396
Public Health	345,467	345,467	317,927	27,540
Community Environment	106,270	106,270	67,392	38,878
General Government	463,866	514,366	430,003	84,363
Total Expenditures	3,108,332	3,196,832	2,966,994	229,838
Excess of Revenues Over Expenditures	1,026,168	961,278	1,177,605	216,327
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	1,500	1,510	1,510	0
Proceeds of Capital Loans	0	0	70,441	70,441
Advances In	200,000	200,000	200,000	0
Advances Out	0	(21,500)	(21,500)	0
Transfers Out	(1,855,000)	(1,763,500)	(1,758,500)	5,000
Total Other Financing Sources (Uses)	(1,653,500)	(1,583,490)	(1,508,049)	75,441
Change in Fund Balance	(627,332)	(622,212)	(330,444)	291,768
Fund Balance Beginning of Year	643,548	643,548	643,548	0
Prior Year Encumbrances Appropriated	181,042	181,042	181,042	0
Fund Balance End of Year	\$197,258	\$202,378	\$494,146	\$291,768

See Accompanying Notes to the Basic Financial Statements

City of Wapakoneta
Statement of Fund Net Assets
Proprietary Funds
December 31, 2003

	Business-Type Activities				
	Electric	Water	Sewer	Storm Sewer	Refuse
<u>Assets</u>					
<u>Current Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$10,448,608	\$557,301	\$1,413,513	\$345,914	\$629,330
Accounts Receivable	1,006,309	148,085	219,510	12,859	98,560
Due from Other Governments	0	15,000	0	35,000	15,689
Other Local Taxes Receivable	57,034	0	0	0	0
Prepaid Items	38,591	19,854	12,994	0	6,277
Materials and Supplies Inventory	1,033,318	165,081	28,003	0	977
Total Current Assets	12,583,860	905,321	1,674,020	393,773	750,833
<u>Non-Current Assets</u>					
<u>Restricted Assets</u>					
Equity in Pooled Cash and Cash Equivalents	116,321	0	2,569,735	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	380,958	0	0
Unamortized Bond Issuance Costs	0	0	126,352	0	0
Nondepreciable Capital Assets	247,308	490,802	2,832,166	0	328,101
Depreciable Capital Assets, Net	6,098,002	5,597,499	10,089,488	1,221,651	353,023
Total Non-Current Assets	6,461,631	6,088,301	15,998,699	1,221,651	681,124
Total Assets	19,045,491	6,993,622	17,672,719	1,615,424	1,431,957
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	18,229	9,543	11,293	0	6,505
Accounts Payable	45,139	15,076	20,460	543	63,853
Contracts Payable	470,906	31,801	891,439	15,083	0
Retainage Payable	3,340	0	190,885	0	0
Due to Other Governments	28,390	11,904	18,068	0	7,406
Interfund Payable	52,514	0	0	0	0
Accrued Interest Payable	0	20,170	48,877	0	711
Notes Payable	0	1,464,048	5,812,752	0	0
General Obligation Bonds Payable	0	0	0	0	19,500
Due to Auglaize County	0	0	2,500	0	0
Capital Loans Payable	0	24,777	13,179	0	0
Compensated Absences Payable	26,254	11,503	19,526	0	11,119
Landfill Postclosure Costs	0	0	0	0	39,512
Total Current Liabilities	644,772	1,588,822	7,028,979	15,626	148,606
<u>Non-Current Liabilities</u>					
<u>Liabilities Payable from Restricted Assets</u>					
Mortgage Revenue Bonds Payable	0	0	165,000	0	0
Accrued Interest Payable	0	0	13,468	0	0
Refundable Deposits	116,321	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	151,100
Mortgage Revenue Bonds Payable (net of unamortized loss on advance refunding)	0	0	3,202,280	0	0
Due to Auglaize County	0	0	21,250	0	0
Capital Loans Payable	0	67,549	90,284	0	0
Compensated Absences Payable	74,479	51,507	82,185	0	16,686
Landfill Postclosure Costs	0	0	0	0	1,302,599
Total Non-Current Liabilities	190,800	119,056	3,574,467	0	1,470,385
Total Liabilities	835,572	1,707,878	10,603,446	15,626	1,618,991
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt Restricted for	6,345,310	4,531,927	6,288,289	1,221,651	510,524
Revenue Bond Replacement	0	0	45,957	0	0
Future Debt Service	0	0	367,490	0	0
Unrestricted (Deficit)	11,864,609	753,817	367,537	378,147	(697,558)
Total Net Assets (Deficit)	\$18,209,919	\$5,285,744	\$7,069,273	\$1,599,798	(\$187,034)

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

Total Enterprise Funds	Governmental Activity Internal Service Fund
\$13,394,666	\$79,819
1,485,323	0
65,689	0
57,034	0
77,716	1,318
1,227,379	2,512
<u>16,307,807</u>	<u>83,649</u>
2,686,056	0
380,958	0
126,352	0
3,898,377	0
23,359,663	44,918
<u>30,451,406</u>	<u>44,918</u>
<u>46,759,213</u>	<u>128,567</u>
45,570	4,143
145,071	2,536
1,409,229	0
194,225	0
65,768	4,625
52,514	0
69,758	0
7,276,800	0
19,500	0
2,500	0
37,956	0
68,402	5,603
39,512	0
<u>9,426,805</u>	<u>16,907</u>
165,000	0
13,468	0
116,321	0
151,100	0
3,202,280	0
21,250	0
157,833	0
224,857	19,825
1,302,599	0
<u>5,354,708</u>	<u>19,825</u>
<u>14,781,513</u>	<u>36,732</u>
18,897,701	44,918
45,957	0
367,490	0
12,666,552	46,917
<u>31,977,700</u>	<u>\$91,835</u>
<u>18,367</u>	
<u>\$31,996,067</u>	

City of Wapakoneta
Statement of Revenues, Expenses,
and Change in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003

	Business-Type Activities				
	Electric	Water	Sewer	Storm Sewer	Refuse
<u>Operating Revenues</u>					
Charges for Services	\$7,196,963	1,155,879	\$0	\$149,247	\$902,553
Charges for Services Pledged as Security on Mortgage Revenue Bonds	0	0	1,677,186	0	0
Licenses and Permits	0	0	0	0	0
Other	17,093	1,658	0	0	5,698
Other Pledged as Security on Mortgage Revenue Bonds	0	0	14,810	0	0
Total Operating Revenues	7,214,056	1,157,537	1,691,996	149,247	908,251
<u>Operating Expenses</u>					
Personal Services	758,301	432,479	478,780	0	274,621
Contractual Services	5,316,302	181,997	224,868	8,063	468,977
Materials and Supplies	359,471	244,630	151,541	23,734	70,283
Depreciation	213,142	185,309	326,860	42,665	24,621
Other	72,169	0	4,904	0	0
Total Operating Expenses	6,719,385	1,044,415	1,186,953	74,462	838,502
Operating Income	494,671	113,122	505,043	74,785	69,749
<u>Non-Operating Revenues (Expenses)</u>					
Loss on Disposal of Capital Assets	0	0	0	0	(17,306)
Other Local Taxes	53,930	0	0	0	0
Interest Revenue	0	0	2,001	0	0
Interest Expense	0	(32,529)	(243,875)	0	(2,510)
Total Non-Operating Revenues (Expenses)	53,930	(32,529)	(241,874)	0	(19,816)
Income before Transfers	548,601	80,593	263,169	74,785	49,933
Capital Contributions	0	19,620	16,760	35,000	0
Transfers In	620,445	41,379	9,492	3,000	6,500
Transfers Out	0	(37,996)	(67,824)	(6,496)	(35,000)
Change in Net Assets	1,169,046	103,596	221,597	106,289	21,433
Net Assets (Deficit) Beginning of Year	17,040,873	5,182,148	6,847,676	1,493,509	(208,467)
Net Assets (Deficit) End of Year	\$18,209,919	\$5,285,744	\$7,069,273	\$1,599,798	(\$187,034)

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

See Accompanying Notes to the Basic Financial Statements

Total Enterprise Funds	Governmental Activity Internal Service Fund
\$9,404,642	\$196,417
1,677,186	0
0	13,871
24,449	1,067
14,810	0
<u>11,121,087</u>	<u>211,355</u>
1,944,181	169,518
6,200,207	10,998
849,659	13,729
792,597	6,215
77,073	445
<u>9,863,717</u>	<u>200,905</u>
1,257,370	10,450
(17,306)	0
53,930	0
2,001	0
(278,914)	0
<u>(240,289)</u>	<u>0</u>
1,017,081	10,450
71,380	0
680,816	0
(147,316)	0
1,621,961	10,450
	<u>81,385</u>
	<u>\$91,835</u>
2,090	
<u>\$1,624,051</u>	

City of Wapakoneta
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

	Business-Type Activities					Total
	Electric	Water	Sewer	Storm Sewer	Refuse	
Increases (Decreases) in Cash and Cash Equivalents						
<u>Cash Flows from Operating Activities</u>						
Cash Received from Customers	\$7,178,932	\$1,153,236	\$1,650,049	\$149,215	\$878,950	\$11,010,382
Cash Received from Transactions with Other Funds	0	0	0	0	0	0
Cash Received from Utility Deposits	29,399	0	0	0	0	29,399
Cash Received from Other Revenues	14,042	1,658	14,692	0	4,303	34,695
Cash Payments for Personal Services	(766,811)	(434,133)	(476,847)	0	(274,119)	(1,951,910)
Cash Payments for Contractual Services	(5,304,795)	(119,642)	(218,845)	(2,712)	(512,098)	(6,158,092)
Cash Payments to Vendors	(199,592)	(267,253)	(146,548)	(15,289)	(66,740)	(695,422)
Cash Payments for Transactions with Other Funds	(2,841)	(5,999)	(6,662)	(4,808)	(3,353)	(23,663)
Cash Payments for Utility Refunds	(19,752)	0	0	0	0	(19,752)
Cash Payments for Other Expenses	(72,169)	(18)	(4,904)	0	0	(77,091)
Net Cash Provided by Operating Activities	856,413	327,849	810,935	126,406	26,943	2,148,546
<u>Cash Flows from Noncapital Financing Activities</u>						
Cash Received from Other Local Taxes	53,930	0	0	0	0	53,930
Advances Out	0	0	(200,000)	0	0	(200,000)
Transfers In	620,445	41,379	0	3,000	6,500	671,324
Transfers Out	0	(35,000)	(67,824)	0	(35,000)	(137,824)
Net Cash Provided by (Used for) Noncapital Financing Activities	674,375	6,379	(267,824)	3,000	(28,500)	387,430
<u>Cash Flows from Capital and Related Financing Activities</u>						
Principal Paid on Bond Anticipation Notes	0	(1,705,060)	(640,940)	0	(201,941)	(2,547,941)
Principal Paid on Mortgage Revenue Bonds	0	0	(160,000)	0	0	(160,000)
Principal Paid on Capital Loans	0	(49,764)	0	0	0	(49,764)
Principal Paid on Due to Auglaize County	0	0	(2,500)	0	0	(2,500)
Interest Paid on Bond Anticipation Notes	0	(35,120)	(16,135)	0	(3,856)	(55,111)
Interest Paid on Mortgage Revenue Bonds	0	0	(167,770)	0	0	(167,770)
Interest Paid on Capital Loans	0	(6,947)	0	0	0	(6,947)
Proceeds of Bonds	0	0	0	0	170,600	170,600
Proceeds of Notes	0	1,464,048	5,812,752	0	0	7,276,800
Proceeds of Capital Loans	0	0	103,463	0	0	103,463
Sale of Capital Assets	0	0	0	0	2,000	2,000
Acquisition of Capital Assets	(91,481)	(175,738)	(1,671,569)	(61,335)	0	(2,000,123)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(91,481)	(508,581)	3,257,301	(61,335)	(33,197)	2,562,707
<u>Cash Flows from Investing Activities</u>						
Interest	0	0	2,001	0	0	2,001
Net Increase (Decrease) in Cash and Cash Equivalents	1,439,307	(174,353)	3,802,413	68,071	(34,754)	5,100,684
Cash and Cash Equivalents Beginning of Year	9,125,622	731,654	561,793	277,843	664,084	11,360,996
Cash and Cash Equivalents End of Year	<u>\$10,564,929</u>	<u>\$557,301</u>	<u>\$4,364,206</u>	<u>\$345,914</u>	<u>\$629,330</u>	<u>\$16,461,680</u>

Governmental
Activity
Internal
Service

\$13,871
196,417
0
1,067
(169,905)
(12,084)
(12,824)
0
0
(275)

16,267

0
0
0
0

0

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

0

0

16,267

63,552

\$79,819

(continued)

City of Wapakoneta
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003
(continued)

	Business-Type Activities					Total
	Electric	Water	Sewer	Storm Sewer	Refuse	
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>						
Operating Income	\$494,671	\$113,122	\$505,043	\$74,785	\$69,749	\$1,257,370
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>						
Depreciation	213,142	185,309	326,860	42,665	24,621	792,597
Changes in Assets and Liabilities:						
Increase in Accounts Receivable	(21,082)	(2,643)	(27,255)	(32)	(9,309)	(60,321)
Increase in Due from Other Governments	0	0	0	0	(15,689)	(15,689)
Decrease in Other Local Taxes Receivable	1,406	0	0	0	0	1,406
Increase in Prepaid Items	(7,087)	(4,456)	(2,181)	0	(1,061)	(14,785)
Decrease in Materials and Supplies Inventory	159,946	14,682	1,126	0	412	176,166
Increase in Accrued Wages Payable	2,338	507	1,399	0	817	5,061
Increase (Decrease) in Accounts Payable	2,527	(6,980)	4,146	(3,525)	(3,286)	(7,118)
Increase (Decrease) in Contracts Payable	13,150	31,801	0	12,513	(490)	56,974
Decrease in Retainage Payable	0	0	(3,935)	0	0	(3,935)
Decrease in Due to Other Governments	(13,051)	(8,391)	(3,113)	0	(5,118)	(29,673)
Decrease in Interfund Payable	(1,138)	0	0	0	0	(1,138)
Increase in Refundable Deposits Payable from Restricted Assets	9,647	0	0	0	0	9,647
Increase in Compensated Absences Payable	1,944	4,898	8,845	0	4,795	20,482
Decrease in Landfill Postclosure Costs	0	0	0	0	(38,498)	(38,498)
Net Cash Provided by Operating Activities	<u>\$856,413</u>	<u>\$327,849</u>	<u>\$810,935</u>	<u>\$126,406</u>	<u>\$26,943</u>	<u>\$2,148,546</u>

Non-Cash Capital Financing Activities:

During 2003, the Water enterprise fund received assets from governmental activities with a net book value of \$4,620.

During 2003, the Street and Sewer Improvement special revenue fund and Water and Storm Sewer enterprise funds purchased assets and donated them to the Sewer enterprise fund, in the amount of \$16,760, \$2,996, and \$6,496, respectively.

At December 31, 2003, the Water and Storm Sewer enterprise funds had outstanding receivables for grant monies, in the amount of \$15,000 and 35,000, respectively. The grant monies will reimburse the City for capital assets acquired within the year.

See Accompanying Notes to the Basic Financial Statements

Governmental
Activity
Internal
Service

\$10,450

6,215

0

0

0

(133)

(350)

890

476

0

0

(2,418)

0

0

1,137

0

\$16,267

City of Wapakoneta
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2003

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$24,525</u></u>
 <u>Liabilities</u>	
Deposits Held and Due to Others	546
Undistributed Assets	<u>23,979</u>
 Total Liabilities	 <u><u>\$24,525</u></u>

See Accompanying Notes to the Basic Financial Statements

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

A. The City

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

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

B. Reporting Entity

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Wapakoneta in 2003.

The City participates in two insurance pools, the Ohio Government Risk Management Plan and the Ohio Rural Water Association Workers' Compensation Plan. These organizations are presented in Note 21 to the basic financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Downtown Debt Fund - The Downtown Debt Fund accounts for special assessments and transfers from the General Fund used to pay debt principal and interest.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2003. 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.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim at December 31, 2003, but were levied to finance 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

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

F. Cash and Investments

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

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

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2003, investments included Telephone Service Company stock, mutual funds, non-negotiable certificates of deposit, and STAR Ohio. Telephone Service Company stock is valued according to a formula using historical earnings, capitalized dividend yield, and book value. Since the Telephone Service Company's stock is not publicly traded, this approach utilizes an industry price earnings ratio by averaging the latest price earnings ratio of publicly traded communications companies that are the most representative of the Telephone Service Company. Mutual funds are reported at fair value, which is based on current share price. Non-negotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2003.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2003 was \$260,864, which includes \$238,185 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, 2003, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

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

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

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

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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 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, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. 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.

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 or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for construction, repair, and maintenance of streets and highways, the community block grant program, recreation, and various police department grants and programs. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 notes receivable and encumbrances.

R. Operating Revenues and Expenses

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

S. Interfund Transactions

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

T. Extraordinary and Special Items

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 - CORRECTION OF AN ERROR AND RESTATEMENT OF FUND EQUITY

In the prior year, the City incorrectly recorded the internal balance for the internal service fund in the governmental and business-type activities. As a result, net assets as previously reported as of December 31, 2002, increased \$16,277 for governmental activities, from \$18,946,770 to \$18,963,047 and decreased \$16,277 for business-type activities, from \$30,388,293 to \$30,372,016, respectively.

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2003, the Issue II capital projects fund had a deficit fund balance, in the amount of \$21,496, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficit in the Refuse enterprise fund, in the amount of \$187,034, is the result of recording estimated landfill postclosure costs. In prior years, the City instituted a monthly landfill closure surcharge to residents' bills which is helping to alleviate the deficit.

B. Compliance

The Downtown Debt debt service fund had final appropriations in excess of estimated resources plus available balances for the year ended December 31, 2003, in the amount of \$2,716,061. The City failed to budget for all of the activity related to the refunding of debt.

The Safety Building capital projects fund had final appropriations in excess of estimated resources plus available balances for the year ended December 31, 2003, in the amount of \$1,846.

The Street and Sewer Improvement capital projects fund had expenditures in excess of appropriations for the year ended December 31, 2003, in the amount of \$5,263 for interest and fiscal charges. The City failed to budget for all of the activity related to the refunding of debt.

In the future, the City Auditor will monitor budgetary transactions to ensure appropriations are accurate and recorded appropriately.

At various times throughout the year, the City's deposits were not insured or collateralized as required by the Ohio Revised Code. The City Auditor will conduct additional monitoring to insure the City's deposits are insured and collateralized as required by the Ohio Revised Code.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Change in Fund Balance	
GAAP Basis	(\$418,472)
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2002, Received in Cash 2003	309,116
Accrued 2003, Not Yet Received in Cash	(297,483)
Expenditure Accruals:	
Accrued 2002, Paid in Cash 2003	(127,212)
Accrued 2003, Not Yet Paid in Cash	154,323
Prepaid Items	(9,257)
Materials and Supplies Inventory	(2,919)
Advances In	200,000
Proceeds of Capital Loan	(37,280)
Advances Out	(21,500)
Encumbrances Outstanding at Year End (Budget Basis)	(79,760)
Budget Basis	(\$330,444)

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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.

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

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

At year end, the carrying amount of the City's deposits was \$4,337,305 and the bank balance was \$4,495,658. Of the bank balance, \$100,000 was covered by the federal depository insurance and \$4,395,658 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.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

	<u>Category 1</u>	<u>Fair Value</u>
Telephone Service Company Stock	<u>\$816,975</u>	\$816,975
Mutual Funds		380,958
STAR Ohio		<u>15,013,120</u>
Total		<u>\$16,211,053</u>

The classification of cash and cash equivalents and investments on the financial statements is based on the criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$19,710,758	\$838,575
Cash on Hand	(975)	0
Investments:		
Mutual Funds	(380,958)	380,958
Certificate of Deposit	21,600	(21,600)
STAR Ohio	<u>(15,013,120)</u>	<u>15,013,120</u>
GASB Statement No. 3	<u>\$4,337,305</u>	<u>\$16,211,053</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2003, 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 \$68,988, will not be received within one year. Special assessments receivable, in the amount of \$326,402, will not be received within one year. At December 31, 2003, the amount of delinquent special assessments was \$4,529.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 7 - RECEIVABLES (continued)

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

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Fund	
General Fund	
Homestead and Rollback	\$19,268
\$10,000 Exemption	3,734
Local Government	206,759
Beer and Liquor Permits	5,249
Cigarette Tax	229
Estate Tax	45,040
Bureau of Workers' Compensation	1,014
Law Enforcement Block Grant	7,648
FEMA	97,965
Ohio Department of Public Safety	1,200
Total General Fund	388,106
Governmental Activities	
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	40,521
Highway Distribution	62,643
Motor Vehicle License Tax	50,901
Ohio Department of Public Safety	1,226
Total Street Maintenance	155,291
State Highway	
Gasoline Tax	3,286
Highway Distribution	5,079
Motor Vehicle License Tax	4,127
Ohio Department of Public Safety	99
Total State Highway	12,591

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Recreation	
Homestead and Rollback	\$5,339
\$10,000 Exemption	1,368
Ohio Department of Natural Resources	15,169
Total Recreation	21,876
Issue II	
Ohio Public Works Commission	21,496
Total Nonmajor Funds	211,254
Total Governmental Activities	\$599,360
Business-Type Activities	
Major Funds	
Water	
Ohio Department of Development	15,000
Storm Sewer	
Ohio Department of Development	35,000
Refuse	
Auglaize County	15,689
Total Business-Type Activities	\$65,689

NOTE 8 - MUNICIPAL INCOME TAXES

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

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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 2003 represent the collection of 2002 taxes. Real property taxes received in 2003 were levied after October 1, 2002, on the assessed values as of January 1, 2002, 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 2003 represent the collection of 2002 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2001, were levied after October 1, 2002, 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 2003 (other than public utility property) represent the collection of 2003 taxes. Tangible personal property taxes received in 2003 were levied after October 1, 2002, on the true value as of December 31, 2002. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2003, and for which there was an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2003 operations.

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

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 9 - PROPERTY TAXES (continued)

The full tax rate for all City operations for the year ended December 31, 2003, was \$3.75 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2003 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$82,548,700
Commercial/Industrial	33,025,070
Public Utility Real	74,390
Public Utility Personal	3,954,800
Tangible Personal	22,326,522
Total	\$141,929,482

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003, was as follows:

	Balance December 31, 2002	Additions	Reductions	Balance December 31, 2003
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$189,564	\$0	\$0	\$189,564
Depreciable Capital Assets				
Land Improvements	254,811	0	0	254,811
Buildings	3,144,990	137,153	0	3,282,143
Equipment	340,985	11,509	0	352,494
Vehicles	1,787,809	192,442	(44,782)	1,935,469
Streets	22,209,107	422,898	0	22,632,005
Total Depreciable Capital Assets	27,737,702	764,002	(44,782)	28,456,922
Less Accumulated Depreciation for				
Land Improvements	(71,567)	(10,503)	0	(82,070)
Buildings	(332,768)	(32,928)	0	(365,696)
Equipment	(165,128)	(24,648)	0	(189,776)
Vehicles	(1,249,894)	(98,032)	39,896	(1,308,030)
Streets	(8,393,898)	(403,268)	0	(8,797,166)
Total Accumulated Depreciation	(10,213,255)	(569,379)	39,896	(10,742,738)
Total Depreciable Capital Assets, Net	17,524,447	194,623	(4,886)	17,714,184
Governmental Activities Capital Assets, Net	\$17,714,011	\$194,623	(\$4,886)	\$17,903,748

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 10 - CAPITAL ASSETS (continued)

	Balance December 31, 2002	Additions	Reductions	Balance December 31, 2003
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$870,776	\$55,944	\$0	\$926,720
Construction in Progress	201,000	2,770,657	0	2,971,657
Total Nondepreciable Capital Assets	1,071,776	2,826,601	0	3,898,377
Depreciable Capital Assets				
Buildings	4,514,408	0	0	4,514,408
Equipment	538,260	0	0	538,260
Vehicles	1,793,793	127,347	(25,000)	1,896,140
Electric, Water, Sewer, and Storm Sewer Lines	28,186,618	191,628	(9,090)	28,369,156
Total Depreciable Capital Assets	35,033,079	318,975	(34,090)	35,317,964
Less Accumulated Depreciation for				
Buildings	(411,541)	(45,689)	0	(457,230)
Equipment	(369,386)	(16,062)	0	(385,448)
Vehicles	(798,735)	(101,630)	5,694	(894,671)
Electric, Water, Sewer, and Storm Sewer Lines	(9,600,826)	(629,216)	9,090	(10,220,952)
Total Accumulated Depreciation	(11,180,488)	(792,597)	14,784	(11,958,301)
Total Depreciable Capital Assets, Net	23,852,591	(473,622)	(19,306)	23,359,663
Business-Type Activities Capital Assets, Net	\$24,924,367	\$2,352,979	(\$19,306)	\$27,258,040

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$30,569
Security of Persons and Property - Fire	48,987
Public Health	19,189
Leisure Time Activities	15,032
Transportation	431,523
General Government	24,079
Total Depreciation Expense - Governmental Activities	\$569,379

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 11 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2003, the General Fund had an interfund receivable, in the amount of \$74,014, to provide cash flow resources until the receipt of grant monies in other governmental funds, in the amount of \$21,500, and for kilowatt monies due from the Electric Fund, in the amount of \$52,514.

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 2003, the City contracted with the Ohio Government Risk Management Plan, an insurance pool, for the following coverage:

Type of Coverage	Coverage	Deductible
Property	\$33,849,481	\$1,000
Liability		
Each Occurrence	5,000,000	0
Aggregate	7,000,000	0
Wrongful Acts		
Each Occurrence	5,000,000	2,500
Aggregate	7,000,000	2,500
Law Enforcement		
Each Occurrence	5,000,000	2,500
Aggregate	7,000,000	2,500
Automobile	5,000,000	250-500
Inland Marine	1,564,566	1,000
Fire Vehicle	1,579,973	100
Electronic Data Processing	280,740	1,000

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

For 2003, 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.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 12 - RISK MANAGEMENT (continued)

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 - CONTRACTUAL COMMITMENTS

At December 31, 2003, the City had contractual commitments as follows:

Company	Project	Amount Remaining on Contract
Shelly Materials	Wapakoneta Street Resurfacing	\$26,627
Stemen's Concrete	2003 Sidewalk Program	24,814
Donald A. Sommer, Inc.	Commerce Drive	75,097
Tumbusch Construction, Inc.	South Blackhoof Street	25,895
Frost & Company, Inc.	Building Repairs	14,696
Vaughn Industries, Inc.	69KV Loop	172,138
Poggemeyer Design Group	Water Treatment Plant Design	34,503
HD Water Service, Inc.	Test Holes/Well Testing	82,136
BBS Corporation	Waste Water Treatment Plant Expansion	42,578
PAE & Associates	Waste Water Treatment Plant Expansion	3,481,101
QOB Electric	Waste Water Treatment Plant Expansion	248,545
CTL Engineering	Waste Water Treatment Plant Expansion	555

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

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

For the year ended December 31, 2003, members of all three plans were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The City's contribution rate for pension benefits for 2003 was 8.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$190,324, \$181,064, and \$185,452, respectively; 89 percent has been contributed for 2003 and 100 percent has been contributed for 2002 and 2001. The unpaid contribution for 2003, in the amount of \$21,065, is recorded as a liability. Contributions to the member-directed plan for 2003 were \$452 made by the City and \$284 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 the OPF for the years ended December 31, 2003, 2002, and 2001 were \$163,596, \$161,962, and \$162,672, respectively; 72 percent has been contributed for 2003 and 100 percent has been contributed for 2002 and 2001. The unpaid contribution for 2003, in the amount of \$45,320, is recorded as a liability.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 employer contribution rate was 13.55 percent of covered payroll; 5 percent was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

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.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits was \$111,565. 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, 2002 (the latest information available), was \$10 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. The Choices Plan will incorporate a cafeteria approach offering a broader range of health care options. The Choices Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Choices Plan will also offer a spending account feature enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a medical spending account.

NOTE 15 - POSTEMPLOYMENT BENEFITS (continued)

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 Ohio Police and Fire Pension Fund'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 2003. 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 2003 that were used to fund postemployment benefits were \$44,225 for police and \$46,044 for firefighters. The OPF's total health care expense for the year ended December 31, 2002 (the latest information available), was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OPF participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

NOTE 16 - COMPENSATED ABSENCES

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

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

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).

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 16 - COMPENSATED ABSENCES (continued)

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

NOTE 17 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2003, were as follows:

	Interest Rate	Balance December 31, 2002	Additions	Reductions	Balance December 31, 2003
<u>Governmental Activities</u>					
<u>Special Assessment Bond Anticipation Notes</u>					
Capital Projects Fund					
2002 Special Assessment Bond Anticipation Note	1.90%	\$263,059	\$0	\$263,059	\$0
<u>Business-Type Activities</u>					
<u>General Obligation Bond Anticipation Notes</u>					
Water					
2002 Bond Anticipation Note	2.17	\$1,250,000	\$0	\$1,250,000	\$0
2002 Bond Anticipation Note	1.85	455,060	0	455,060	0
2003 Bond Anticipation Note	1.69	0	1,100,000	0	1,100,000
2003 Bond Anticipation Note	1.65	0	364,048	0	364,048
Total Water Fund		1,705,060	1,464,048	1,705,060	1,464,048
Sewer					
2002 Bond Anticipation Note	1.85	640,940	0	640,940	0
2003 Bond Anticipation Note	1.60	0	5,300,000	0	5,300,000
2003 Bond Anticipation Note	1.65	0	512,752	0	512,752
Total Sewer Fund		640,940	5,812,752	640,940	5,812,752
Refuse					
2002 Landfill Closure Bond Anticipation Note	1.90	201,941	0	201,941	0
Total Business-Type Activities		\$2,547,941	\$7,276,800	\$2,547,941	\$7,276,800

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.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 17 - NOTES PAYABLE (continued)

The special assessment note for improvements to sidewalks, curbs, and gutters was fully retired in 2003 from special assessment resources.

The bond anticipation notes in the Water enterprise fund, in the amount of \$1,100,000 and \$364,048, 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 \$5,300,000 and \$512,752, 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 2003 notes also retired notes previously issued for the same purpose.

The bond anticipation notes in the Refuse enterprise fund were retired with general obligation bonds proceeds and resources of the Refuse Fund.

As of December 31, 2003, the City had unspent note proceeds, in the amount of \$2,523,778.

NOTE 18 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2003, was as follows:

	Interest Rate	Balance December 31, 2002	Additions	Reductions	Balance December 31, 2003	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
1991 Downtown Improvement	5.30 - 7.10%	\$930,000	\$0	\$930,000	\$0	\$0
1993 Various Purpose	2.80 - 5.45	2,020,000	0	2,020,000	0	0
1998 Various Purpose	3.30 - 4.25	475,000	0	70,000	405,000	75,000
2003 Various Purpose	1.75 - 3.80	0	3,124,400	0	3,124,400	330,500
Accounting Loss	3.30 - 4.25	0	(96,636)	0	(96,636)	0
Total General Obligation Bonds		3,425,000	3,027,764	3,020,000	3,432,764	405,500
Other Long-Term Obligations						
Compensated Absences Payable		394,160	24,463	0	418,623	91,680
Capital Loans Payable		0	145,000	0	145,000	26,489
Total Governmental Activities		\$3,819,160	\$3,197,227	\$3,020,000	\$3,996,387	\$523,669
<u>Business-Type Activities</u>						
General Obligation Bonds						
2003 Various Purpose	1.75 - 3.80%	\$0	\$170,600	\$0	\$170,600	\$19,500
Mortgage Revenue Bonds						
1998 Sewer System Mortgage Refunding Bonds	3.30 - 4.95	3,605,000	0	160,000	3,445,000	165,000
Accounting Loss		(88,823)	11,103	0	(77,720)	0
Total Mortgage Revenue Bonds		3,516,177	11,103	160,000	3,367,280	165,000

(continued)

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2002	Additions	Reductions	Balance December 31, 2003	Due Within One Year
<u>Business-Type Activities</u> (continued)						
Other Long-Term Obligations						
Due to Auglaize County		\$26,250	\$0	\$2,500	\$23,750	\$2,500
Compensated Absences Payable		272,777	20,482	0	293,259	68,402
Capital Loans Payable		115,913	103,463	23,587	195,789	37,956
Landfill Postclosure Costs		1,380,609	0	38,498	1,342,111	39,512
Total Other Long-Term Obligations		1,795,549	123,945	64,585	1,854,909	148,370
Total Business-Type Activities		\$5,311,726	\$305,648	\$224,585	\$5,392,789	\$332,870

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 current refunding portion of the bond issue resulted in a difference between the reacquisition price and net carrying amount of the old debt (accounting loss) of \$96,636. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through 2013 using the bonds-outstanding method, which approximates the effective interest method. The City completed the current refunding to reduce its total debt service payments over the next ten years by \$252,616 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$206,016. The proceeds from the bonds were used to fully extinguish the old debt on October 9, 2003, October 10, 2003, and December 1, 2003.

The 2003 various purpose bonds are not subject to optional or mandatory redemption prior to maturity.

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

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

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

Mortgage Revenue Bonds - On November 30, 1998, the City issued \$4,190,000 in sewer system mortgage revenue bonds to advance refund 1990 sewer mortgage revenue bonds and pay the costs of certain other improvements to the sewer system. The refunding bonds include serial and term bonds. The bonds are reported on the financial statements net of the unamortized loss on advance refunding of \$77,720 in the Sewer enterprise fund. The bonds were issued for a twenty year period, with final maturity during 2018.

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

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

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

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

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

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

In conjunction with the issuance of the sewer system mortgage revenue refunding bonds, the City entered into a trust agreement with a commercial bank. This trust agreement, along with the bond indenture, requires that the City establish various funds for the repayment of debt. The restricted assets in the Sewer enterprise fund segregate funds held by the City from funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the sewer system mortgage revenue refunding bonds at December 31, 2003, were \$380,958.

The sewer system mortgage revenue refunding bonds defeased, in-substance, \$1,345,000 in sewer system mortgage revenue bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. At December 31, 2003, \$870,000 of this debt was still outstanding.

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

The City's legal debt margin was \$11,534,325 at December 31, 2003.

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2003, were as follows:

Year	General Obligation Bonds		Capital Loans	
	Principal	Interest	Principal	Interest
2004	\$405,500	\$112,941	\$26,489	\$5,515
2005	419,800	90,430	28,260	3,744
2006	419,400	81,283	29,153	2,851
2007	424,000	71,215	30,074	1,930
2008	418,600	60,061	31,024	980
2009 to 2013	1,442,100	139,707	0	0
Total	<u>\$3,529,400</u>	<u>\$555,637</u>	<u>\$145,000</u>	<u>\$15,020</u>

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2003, from the enterprise funds were as follows:

Year	General Obligation Bonds		Mortgage Revenue Bonds		Intergovernmental	Capital Loans	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2004	\$19,500	\$4,980	\$165,000	\$161,610	\$2,500	\$37,956	\$8,653
2005	20,200	3,928	175,000	155,092	2,500	39,706	6,903
2006	20,600	3,574	180,000	148,093	2,500	41,540	5,071
2007	21,000	3,162	185,000	140,712	2,500	17,280	3,151
2008	21,400	2,690	195,000	133,035	2,500	17,981	2,451
2009 to 2013	67,900	4,509	1,120,000	522,975	11,250	41,326	2,859
2014 to 2018	0	0	1,425,000	219,038	0	0	0
Total	\$170,600	\$22,843	\$3,445,000	\$1,480,555	\$23,750	\$195,789	\$29,088

NOTE 19 - LANDFILL POSTCLOSURE COSTS

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City stopped accepting waste at its landfill in 1994. The Ohio EPA approved the final closure and postclosure plan in July 1998. The \$1,342,111 reported as landfill postclosure costs at December 31, 2003, represents the costs of maintenance and monitoring through 2028. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

NOTE 20 - INTERFUND TRANSFERS

During 2003, the General Fund made transfers to the Downtown Debt debt service fund, in the amount of \$320,000, as debt payments came due and to the Street and Sewer Improvement capital projects fund, in the amount of \$720,000; \$20,000 as debt payments came due and \$700,000 to finance various construction activities. The General Fund also made transfers to other governmental funds, in the amount of \$80,000; \$30,000 as debt payments came due and \$50,000 to subsidize activities in other funds. In addition, the General Fund transferred \$638,500 to the enterprise funds to support the operations of the various enterprise activities; \$620,445 to the Electric Fund, \$8,555 to the Water Fund, \$3,000 to the Storm Sewer Fund, and \$6,500 to the Refuse Fund.

NOTE 20 - INTERFUND TRANSFERS (continued)

The Water enterprise fund transferred \$35,000 to the Downtown Debt debt service fund as debt payments came due and also transferred capital assets, in the amount of \$2,996, to the Sewer enterprise fund.

The Sewer enterprise fund transferred \$35,000 to the Downtown Debt debt service fund as debt payments came due and \$32,824 to the Water enterprise fund for services provided.

The Storm Sewer enterprise fund transferred capital assets, in the amount of \$6,496, to the Sewer enterprise fund.

The Refuse enterprise fund transferred \$35,000 to the Downtown Debt debt service fund as debt payments came due.

NOTE 21 - INSURANCE POOLS

A. Ohio Government Risk Management Plan

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

B. Ohio Rural Water Association Workers' Compensation Plan

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

NOTE 22 - CONTINGENT LIABILITIES

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

For the period January 1, 2003, to December 31, 2003, the City received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

City of Wapakoneta
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 23 - SUBSEQUENT EVENTS

On February 18, 2004, the City issued \$950,000 in bond anticipation notes for constructing improvements to the water system. The notes have an interest rate of 1.50 percent and mature on February 17, 2005.

On June 16, 2004, the City issued \$6,307,600 in bond anticipation notes for constructing improvements to the water and wastewater systems. The notes have an interest rate of 2.2 percent and mature on June 16, 2005.

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**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

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Nonmajor Special Revenue Funds

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

Street Maintenance Fund

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

State Highway Fund

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

Motor Vehicle Permissive Tax Fund

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

Community Block Grant Fund

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

Recreation Fund

To account for monies received for use on recreation activities.

Law Enforcement Fund

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

Enforcement and Education Fund

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

Drug Law Enforcement Fund

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

Recreation Trust Fund

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

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

Nonmajor Debt Service Fund

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.

Nonmajor Capital Projects Funds

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

Safety Building Fund

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

Issue II Fund

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

Capital Fire Truck Fund

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

City of Wapakoneta
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$887,674	\$29,083	\$301,013	\$1,217,770
Investments	838,575	0	0	838,575
Accounts Receivable	3,441	0	0	3,441
Due from Other Governments	189,758	0	21,496	211,254
Other Local Taxes Receivable	35,964	0	0	35,964
Prepaid Items	4,289	0	133	4,422
Materials and Supplies Inventory	21,529	0	0	21,529
Accrued Interest Receivable	0	3,168	0	3,168
Property Taxes Receivable	109,321	0	0	109,321
Notes Receivable	96,056	0	0	96,056
Special Assessments Receivable	0	78,495	0	78,495
Total Assets	<u>\$2,186,607</u>	<u>\$110,746</u>	<u>\$322,642</u>	<u>\$2,619,995</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$4,600	\$0	\$0	\$4,600
Accounts Payable	3,788	0	15,661	19,449
Due to Other Governments	8,159	0	0	8,159
Interfund Payable	0	0	21,500	21,500
Deferred Revenue	291,192	81,663	21,496	394,351
Total Liabilities	<u>307,739</u>	<u>81,663</u>	<u>58,657</u>	<u>448,059</u>
<u>Fund Balance</u>				
Reserved for Notes Receivable	68,988	0	0	68,988
Reserved for Encumbrances	3,654	0	10,916	14,570
Unreserved, Reported in				
Special Revenue Funds	1,806,226	0	0	1,806,226
Debt Service Fund	0	29,083	0	29,083
Capital Projects Funds	0	0	253,069	253,069
Total Fund Balance	<u>1,878,868</u>	<u>29,083</u>	<u>263,985</u>	<u>2,171,936</u>
Total Liabilities and Fund Balance	<u>\$2,186,607</u>	<u>\$110,746</u>	<u>\$322,642</u>	<u>\$2,619,995</u>

City of Wapakoneta
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	Street Maintenance	State Highway	Motor Vehicle Permissive Tax	Community Block Grant
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$51,774	\$85,048	\$532,899	\$61,863
Investments	0	0	0	0
Accounts Receivable	3,076	0	0	0
Due from Other Governments	155,291	12,591	0	0
Other Local Taxes Receivable	0	0	35,964	0
Prepaid Items	3,572	0	0	0
Materials and Supplies Inventory	21,379	0	0	0
Property Taxes Receivable	0	0	0	0
Notes Receivable	0	0	0	96,056
Total Assets	<u>\$235,092</u>	<u>\$97,639</u>	<u>\$568,863</u>	<u>\$157,919</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$4,200	\$0	\$0	\$0
Accounts Payable	2,020	0	0	0
Due to Other Governments	7,360	0	0	0
Deferred Revenue	134,702	10,673	31,157	0
Total Liabilities	<u>148,282</u>	<u>10,673</u>	<u>31,157</u>	<u>0</u>
<u>Fund Balance</u>				
Reserved for Notes Receivable	0	0	0	68,988
Reserved for Encumbrances	149	0	0	0
Unreserved	86,661	86,966	537,706	88,931
Total Fund Balance	<u>86,810</u>	<u>86,966</u>	<u>537,706</u>	<u>157,919</u>
Total Liabilities and Fund Balance	<u>\$235,092</u>	<u>\$97,639</u>	<u>\$568,863</u>	<u>\$157,919</u>

Recreation	Law Enforcement	Enforcement and Education	Drug Law Enforcement	Recreation Trust	Total
\$152,389	\$548	\$2,042	\$1,111	\$0	\$887,674
816,975	0	0	0	21,600	838,575
0	35	200	130	0	3,441
21,876	0	0	0	0	189,758
0	0	0	0	0	35,964
717	0	0	0	0	4,289
150	0	0	0	0	21,529
109,321	0	0	0	0	109,321
0	0	0	0	0	96,056
<u>\$1,101,428</u>	<u>\$583</u>	<u>\$2,242</u>	<u>\$1,241</u>	<u>\$21,600</u>	<u>\$2,186,607</u>
\$400	\$0	\$0	\$0	\$0	\$4,600
1,768	0	0	0	0	3,788
799	0	0	0	0	8,159
114,660	0	0	0	0	291,192
<u>117,627</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>307,739</u>
0	0	0	0	0	68,988
3,505	0	0	0	0	3,654
980,296	583	2,242	1,241	21,600	1,806,226
<u>983,801</u>	<u>583</u>	<u>2,242</u>	<u>1,241</u>	<u>21,600</u>	<u>1,878,868</u>
<u>\$1,101,428</u>	<u>\$583</u>	<u>\$2,242</u>	<u>\$1,241</u>	<u>\$21,600</u>	<u>\$2,186,607</u>

City of Wapakoneta
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2003

	<u>Safety Building</u>	<u>Issue II</u>	<u>Capital Fire Truck</u>	<u>Total</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$26,577	\$4	\$274,432	\$301,013
Due from Other Governments	0	21,496	0	21,496
Prepaid Items	133	0	0	133
Total Assets	<u>\$26,710</u>	<u>\$21,500</u>	<u>\$274,432</u>	<u>\$322,642</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accounts Payable	\$15,661	\$0	\$0	\$15,661
Interfund Payable	0	21,500	0	21,500
Deferred Revenue	0	21,496	0	21,496
Total Liabilities	<u>15,661</u>	<u>42,996</u>	<u>0</u>	<u>58,657</u>
<u>Fund Balance</u>				
Reserved for Encumbrances	10,916	0	0	10,916
Unreserved (Deficit)	133	(21,496)	274,432	253,069
Total Fund Balance (Deficit)	<u>11,049</u>	<u>(21,496)</u>	<u>274,432</u>	<u>263,985</u>
Total Liabilities and Fund Balance	<u>\$26,710</u>	<u>\$21,500</u>	<u>\$274,432</u>	<u>\$322,642</u>

City of Wapakoneta
Combining Statement of Revenues, Expenditures,
and Change in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$103,551	\$0	\$0	\$103,551
Other Local Taxes	72,396	0	0	72,396
Special Assessments	0	58,429	0	58,429
Charges for Services	15,887	0	0	15,887
Fees, Licenses, and Permits	135	0	0	135
Fines and Forfeitures	1,783	0	0	1,783
Intergovernmental	409,788	0	303,504	713,292
Interest	32,469	3,835	0	36,304
Gifts and Donations	83,445	0	0	83,445
Other	6,832	0	0	6,832
Total Revenues	726,286	62,264	303,504	1,092,054
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	10,475	0	0	10,475
Other	0	0	45,840	45,840
Leisure Time Activities	249,281	0	0	249,281
Community Environment	74,939	0	0	74,939
Transportation	384,418	0	325,000	709,418
Debt Service:				
Principal Retirement	0	70,000	0	70,000
Interest and Fiscal Charges	0	19,277	0	19,277
Total Expenditures	719,113	89,277	370,840	1,179,230
Excess of Revenues Over (Under) Expenditures	7,173	(27,013)	(67,336)	(87,176)
<u>Other Financing Sources</u>				
Capital Loans Issued	37,279	0	0	37,279
Transfers In	0	30,000	50,000	80,000
Total Other Financing Sources	37,279	30,000	50,000	117,279
Change in Fund Balance	44,452	2,987	(17,336)	30,103
Fund Balance Beginning of Year	1,834,416	26,096	281,321	2,141,833
Fund Balance End of Year	<u>\$1,878,868</u>	<u>\$29,083</u>	<u>\$263,985</u>	<u>\$2,171,936</u>

City of Wapakoneta
Combining Statement of Revenues, Expenditures,
and Change in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003

	Street Maintenance	State Highway	Motor Vehicle Permissive Tax	Community Block Grant
<u>Revenues</u>				
Property Taxes	\$0	\$0	\$0	\$0
Other Local Taxes	0	0	72,396	0
Charges for Services	15,887	0	0	0
Fees, Licenses, and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	312,033	25,301	0	44,000
Interest	959	806	5,418	6,358
Gifts and Donations	0	0	0	0
Other	2,176	0	0	0
Total Revenues	<u>331,055</u>	<u>26,107</u>	<u>77,814</u>	<u>50,358</u>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	74,939
Transportation	384,418	0	0	0
Total Expenditures	<u>384,418</u>	<u>0</u>	<u>0</u>	<u>74,939</u>
Excess of Revenues Over (Under) Expenditures	(53,363)	26,107	77,814	(24,581)
<u>Other Financing Sources</u>				
Capital Loans Issued	<u>37,279</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Fund Balance	(16,084)	26,107	77,814	(24,581)
Fund Balance Beginning of Year	<u>102,894</u>	<u>60,859</u>	<u>459,892</u>	<u>182,500</u>
Fund Balance End of Year	<u><u>\$86,810</u></u>	<u><u>\$86,966</u></u>	<u><u>\$537,706</u></u>	<u><u>\$157,919</u></u>

Recreation	Law Enforcement	Enforcement and Education	Drug Law Enforcement	Recreation Trust	Total
\$103,551	\$0	\$0	\$0	\$0	\$103,551
0	0	0	0	0	72,396
0	0	0	0	0	15,887
135	0	0	0	0	135
0	35	841	907	0	1,783
28,454	0	0	0	0	409,788
18,928	0	0	0	0	32,469
83,445	0	0	0	0	83,445
4,656	0	0	0	0	6,832
<u>239,169</u>	<u>35</u>	<u>841</u>	<u>907</u>	<u>0</u>	<u>726,286</u>
0	0	8,125	2,350	0	10,475
249,281	0	0	0	0	249,281
0	0	0	0	0	74,939
0	0	0	0	0	384,418
<u>249,281</u>	<u>0</u>	<u>8,125</u>	<u>2,350</u>	<u>0</u>	<u>719,113</u>
(10,112)	35	(7,284)	(1,443)	0	7,173
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,279</u>
(10,112)	35	(7,284)	(1,443)	0	44,452
<u>993,913</u>	<u>548</u>	<u>9,526</u>	<u>2,684</u>	<u>21,600</u>	<u>1,834,416</u>
<u>\$983,801</u>	<u>\$583</u>	<u>\$2,242</u>	<u>\$1,241</u>	<u>\$21,600</u>	<u>\$1,878,868</u>

City of Wapakoneta
Combining Statement of Revenues, Expenditures,
and Change in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003

	Safety Building	Issue II	Capital Fire Truck	Total
<u>Revenues</u>				
Intergovernmental	\$0	\$303,504	\$0	\$303,504
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Other	45,840	0	0	45,840
Transportation	0	325,000	0	325,000
Total Expenditures	45,840	325,000	0	370,840
Excess of Revenues (Under) Expenditures	(45,840)	(21,496)	0	(67,336)
<u>Other Financing Sources</u>				
Transfers In	0	0	50,000	50,000
Change in Fund Balance	(45,840)	(21,496)	50,000	(17,336)
Fund Balance Beginning of Year	56,889	0	224,432	281,321
Fund Balance (Deficit) End of Year	<u>\$11,049</u>	<u>(\$21,496)</u>	<u>\$274,432</u>	<u>\$263,985</u>

City of Wapakoneta
Combining Statements - Fiduciary Funds

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

Agency Funds

Dependent Coverage Fund

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

Police Auxiliary Fund

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

City of Wapakoneta
 Combining Statement of Assets and Liabilities
 Agency Funds
 December 31, 2003

	Dependent Coverage	Police Auxiliary	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$546	\$23,979	\$24,525
<u>Liabilities</u>			
Deposits Held and Due to Others	546	0	546
Undistributed Assets	0	23,979	23,979
Total Liabilities	\$546	\$23,979	\$24,525

City of Wapakoneta
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2003

	Balance December 31, 2002	Additions	Reductions	Balance December 31, 2003
<u>Dependent Coverage</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$344	\$129,544	\$129,342	\$546
<u>Liabilities</u>				
Deposits Held and Due to Others	\$344	\$129,544	\$129,342	\$546
<u>Police Auxiliary</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$23,202	\$22,932	\$22,155	\$23,979
<u>Liabilities</u>				
Undistributed Assets	\$23,202	\$22,932	\$22,155	\$23,979
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$23,546	\$152,476	\$151,497	\$24,525
<u>Liabilities</u>				
Deposits Held and Due to Others	\$344	\$129,544	\$129,342	\$546
Undistributed Assets	23,202	22,932	22,155	23,979
Total Liabilities	\$23,546	\$152,476	\$151,497	\$24,525

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

City of Wapakoneta
General Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2003

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<u>Revenues</u>				
Property Taxes	\$353,039	\$334,630	\$334,646	\$16
Municipal Income Taxes	2,000,000	2,060,600	2,060,600	0
Other Local Taxes	600,000	642,330	642,525	195
Charges for Services	218,500	254,295	254,278	(17)
Fees, Licenses, and Permits	49,100	44,317	44,317	0
Fines and Forfeitures	24,200	23,688	23,688	0
Intergovernmental	582,161	424,716	486,433	61,717
Interest	300,000	264,769	260,687	(4,082)
Gifts and Donations	4,000	22,665	22,090	(575)
Other	3,500	86,100	15,335	(70,765)
Total Revenues	4,134,500	4,158,110	4,144,599	(13,511)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police Department				
Personal Services	999,700	987,700	947,439	40,261
Contractual Services	100,251	109,456	109,649	(193)
Materials and Supplies	22,592	25,387	21,155	4,232
Capital Outlay	64,515	82,615	78,556	4,059
Total Police Department	1,187,058	1,205,158	1,156,799	48,359
Fire Department				
Personal Services	887,760	888,460	870,045	18,415
Contractual Services	38,671	51,186	49,014	2,172
Materials and Supplies	23,601	39,086	29,674	9,412
Capital Outlay	44,239	35,439	35,136	303
Total Fire Department	994,271	1,014,171	983,869	30,302
Safety Director				
Personal Services	4,300	4,300	4,004	296
Contractual Services	7,100	7,100	7,000	100
Total Safety Director	11,400	11,400	11,004	396
Total Security of Persons and Property	2,192,729	2,230,729	2,151,672	79,057

(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, 2003
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Public Health				
Emergency Medical				
Personal Services	\$156,717	\$156,717	\$153,135	\$3,582
Contractual Services	46,333	49,108	43,435	5,673
Materials and Supplies	11,530	14,755	11,947	2,808
Capital Outlay	116,187	110,187	108,804	1,383
Other	400	400	0	400
Total Emergency Medical	<u>331,167</u>	<u>331,167</u>	<u>317,321</u>	<u>13,846</u>
Miscellaneous				
Contractual Services	8,000	8,000	606	7,394
Capital Outlay	6,300	6,300	0	6,300
Total Miscellaneous	<u>14,300</u>	<u>14,300</u>	<u>606</u>	<u>13,694</u>
Total Public Health	<u>345,467</u>	<u>345,467</u>	<u>317,927</u>	<u>27,540</u>
Community Environment				
Boards and Commissions				
Contractual Services	44,100	59,200	51,990	7,210
Materials and Supplies	22,170	22,070	15,389	6,681
Capital Outlay	40,000	25,000	13	24,987
Total Community Environment	<u>106,270</u>	<u>106,270</u>	<u>67,392</u>	<u>38,878</u>
General Government				
Council				
Personal Services	37,000	37,000	36,900	100
Materials and Supplies	6,100	6,100	5,426	674
Total Council	<u>43,100</u>	<u>43,100</u>	<u>42,326</u>	<u>774</u>
Clerk of Council				
Personal Services	3,200	3,200	3,200	0
Contractual Services	4,977	5,977	5,746	231
Materials and Supplies	100	100	0	100
Total Clerk of Council	<u>8,277</u>	<u>9,277</u>	<u>8,946</u>	<u>331</u>
Administrative				
Personal Services	32,400	30,900	30,607	293
Contractual Services	22,500	27,020	26,517	503
Materials and Supplies	12,966	40,746	40,357	389
Capital Outlay	2,000	20,700	20,637	63
Total Administrative	<u>69,866</u>	<u>119,366</u>	<u>118,118</u>	<u>1,248</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, 2003
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Finance				
Personal Services	\$26,000	\$26,000	\$26,000	\$0
Contractual Services	48,800	57,300	56,948	352
Materials and Supplies	1,200	1,200	594	606
Total Finance	76,000	84,500	83,542	958
Income Tax				
Personal Services	46,300	46,300	40,424	5,876
Contractual Services	8,800	5,780	5,557	223
Materials and Supplies	20,744	23,764	21,745	2,019
Other	78,100	103,100	80,737	22,363
Total Income Tax	153,944	178,944	148,463	30,481
Law Director				
Personal Services	20,000	20,000	20,000	0
Contractual Services	2,000	2,000	0	2,000
Materials and Supplies	400	400	225	175
Total Law Director	22,400	22,400	20,225	2,175
Civil Service				
Personal Services	1,100	1,100	1,000	100
Materials and Supplies	1,579	1,579	1,108	471
Total Civil Service	2,679	2,679	2,108	571
Elections				
Contractual Services	6,000	6,000	0	6,000
Auglaize County				
Contractual Services	20,400	11,900	6,016	5,884
Administrative Support				
Other	61,200	36,200	259	35,941
Total General Government	463,866	514,366	430,003	84,363

(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, 2003
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Total Expenditures	\$3,108,332	\$3,196,832	\$2,966,994	\$229,838
Excess of Revenues Over Expenditures	1,026,168	961,278	1,177,605	216,327
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	1,500	1,510	1,510	0
Proceeds of Capital Loans	0	0	70,441	70,441
Advances In	200,000	200,000	200,000	0
Advances Out	0	(21,500)	(21,500)	0
Transfers Out	(1,855,000)	(1,763,500)	(1,758,500)	5,000
Total Other Financing Sources (Uses)	(1,653,500)	(1,583,490)	(1,508,049)	75,441
Change in Fund Balance	(627,332)	(622,212)	(330,444)	291,768
Fund Balance Beginning of Year	643,548	643,548	643,548	0
Prior Year Encumbrances Appropriated	181,042	181,042	181,042	0
Fund Balance End of Year	\$197,258	\$202,378	\$494,146	\$291,768

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, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other	\$0	\$5,952	\$5,952
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	2,878,000	2,875,450	2,550
Interest and Fiscal Charges	250,180	246,575	3,605
Total Expenditures	3,128,180	3,122,025	6,155
Excess of Revenues Under Expenditures	(3,128,180)	(3,116,073)	12,107
<u>Other Financing Sources</u>			
Proceeds of Bonds	0	2,836,000	2,836,000
Transfers In	320,000	320,000	0
Total Other Financing Sources	320,000	3,156,000	2,836,000
Change in Fund Balance	(2,808,180)	39,927	2,848,107
Fund Balance Beginning of Year	92,119	92,119	0
Fund Balance (Deficit) End of Year	(\$2,716,061)	\$132,046	\$2,848,107

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, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$106,525	\$107,342	\$817
Interest	7,225	7,225	0
Other	0	1,325	1,325
Total Revenues	113,750	115,892	2,142
<u>Expenditures</u>			
Current:			
Transportation			
Street and Sewer Improvement			
Contractual Services	100,000	62,398	37,602
Materials and Supplies	3,000	435	2,565
Capital Outlay	1,120,217	306,408	813,809
Total Transportation	1,223,217	369,241	853,976
Debt Service:			
Principal Retirement	298,000	297,359	641
Interest and Fiscal Charges	16,000	21,263	(5,263)
Total Debt Service	314,000	318,622	(4,622)
Total Expenditures	1,537,217	687,863	849,354
Excess of Revenues Under Expenditures	(1,423,467)	(571,971)	851,496
<u>Other Financing Sources</u>			
Proceeds of Bonds	176,250	288,400	112,150
Transfers In	720,000	720,000	0
Total Other Financing Sources	896,250	1,008,400	112,150
Change in Fund Balance	(527,217)	436,429	963,646
Fund Balance Beginning of Year	636,382	636,382	0
Prior Year Encumbrances Appropriated	38,217	38,217	0
Fund Balance End of Year	\$147,382	\$1,111,028	\$963,646

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, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$6,661,900	\$7,178,932	\$517,032
Other Local Taxes	54,000	53,930	(70)
Utility Deposits	24,000	29,399	5,399
Other	23,600	14,042	(9,558)
Total Revenues	<u>6,763,500</u>	<u>7,276,303</u>	<u>512,803</u>
<u>Expenses</u>			
Personal Services	900,500	803,995	96,505
Contractual Services	7,538,546	5,826,446	1,712,100
Materials and Supplies	594,383	261,951	332,432
Capital Outlay	1,570,150	202,929	1,367,221
Utility Refunds	24,000	19,752	4,248
Other	5,273,288	76,689	5,196,599
Total Expenses	<u>15,900,867</u>	<u>7,191,762</u>	<u>8,709,105</u>
Excess of Revenues Over (Under) Expenses	(9,137,367)	84,541	9,221,908
Transfers In	<u>642,000</u>	<u>620,445</u>	<u>(21,555)</u>
Change in Fund Balance	(8,495,367)	704,986	9,200,353
Fund Balance Beginning of Year	8,602,756	8,602,756	0
Prior Year Encumbrances Appropriated	<u>522,866</u>	<u>522,866</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$630,255</u></u>	<u><u>\$9,830,608</u></u>	<u><u>\$9,200,353</u></u>

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, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$1,174,500	\$1,153,236	(\$21,264)
Proceeds of Notes	1,450,000	1,332,752	(117,248)
Proceeds of OWDA Loans	350,000	0	(350,000)
Other	2,000	1,658	(342)
	<u>2,976,500</u>	<u>2,487,646</u>	<u>(488,854)</u>
<u>Expenses</u>			
Personal Services	461,300	434,133	27,167
Contractual Services	320,784	301,466	19,318
Materials and Supplies	329,812	298,812	31,000
Capital Outlay	392,789	196,700	196,089
Other	306,518	18	306,500
Debt Service:			
Principal Retirement	1,752,858	1,615,554	137,304
Interest Expense	58,264	52,217	6,047
	<u>3,622,325</u>	<u>2,898,900</u>	<u>723,425</u>
Excess of Revenues Under Expenses	(645,825)	(411,254)	234,571
Transfers In	<u>8,500</u>	<u>8,555</u>	<u>55</u>
Change in Fund Balance	(637,325)	(402,699)	234,626
Fund Balance Beginning of Year	643,329	643,329	0
Prior Year Encumbrances Appropriated	<u>88,325</u>	<u>88,325</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$94,329</u></u>	<u><u>\$328,955</u></u>	<u><u>\$234,626</u></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, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$1,591,000	\$1,650,049	\$59,049
Proceeds of Notes	5,944,000	5,944,048	48
Proceeds of Capital Loans	103,463	103,463	0
Interest	4,000	2,001	(1,999)
Other	6,037	5,536	(501)
Total Revenues	7,648,500	7,705,097	56,597
<u>Expenses</u>			
Personal Services	480,800	476,847	3,953
Contractual Services	275,946	268,942	7,004
Materials and Supplies	184,816	157,240	27,576
Capital Outlay	5,467,700	5,439,631	28,069
Other	5,300	4,904	396
Debt Service:			
Principal Retirement	992,709	992,410	299
Interest Expense	195,309	194,055	1,254
Total Expenses	7,602,580	7,534,029	68,551
Excess of Revenues Over Expenses	45,920	171,068	125,148
Advances Out	(200,000)	(200,000)	0
Change in Fund Balance	(154,080)	(28,932)	125,148
Fund Balance Beginning of Year	526,984	526,984	0
Prior Year Encumbrances Appropriated	34,809	34,809	0
Fund Balance End of Year	\$407,713	\$532,861	\$125,148

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, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Charges for Services	\$145,000	\$149,215	\$4,215
<u>Expenses</u>			
Contractual Services	28,000	7,520	20,480
Materials and Supplies	12,750	3,232	9,518
Capital Outlay	374,006	88,476	285,530
Total Expenses	414,756	99,228	315,528
Excess of Revenues Over (Under) Expenses	(269,756)	49,987	319,743
Transfers In	3,000	3,000	0
Change in Fund Balance	(266,756)	52,987	319,743
Fund Balance Beginning of Year	271,087	271,087	0
Prior Year Encumbrances Appropriated	6,756	6,756	0
Fund Balance End of Year	<u>\$11,087</u>	<u>\$330,830</u>	<u>\$319,743</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, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$886,000	\$878,950	(\$7,050)
Sale of Capital Assets	2,000	2,000	0
Proceeds of Bonds	168,000	170,600	2,600
Other	3,500	4,303	803
Total Revenues	1,059,500	1,055,853	(3,647)
<u>Expenses</u>			
Personal Services	312,500	274,119	38,381
Contractual Services	625,410	562,978	62,432
Materials and Supplies	83,209	61,646	21,563
Capital Outlay	66,794	20,103	46,691
Other	270,000	0	270,000
Debt Service:			
Principal Retirement	263,850	226,791	37,059
Interest Expense	30,050	14,006	16,044
Total Expenses	1,651,813	1,159,643	492,170
Excess of Revenues Under Expenses	(592,313)	(103,790)	488,523
Transfers In	6,500	6,500	0
Change in Fund Balance	(585,813)	(97,290)	488,523
Fund Balance Beginning of Year	604,870	604,870	0
Prior Year Encumbrances Appropriated	59,214	59,214	0
Fund Balance End of Year	\$78,271	\$566,794	\$488,523

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, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$15,870	\$15,876	\$6
Intergovernmental	285,905	308,130	22,225
Interest	975	959	(16)
Other	2,171	2,176	5
Total Revenues	<u>304,921</u>	<u>327,141</u>	<u>22,220</u>
<u>Expenditures</u>			
Current:			
Transportation			
Street Maintenance			
Personal Services	210,400	199,189	11,211
Contractual Services	83,434	80,362	3,072
Materials and Supplies	79,221	71,246	7,975
Capital Outlay	40,860	40,567	293
Total Expenditures	<u>413,915</u>	<u>391,364</u>	<u>22,551</u>
Excess of Revenues (Under) Expenditures	(108,994)	(64,223)	44,771
<u>Other Financing Sources</u>			
Proceeds of Capital Loans	<u>37,279</u>	<u>37,279</u>	<u>0</u>
Change in Fund Balance	(71,715)	(26,944)	44,771
Fund Balance Beginning of Year	56,941	56,941	0
Prior Year Encumbrances Appropriated	<u>16,515</u>	<u>16,515</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$1,741</u></u>	<u><u>\$46,512</u></u>	<u><u>\$44,771</u></u>

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, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$20,700	\$24,984	\$4,284
Interest	750	806	56
	<u>21,450</u>	<u>25,790</u>	<u>4,340</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway			
Contractual Services	4,000	0	4,000
Capital Outlay	74,850	0	74,850
	<u>78,850</u>	<u>0</u>	<u>78,850</u>
Total Expenditures	<u>78,850</u>	<u>0</u>	<u>78,850</u>
Change in Fund Balance	(57,400)	25,790	83,190
Fund Balance Beginning of Year	<u>59,258</u>	<u>59,258</u>	<u>0</u>
Fund Balance End of Year	<u>\$1,858</u>	<u>\$85,048</u>	<u>\$83,190</u>

City of Wapakoneta
Motor Vehicle Permissive Tax Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$71,928	\$71,928	\$0
Intergovernmental	47,075	0	(47,075)
Interest	6,000	5,418	(582)
Other	2,000	0	(2,000)
	<u>127,003</u>	<u>77,346</u>	<u>(49,657)</u>
<u>Expenditures</u>			
Current:			
Transportation			
Motor Vehicle Permissive Tax			
Contractual Services	30,000	0	30,000
Capital Outlay	549,500	0	549,500
	<u>579,500</u>	<u>0</u>	<u>579,500</u>
Total Expenditures	<u>579,500</u>	<u>0</u>	<u>579,500</u>
Change in Fund Balance	(452,497)	77,346	529,843
Fund Balance Beginning of Year	<u>455,553</u>	<u>455,553</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$3,056</u></u>	<u><u>\$532,899</u></u>	<u><u>\$529,843</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, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$87,000	\$87,000	\$0
Interest	1,025	1,145	120
Revolving Loan Payments	28,975	31,039	2,064
	<hr/>	<hr/>	<hr/>
Total Revenues	117,000	119,184	2,184
<u>Expenditures</u>			
Current:			
Community Environment			
Community Block Grant			
Contractual Services	116,237	74,939	41,298
	<hr/>	<hr/>	<hr/>
Change in Fund Balance	763	44,245	43,482
Fund Balance (Deficit) Beginning of Year	(619)	(619)	0
Prior Year Encumbrances Appropriated	18,237	18,237	0
	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	<u>\$18,381</u>	<u>\$61,863</u>	<u>\$43,482</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, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$114,913	\$114,955	\$42
Fees, Licenses, and Permits	0	135	135
Intergovernmental	11,887	11,917	30
Interest	33,050	49,952	16,902
Gifts and Donations	83,501	83,501	0
Other	4,649	4,656	7
Total Revenues	248,000	265,116	17,116
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Recreation			
Personal Services	60,500	42,210	18,290
Contractual Services	52,054	48,249	3,805
Materials and Supplies	25,047	21,763	3,284
Capital Outlay	222,813	142,523	80,290
Total Expenditures	360,414	254,745	105,669
Change in Fund Balance	(112,414)	10,371	122,785
Fund Balance Beginning of Year	113,331	113,331	0
Prior Year Encumbrances Appropriated	23,414	23,414	0
Fund Balance End of Year	\$24,331	\$147,116	\$122,785

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, 2003

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

City of Wapakoneta
Enforcement and Education Special Revenue Fund

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$500	\$641	\$141
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Enforcement and Education			
Materials and Supplies	1,000	0	1,000
Capital Outlay	9,000	8,125	875
Total Expenditures	10,000	8,125	1,875
Change in Fund Balance	(9,500)	(7,484)	2,016
Fund Balance Beginning of Year	9,526	9,526	0
Fund Balance End of Year	\$26	\$2,042	\$2,016

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, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$500	\$777	\$277
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Drug Law Enforcement			
Materials and Supplies	343	293	50
Capital Outlay	2,800	2,300	500
Total Expenditures	3,143	2,593	550
Change in Fund Balance	(2,643)	(1,816)	827
Fund Balance Beginning of Year	2,684	2,684	0
Prior Year Encumbrances Appropriated	243	243	0
Fund Balance End of Year	\$284	\$1,111	\$827

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, 2003

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

City of Wapakoneta
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, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Special Assessments	\$13,165	\$14,683	\$1,518
Interest	3,835	3,835	0
Total Revenues	<u>17,000</u>	<u>18,518</u>	<u>1,518</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	35,700	35,700	0
Interest and Fiscal Charges	12,000	9,831	2,169
Total Expenditures	<u>47,700</u>	<u>45,531</u>	<u>2,169</u>
Excess of Revenues Under Expenditures	(30,700)	(27,013)	3,687
<u>Other Financing Sources</u>			
Transfers In	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Change in Fund Balance	(700)	2,987	3,687
Fund Balance Beginning of Year	<u>26,096</u>	<u>26,096</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$25,396</u></u>	<u><u>\$29,083</u></u>	<u><u>\$3,687</u></u>

City of Wapakoneta
Safety Building 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, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Safety Building			
Contractual Services	7,262	7,152	110
Materials and Supplies	350	314	36
Capital Outlay	<u>46,547</u>	<u>44,847</u>	<u>1,700</u>
Total Expenditures	<u>54,159</u>	<u>52,313</u>	<u>1,846</u>
Change in Fund Balance	(54,159)	(52,313)	1,846
Fund Balance Beginning of Year	49,254	49,254	0
Prior Year Encumbrances Appropriated	<u>3,059</u>	<u>3,059</u>	<u>0</u>
Fund Balance (Deficit) End of Year	<u>(\$1,846)</u>	<u>\$0</u>	<u>\$1,846</u>

City of Wapakoneta
Issue II Capital Projects Funds

Schedule of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$303,500	\$303,504	\$4
<u>Expenditures</u>			
Capital Outlay	<u>325,000</u>	<u>325,000</u>	<u>0</u>
Excess of Revenues Under Expenditures	(21,500)	(21,496)	4
<u>Other Financing Sources</u>			
Advances In	<u>21,500</u>	<u>21,500</u>	<u>0</u>
Change in Fund Balance	0	4	4
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$4</u></u>	<u><u>\$4</u></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, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Interest	\$500	\$0	(\$500)
<u>Expenditures</u>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	500	0	(500)
<u>Other Financing Sources</u>			
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Change in Fund Balance	50,500	50,000	(500)
Fund Balance Beginning of Year	<u>224,432</u>	<u>224,432</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$274,932</u></u>	<u><u>\$274,432</u></u>	<u><u>(\$500)</u></u>

City of Wapakoneta
Engineering Internal Service Fund

Schedule of Revenues, Expenses,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2003

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$184,000	\$196,417	\$12,417
Fees, Licenses, and Permits	13,300	13,871	571
Other	1,200	1,067	(133)
Total Revenues	198,500	211,355	12,855
<u>Expenses</u>			
Personal Services	213,400	169,905	43,495
Contractual Services	19,602	12,648	6,954
Materials and Supplies	18,069	12,931	5,138
Capital Outlay	4,000	1,911	2,089
Other	1,000	445	555
Total Expenses	256,071	197,840	58,231
Excess of Revenues Over (Under) Expenses	(57,571)	13,515	71,086
Fund Balance Beginning of Year	60,981	60,981	0
Prior Year Encumbrances Appropriated	2,571	2,571	0
Fund Balance End of Year	\$5,981	\$77,067	\$71,086

SCHEDULES OF CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

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City of Wapakoneta

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Source
 December 31, 2003

	<u>Amounts</u>
<u>Governmental Funds Capital Assets</u>	
Land	\$189,564
Land Improvements	254,811
Buildings	3,222,132
Equipment	327,533
Vehicles	1,889,437
Streets	22,632,005
	<hr/>
Total Capital Assets	<u><u>\$28,515,482</u></u>
<u>Investment in Governmental Funds Capital Assets</u>	
General Fund	\$2,604,725
Special Revenue Funds	820,367
Capital Projects Funds	455,758
Enterprise Funds	2,418,498
General capital assets acquired prior to 1986	22,216,134
	<hr/>
Total Investment in Capital Assets	<u><u>\$28,515,482</u></u>

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

City of Wapakoneta

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Program and Department
 December 31, 2003

Program/Department	Total	Land	Land Improvements
Security of Persons and Property			
Police	\$1,321,945	\$46,702	\$0
Fire	1,423,227	46,702	0
<hr/>			
Total Security of Persons and Property	2,745,172	93,404	0
Public Health			
Emergency Medical	587,073	0	0
Leisure Time Activities			
Recreation	582,231	63,300	254,811
Transportation			
Street	23,417,807	32,860	0
General Government			
City Offices	1,183,199	0	0
<hr/>			
Total General Capital Assets			
Allocated to Programs	<u>\$28,515,482</u>	<u>\$189,564</u>	<u>\$254,811</u>

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

<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Streets</u>
\$1,057,574	\$62,372	\$155,297	\$0
432,139	100,368	844,018	0
1,489,713	162,740	999,315	0
342,156	0	244,917	0
212,134	51,986	0	0
89,450	34,595	628,897	22,632,005
1,088,679	78,212	16,308	0
<u>\$3,222,132</u>	<u>\$327,533</u>	<u>\$1,889,437</u>	<u>\$22,632,005</u>

City of Wapakoneta

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Program and Department
 For the Year Ended December 31, 2003

Program/Department	Balance December 31, 2002	Additions	Reductions	Balance December 31, 2003
Security of Persons and Property				
Police	\$1,324,145	\$42,582	\$44,782	\$1,321,945
Fire	1,387,982	35,245	0	1,423,227
Total Security of Persons and Property	2,712,127	77,827	44,782	2,745,172
Public Health				
Emergency Medical	477,886	109,187	0	587,073
Leisure Time Activities				
Recreation	480,323	101,908	0	582,231
Transportation				
Street	22,942,727	475,080	0	23,417,807
General Government				
City Offices	1,183,199	0	0	1,183,199
Total General Capital Assets Allocated to Programs	\$27,796,262	\$764,002	\$44,782	\$28,515,482

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.

Statistical Section

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

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

Year	Security of Persons and Property	Public Health	Leisure Time Activities	Community Environment
1994	\$1,559,341	\$120,938	\$36,923	\$86,915
1995	1,687,127	133,284	59,305	57,416
1996	1,780,377	154,653	50,181	42,359
1997	1,772,509	123,076	138,973	68,861
1998	1,870,195	121,343	253,310	29,133
1999	1,979,857	141,996	191,946	82,923
2000	1,888,102	140,122	213,946	80,554
2001	2,067,961	167,644	207,117	119,936
2002	2,117,570	187,207	135,161	93,989
2003	2,157,411	315,008	249,281	134,590

Source: City of Wapakoneta Records

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

<u>Transportation</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$311,585	\$224,653	\$922,319	\$482,457	\$3,745,131
232,141	299,992	2,842,425	394,383	5,706,073
348,028	244,355	973,791	434,077	4,027,821
285,896	236,900	450,940	468,538	3,545,693
478,411	270,558	156,855	579,594	3,759,399
490,793	273,240	629,431	520,744	4,310,930
572,516	313,240	254,739	554,545	4,017,764
471,610	366,113	723,227	468,857	4,592,465
1,061,111	322,148	0	427,511	4,344,697
978,249	426,414	0	3,326,967	7,587,920

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

Year	Taxes	Special Assessments	Charges for Services	Fees, Licenses, Permits, Fines, and Forfeitures
1994	\$1,727,996	\$66,930	\$208,796	\$53,620
1995	1,858,916	63,428	185,316	38,711
1996	1,920,284	63,337	141,219	28,103
1997	2,189,965	69,230	161,602	32,096
1998	2,226,011	132,825	242,497	34,917
1999	2,345,267	111,056	227,937	38,571
2000	2,457,444	130,163	229,286	33,966
2001	2,854,868	117,346	272,803	36,151
2002	3,099,180	151,789	232,494	81,133
2003	3,195,466	122,025	272,376	69,923

Source: City of Wapakoneta Records

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

<u>Intergovernmental</u>	<u>Interest</u>	<u>Gifts, Donations, and Other</u>	<u>Total</u>
\$838,216	\$207,573	\$3,287	\$3,106,418
847,936	188,360	34,814	3,217,481
1,196,380	132,557	7,568	3,489,448
967,649	155,542	63,115	3,639,199
934,688	421,455	80,129	4,072,522
1,389,438	596,578	53,580	4,762,427
1,161,408	947,108	36,068	4,995,443
1,097,920	658,342	48,744	5,086,174
974,282	375,824	60,305	4,975,007
1,202,606	304,393	136,329	5,303,118

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City of Wapakoneta
Property Tax Levies and Collections
Last Ten Years

Collection Year	Current Tax Levy	Current Tax Collections	Percent Collected	Total Tax Collections	Total Tax Collections to Current Tax Levy	Total Outstanding Delinquent Taxes
1994	\$279,004	\$273,887	98.17%	\$273,887	98.17%	\$5,117
1995	269,065	264,722	98.39	264,722	98.39	4,343
1996	273,485	266,229	97.35	266,229	97.35	7,256
1997	397,875	384,411	96.62	384,411	96.62	13,464
1998	407,044	405,461	99.61	405,461	99.61	12,246
1999	424,489	408,828	96.31	408,828	96.31	9,381
2000	461,863	456,994	98.95	456,994	98.95	8,545
2001	481,194	471,669	98.02	471,669	98.02	8,475
2002	494,903	469,867	94.94	469,867	94.94	12,646
2003	502,468	486,704	96.86	486,704	96.86	20,341

Source: Auglaize County Auditor

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

Collection Year	Real		Public Utility Personal	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1994	\$73,409,430	\$209,741,229	\$4,846,400	\$5,507,273
1995	74,472,650	212,779,000	5,341,230	6,069,580
1996	75,629,200	216,083,429	4,414,810	5,016,830
1997	84,256,070	240,731,629	4,347,540	4,940,386
1998	85,677,490	244,792,830	4,781,650	5,433,690
1999	89,023,800	254,353,714	4,623,490	5,253,966
2000	105,430,340	301,229,543	3,802,580	4,321,114
2001	107,984,830	308,528,086	4,711,420	5,353,886
2002	109,250,530	312,144,371	4,045,290	4,596,920
2003	115,648,160	330,423,314	3,954,800	4,494,091

Source: Auglaize County Auditor

Tangible Personal		Total		Ratio of Assessed Value to Estimated Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$18,680,052	\$66,714,471	\$96,935,882	\$281,962,973	34%
18,466,993	65,953,546	98,280,873	284,802,126	35
19,861,835	70,935,125	99,905,845	292,035,384	34
19,951,835	71,256,554	108,555,445	316,928,569	34
22,239,512	79,426,828	112,698,652	329,653,348	34
20,180,660	80,722,640	113,827,950	340,330,320	33
22,119,150	88,476,600	131,352,070	394,027,257	33
25,315,900	101,263,600	138,012,150	415,145,572	33
22,437,024	89,748,096	135,732,844	406,489,387	33
22,326,522	89,306,088	141,929,482	424,223,493	33

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

Year	City of Wapakoneta			Wapakoneta	Auglaize	Apollo	Duchouquet	Total
	General	Special Revenue	Total	City School District	County Commissioners	Career Center	Township	
1994	\$2.75	\$0.00	\$2.75	\$35.30	\$7.56	\$1.70	\$0.20	\$47.51
1995	2.75	0.00	2.75	33.50	7.61	1.70	0.20	45.76
1996	2.75	0.00	2.75	33.50	7.61	1.70	0.20	45.76
1997	2.75	1.00	3.75	32.30	9.50	2.20	0.20	47.95
1998	2.75	1.00	3.75	32.00	9.50	2.20	0.20	47.65
1999	2.75	1.00	3.75	31.80	9.50	2.20	0.20	47.45
2000	2.75	1.00	3.75	30.70	9.40	2.20	0.20	46.25
2001	2.75	1.00	3.75	30.70	9.40	2.20	0.20	46.25
2002	2.75	1.00	3.75	30.70	9.40	2.20	0.20	46.25
2003	2.75	1.00	3.75	29.80	9.37	2.20	0.20	45.32

Source: Auglaize County Auditor

City of Wapakoneta
Principal Real Property Taxpayers
December 31, 2003

Taxpayer	Type of Business	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Ametek, Inc.	Plastic Compounds	\$1,134,580	0.98%
LRV Acquisition Corp.	Hotel Properties	975,080	0.84
Quaker Run Farms	Warehousing and Distribution	943,650	0.82
Normandy Ridge Limited	Residential Apartments	823,200	0.71
Quaker Run Investors	Residential Apartments	754,490	0.65
Auglaize Investment Company	Big Bear Department Store	665,000	0.58
WGP Holding	Superior Tube	566,250	0.49
H C F Inc.	Nursing Home	534,160	0.46
Celebrity House of Wapakoneta	Nursing Home	523,880	0.45
Dr. L. Y. Soo	Individual Property Owner	494,400	0.43
	Total	<u>\$7,414,690</u>	<u>6.41%</u>
	Total Assessed Valuation	<u><u>\$115,648,160</u></u>	

Source: Auglaize County Auditor

City of Wapakoneta
Principal Personal Property Taxpayers
December 31, 2003

Taxpayer	Type of Business	Personal Property Assessed Valuation	Percentage of Total Assessed Valuation
Superior Metal Products, Inc.	Metal Stamping and Turning	\$2,533,930	11.35%
Durez Corporation	Manufacturing Company	1,800,170	8.06
Ametek, Inc.	Plastic Compounds	1,253,920	5.62
Koneta Inc.	Rubber Truck Accessories Manufacturing	1,243,510	5.57
ICX Corporation	Equipment Leasing	999,370	4.48
Midwest Elastomers Inc.	Rubber Products	924,760	4.14
Amcast Industrial Corporation	Automotive Suspension Manufacturing	881,800	3.95
Copeland Corporation	Manufacturing Company	697,450	3.12
Penn Traffic Company	Retail Grocery and Department Store	561,500	2.52
Wapakoneta Machine Company	Machine Knives	530,120	2.37
	Total	<u>\$11,426,530</u>	<u>51.18%</u>
	Total Assessed Valuation	<u>\$22,326,522</u>	

Source: Auglaize County Auditor

City of Wapakoneta
Special Assessment Billings and Collections
Last Ten Years

Collection Year	Total Billed (1)	Amount Collected (1)	Percent Collected
1994	\$50,478	\$42,525	84.24%
1995	57,937	48,009	82.86
1996	62,627	55,229	88.19
1997	53,241	58,786	110.41
1998	74,399	73,481	98.77
1999	103,418	106,611	103.09
2000	102,564	98,625	96.16
2001	75,984	89,443	117.71
2002	73,604	68,405	92.94
2003	88,275	82,749	93.74

Source: Auglaize County Auditor

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

City of Wapakoneta
 Computation of Legal Debt Margin
 December 31, 2003

Total Assessed Valuation		\$141,929,482
Overall Debt Limitation - 10 1/2% of Assessed Valuation		14,902,596
Gross Indebtedness	14,762,589	
Less Debt Outside Limitation		
Bond Anticipation Notes	7,276,800	
General Obligation Bonds	170,600	
Mortgage Revenue Bonds	3,445,000	
Capital Loans	340,789	
	3,529,400	
Net Indebtedness	3,529,400	
Less Fund Balance in Debt Service Fund	161,129	
Net Debt Within 10 1/2% Limitation		3,368,271
Legal Debt Margin Within 10 1/2% Limitation		\$11,534,325

Unvoted Debt Limitation - 5 1/2% of Assessed Valuation		\$7,806,122
Gross Indebtedness	14,762,589	
Less Debt Outside Limitation		
Bond Anticipation Notes	7,276,800	
General Obligation Bonds	170,600	
Mortgage Revenue Bonds	3,445,000	
Capital Loans	340,789	
	3,529,400	
Net Indebtedness	3,529,400	
Less Fund Balance in Debt Service Fund	161,129	
Net Debt Within 5 1/2% Limitation		3,368,271
Legal Debt Margin Within 5 1/2% Limitation		\$4,437,851

Source: City of Wapakoneta Records
 Auglaize County Auditor

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

Year	Population	Assessed Value	Gross (1) Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	9,648	\$96,935,882	\$3,324,500	\$45,066	\$3,279,434	3.38%	\$339.91
1995	9,648	98,280,873	3,335,250	123,098	3,212,152	3.27	332.93
1996	10,303	99,905,845	3,202,709	185,689	3,017,020	3.02	292.83
1997	10,303	108,555,445	3,055,709	240,432	2,815,277	2.59	273.25
1998	10,303	112,698,652	4,555,000	181,796	4,373,204	3.88	424.46
1999	10,303	113,827,950	4,250,083	120,707	4,129,376	3.63	400.79
2000	9,474	131,352,070	3,982,541	64,024	3,918,517	2.98	413.61
2001	9,474	138,012,150	3,705,000	60,695	3,644,305	2.64	384.66
2002	9,474	135,732,844	3,425,000	118,215	3,306,785	2.44	349.04
2003	9,474	141,929,482	3,529,400	161,129	3,368,271	2.37	355.53

Source: City of Wapakoneta Records
Auglaize County Auditor

(1) Includes general obligation bonds only.

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

Year	Debt Principal	Governmental Fund Type Expenditures	Ratio of Debt Principal to Governmental Fund Type Expenditures
1994	\$104,255	\$3,745,131	2.78%
1995	92,540	5,706,073	1.62
1996	132,541	4,027,821	3.29
1997	147,000	3,545,693	4.15
1998	188,100	3,759,399	5.00
1999	252,542	4,310,930	5.86
2000	267,542	4,017,764	6.66
2001	277,541	4,592,465	6.04
2002	280,000	4,344,697	6.44
2003	3,020,000	7,587,920	39.80

Source: City of Wapakoneta Records

City of Wapakoneta
 Computation of Direct and Overlapping Debt
 December 31, 2003

Jurisdiction	General Tax Supported Debt	Percentage Applicable to City of Wapakoneta (1)	Amount Applicable to City of Wapakoneta
City of Wapakoneta	\$3,529,400	100.00%	\$3,529,400
Wapakoneta City School District	3,125,000	50.25	1,570,313
Auglaize County	2,423,017	17.43	422,332
Subtotal	5,548,017		1,992,645
Total	<u>\$9,077,417</u>		<u>\$5,522,045</u>

Source: City of Wapakoneta Records
 Ohio Municipal Advisory Council

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

City of Wapakoneta
Revenue Bond Coverage
Sewer Fund
Last Ten Years

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1994	\$1,072,734	\$743,943	\$328,791	\$60,000	\$116,983	\$176,983	1.86
1995	1,145,780	848,345	297,435	60,000	113,203	173,203	1.72
1996	1,317,483	695,594	621,889	65,000	109,363	174,363	3.57
1997	1,337,755	974,294	363,461	70,000	105,137	175,137	2.08
1998	1,383,945	1,039,990	343,955	75,000	100,517	175,517	1.96
1999	1,312,885	831,324	481,561	135,000	188,600	323,600	1.49
2000	1,311,695	865,523	446,172	145,000	186,348	331,348	1.35
2001	1,217,966	659,164	558,802	150,000	179,058	329,058	1.70
2002	1,495,944	829,276	666,668	155,000	173,583	328,583	2.03
2003	1,693,997	860,093	833,904	160,000	167,770	327,770	2.54

Source: City of Wapakoneta Records

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

City of Wapakoneta
Demographic Statistics
Last Ten Years

Year	Population (1)	School Enrollment (2)	Unemployment Rate Auglaize County (3)
1994	9,648	3,761	5.70%
1995	9,648	3,703	5.10
1996	10,303	2,949	4.50
1997	10,303	3,479	4.80
1998	10,303	3,610	4.90
1999	10,303	3,455	2.90
2000	9,474	3,334	2.80
2001	9,474	3,285	4.60
2002	9,474	3,269	5.30
2003	9,474	3,069	5.50

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

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

Year	Number of Building Permits Issued	Value of Building Permits Issued	Property Values	Auglaize County Bank Deposits	City of Wapakoneta Bank Deposits (1)
1994	73	\$4,245,000	\$96,935,882	\$178,395,000	0
1995	81	4,259,000	98,280,873	193,586,000	0
1996	79	4,657,000	99,905,845	206,817,000	0
1997	168	5,710,000	108,555,445	230,673,000	0
1998	147	11,338,000	112,698,652	245,527,000	0
1999	72	10,731,600	113,827,950	266,386,000	0
2000	56	11,763,800	131,352,070	279,928,000	0
2001	170	8,149,300	138,012,150	279,928,000	0
2002	177	6,976,296	135,732,844	299,996,000	0
2003	203	4,020,000	141,929,482	306,919,000	0

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

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

City of Wapakoneta
Miscellaneous Statistics
December 31, 2002

Date of Incorporation	1848
Founded in 1833 - Duchouquet Township	
Status: Village 1853, City 1910	
Population Estimated	9,474
Form of Government	Statutory - Council/Mayor
Area	5.30 Square Miles
Miles of Streets	45.0
Fire Protection:	
Number of Stations	1
Number of Firemen and Chief	14
Number of Auxiliary Firemen	15
Police Protection:	
Number of Stations	1
Number of Policemen and Chief	14
Number of Auxiliary Policemen	15
Number of Dispatchers	5
Number of EMS	14
Sewer System:	
Sanitary Sewers	47.05 Miles
Storm Sewers	26.27
Number of Treatment Plants	1
Daily Average Treatment	2,600,000 Gallons
Maximum Daily Capacity of Treatment Plant	4,000,000 Gallons
Water System:	
Water Lines	58.72
Number of Water Treatment Plants	1
Daily Average Consumption	1,500,000 Gallons
Maximum Daily Capacity of Treatment Plant	2,722,000 Gallons
Electric System:	
Electric Lines	98.72 Miles
Number of Substations	8
Culture and Recreation:	
Number of Parks	3
Park Acreage	33
Number of Swimming Pools	2
Number of Tennis Courts	8
Number of Museums	2
Number of Campgrounds	5
Facilities and Services Not Included in the Reporting Entity:	
Education:	
Number of Elementary Schools (Public and Parochial)	5
Number of Middle and High Schools	2
Total Enrollment	3,069
Total School Instructors	185
Number of Public Libraries	1

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**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

CITY OF WAPAKONETA

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 7, 2004**