

**CITY OF NAPOLEON, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2008**





Mary Taylor, CPA  
Auditor of State

Members of City Council  
City of Napoleon  
255 W. Riverview Ave  
P. O. Box 151  
Napoleon, Ohio 43545-0151

We have reviewed the *Independent Auditor's Report* of the City of Napoleon, Henry County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 24, 2009

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**CITY OF NAPOLEON, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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(216) 475 - 6136

Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Members of City Council  
City of Napoleon, Ohio

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 Napoleon, Henry County, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the City of Napoleon, Ohio's basic financial statements and have issued our report thereon dated May 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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


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

**Compliance and Other Matters**

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

We noted certain matters that we reported to the management of the City of Napoleon, Ohio, in a separate letter dated May 12, 2009.

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

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

May 12, 2009

**CITY OF NAPOLEON, OHIO**  
**STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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The prior audit report, as of December 31, 2007, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



*THE CITY OF NAPOLEON, OHIO*

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HENRY COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2008

*Prepared by the Finance Department*

Gregory J. Heath  
Director of Finance



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HENRY COUNTY, OHIO

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## *INTRODUCTORY SECTION*

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Napoleon High School serves the entire school district.





# CITY OF NAPOLEON

255 West Riverview Avenue • Napoleon, Ohio 43545

Gregory J. Heath, Director of Finance

phone (419) 599-1235

fax (419)-599-8393

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May 29, 2009

## Introduction

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

We are pleased to present the Thirteenth (13<sup>th</sup>) ***Comprehensive Annual Financial Report*** (CAFR) of the City of Napoleon, Ohio, (the City) for the year ended December 31, 2008. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Generally Accepted Auditing Standards (GAAS). GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A) to accompany the basic financial statements. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## The Report

*State law*, along with *Administrative Rules* of the Auditor of State, requires all City governments to publish an Annual Report within 150 days of the close of each fiscal year. This report must present a complete set of financial statements presented in conformity with GAAP. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAAS. Pursuant to these requirements, we hereby issue the CAFR of the City of Napoleon, Ohio, for the fiscal year ended December 31, 2008.

While there is no legal requirement for the preparation of a CAFR, it represents a commitment by the City, and its officers, to conform to nationally recognized standards of excellence in financial reporting. This report consists of management's representations concerning the finances of the City. Responsibility for both the accuracy of the presented data and the completeness and reliability of the presentation, including all disclosures, rests with City management.

***Letter of Transmittal  
For the Year Ended December 31, 2008***

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City Management has established various internal controls designed to compile reliable information for the preparation of the Annual Financial Statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's various internal controls are designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

The City's financial statements have been audited by an Independent Public Accountant (IPA), James G Zupka, CPA, Inc., Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. The IPA issued an unqualified opinion that the basic financial statements are presented fairly in conformity with GAAP, in all material respects, representing the financial position of the City as of December 31, 2008. The report from the IPA is presented as the first component of the financial section of this report.

***PROFILE OF THE CITY OF NAPOLEON***

**Early History**

The City of Napoleon is located in Henry County in Northwest Ohio and occupies land that was once part of a vast area in this region originally known as "*The Great Black Swamp of Ohio*". This expanse of forest, water, and black soil was a tract of land extending west from Lake Erie for 120 miles in length covering an average breadth of 40 miles. Through it passed a winding river named by the local Native American tribes the "*Maumee*". The Maumee River empties into Lake Erie and provided a natural navigable waterway as well as an abundance of aquatic life. The surrounding forests at that time were filled with many varieties of hardwood trees and wild game. These resources were used by the many tribes that occupied the region and later by the early settlers. The English moved into this area in the late 1700's and fought with the French for control. After the Revolutionary War the Americans gained title to the area, but the Native Americans possessed it. The Native Americans did not leave the area willingly and were defeated in 1796 by General Anthony Wayne in a very decisive battle at a place called Fallen Timbers. During his campaign against the Native Americans, General Anthony Wayne would often setup encampment for his men along the Maumee River where the City is currently located.

After the war of 1812, more trappers, traders, and pioneering farm families began moving into the area, and Henry County was officially formed in 1820. The Miami and Erie Canal, completed in 1843, passed directly through Napoleon and opened the area to early European emigration. The canal helped to foster development throughout the county, and the town began to grow in both population and industry. Agriculture, and products based on agriculture, was at the heart of the area's early growth, this relationship continues to through today in importance. After the Civil War, railroads and better roadways opened the area to further development. By the turn of the 20<sup>th</sup> century Napoleon had grown into a strong, diversified economy. Today, Napoleon has a community with an economy based on manufacturing, retail sales, various service industries, engineering, and warehousing; all of which add to the continued strength of the traditional agriculture based economy.

***Letter of Transmittal  
For the Year Ended December 31, 2008***

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**The City of Napoleon**

The first documented dwelling in Napoleon was a log cabin built in 1832. The town of Napoleon was founded in 1835 and later was made the county seat of Henry County. The name of "Napoleon" was first given to the township by a group of Frenchmen who inhabited the area. Local Citizens adopted the name and the town was officially incorporated as the Village of Napoleon in 1863. In 1950 the Village of Napoleon officially became the "*City of Napoleon*".

The current day City is located on the Maumee River, and is about 40 miles southwest of Toledo, Ohio, 50 miles north of Lima, Ohio, 65 miles east of Fort Wayne, Indiana, 110 miles southwest of Detroit, Michigan, and 130 miles west of Cleveland, Ohio. Two national highways, US-6 and US-24 running east and west, bypass on the north edge of the City. Two state routes run north and south, SR-108 runs through the City, and SR-109 is to the east just outside the City. Entrances to the Ohio Turnpike, Interstate I-80/90 are located 12 miles north of the City, one off SR-108 and one off SR-109. Interstate I-75 is 25 miles east of the City off US-6. The City has limited rail service through the Miami and Western Railroad with a spur that runs through the City connecting to CSX and Norfolk and Southern to the west in Defiance, Ohio. Main lines of CSX and Norfolk and Southern run east and west through southern Henry County, and north and south lines of Canadian National Railroad are to the east in Wood County. Amtrak service is available in Bryan and Toledo, Ohio, and Fort Wayne, Indiana. Toledo Express Airport, a full service passenger and freight airport, is located about 30 miles to the northeast.

**Form of Government**

By 1950, the population of the Village of Napoleon had grown in size allowing the Village to be incorporated into the City of Napoleon. The Citizens of Napoleon, who were determined to exercise home rule authority, voted to become a *Chartered City*, as allowed by the State Constitution of Ohio, effective January 1, 1952. The City Charter, amended several times, was last amended in its entirety by a vote of its Citizens on November 7, 2000, with an effective date of July 1, 2001. The City Charter stipulates a charter review every eight (8) years. In 2008, the City Charter underwent a full review by an appointed Charter Review Commission. The Charter Review Commission recommended various changes to the Charter to be voted by the Citizens of Napoleon. City Council agreed, and placed these proposed changes before its Citizens for a vote on November 4, 2008; all proposed changes were defeated. The City Charter remains the same from the last prior approved changes effective July 1, 2001.

The City operates and is governed by a strong City Council (Council)/City Manager form of government. The City is subject to general laws applicable to all Cities and, under the Ohio Constitution, may exercise all powers of local self-government and police powers to the extent that they do not conflict with the Ohio Constitution. Legislative authority is vested in a seven (7) member Council. The Mayor, who serves as ceremonial head of the City, is separately elected. The Mayor exercises limited executive and legislative authority as provided by the City Charter, including all judicial powers conferred upon mayors under Ohio law. The Council enacts ordinances and resolutions, fixes compensation of City officials and employees, sets policy relating to City services, including; tax levies, utility rates, appropriations and borrowing money, regulating businesses and trades, and all other related municipal services.

***Letter of Transmittal  
For the Year Ended December 31, 2008***

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General elections for the City are held every two years, alternating with four (4) council seats and then three (3) council seats plus the Mayor. All council seats and the Mayor are elected at-large and terms of office are four (4) years. The Municipal Court Judge is separately elected every six (6) years. The Council President is the presiding officer of Council and is elected from among the Council members. Except for Municipal Court, the Charter establishes certain administrative departments and Council may establish additional departments as needed. Except for Municipal Court, City Council establishes all department positions. By Charter, the City Manager, Finance Director and Law Director are all appointed by, and serve at the pleasure of Council with no specified term limits. Except for departments of Finance, Law and Municipal Court, the City Manager has authority over all other operational departments and appoints those department heads. Subject to approval of Council, the Mayor, and on certain boards the City Manager, recommends appointments of citizens to City boards and commissions.

**Municipal Services**

The City offers a wide variety of services to its Citizens as authorized by its Charter, the Ohio Revised Code (ORC), and City Administrative Code. The broad categories of services include: police and fire protection; emergency medical rescue services; streets maintenance; traffic control; planning and engineering; building and zoning code enforcement; cemeteries; community development; municipal court and civil judicial services; recreation programs and parks (including ball fields, playgrounds, picnic areas, a golf course and a boat ramp); economic development; and general administrative services. The City does not operate hospitals or schools, and it is not responsible for public assistance programs.

The City operates four (4) enterprise activities: water treatment and distribution; sewer wastewater collection and treatment; electric distribution for residential, commercial and industrial customers; and residential solid waste collection and disposal, including a curbside recycling program, a yard waste transfer station site, a mosquito control program, storm debris removal and seasonal bulk pickups. In 2007, the City added a new storm water abatement charge to its sewer enterprise fund. The new funds are designated for the separation of the sanitary sewer from the storm water systems.

The City's enterprise activities are not subject to rate review by the Public Utilities Commission of Ohio (PUCO) or any similar regulatory body. The City Council by City Charter and Home Rule has the necessary authority to establish and amend utility user rates as required. All utility rates are monitored on an on-going basis to ensure their adequacy to meet operational, maintenance, debt service and capital replacement needs. Responsibility for frequency and amount of any rate changes lies solely with the City Council. The Board of Public Affairs, a citizen's board appointed by City Council, reviews and makes recommendations to City Council on all enterprise activity including all rates, policies and procedures.

The City is one (1) of the 126 member public entities in the American Municipal Power-Ohio (AMP-Ohio). AMP-Ohio is a non-profit corporation organized in Ohio in 1971 for the purpose of owning and operating electric facilities and providing for the generation, transmission and distribution of electric power and energy to its members. AMP-Ohio purchases wholesale electric power and energy and sells it to members at rates based on purchase price plus a small service fee. The organization also develops alternative power sources to best meet member's short and long-term power needs, and operates a power dispatch center 24 hours a day, 365 days a year, to serve its member communities. The City participates in three (3) joint ventures administrated by AMP-Ohio, and is contractually obligated to the Gorsuch Station Generating Plant, and the new Prairie State and AMPEGS power generating stations. Detailed descriptions of the joint ventures are listed in the Notes to the Financial Statements. Currently the City has a closed electric system and does not purchase power from other providers.

***Letter of Transmittal  
For the Year Ended December 31, 2008***

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The City has a joint contract between the City and Henry County for operation of the Community Improvement Corporation (CIC). Mutual aide contracts for fire and emergency medical services are between the City, the Townships, Henry County and the Henry County Hospital. Henry County operates the health district, in which the City participates contractually, but has no direct fiduciary responsibility by agreement. The City has a contract with the Napoleon/Henry County Chamber of Commerce to operate a Tourist Bureau, this is funded through a lodge tax imposed and collected by the City.

**The Reporting Entity**

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*", in that the financial statements include all of the organizations, activities, functions and component units for which the City (The Reporting Entity) is Financially Accountable. Financial Accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units, but includes the following services as authorized by its charter: police and fire protection services, parks and recreation, planning and zoning, street maintenance and various other governmental services. In addition, the City owns and operates a water treatment plant and distribution system, a wastewater treatment plant and collection system, and an electric distribution system, and provides curbside refuse collection and recycling services.

**Budgetary and Accounting Controls**

The City's budgetary accounting system was designed to provide reasonable assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated using the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and members of the finance office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

***Letter of Transmittal  
For the Year Ended December 31, 2008***

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**Budgetary Controls**

Budgetary control is on the cash basis of accounting and is maintained at the object level for each function within each fund by legislation approved by City Council. The various objects are:

**Personal Services:**

- Salary and Wages
- Fringe Benefits

**Other Expenditures:**

- Contractual Services
- Materials and Supplies
- Capital Outlays
- Transfers (Within Funds)
- Debt Service – Principal & Interest

Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered (Certification of Funds) prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level of appropriations are not approved unless additional appropriations are authorized. The City Manager has authority to move appropriations within a specific object, but must have legislative approval to move appropriations or supplement appropriations from one object category to a different object category. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year. The City's fiscal year currently coincides with the calendar year. The final budget must be adopted by City Council no later than March 31<sup>st</sup> in the fiscal year to which it applies.

***INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION***

**Local Economy**

The local economy was very slow in 2008, following both State of Ohio and National economic trends, with little to no growth. In certain sectors, especially automotive and housing, economic retraction has occurred causing local area economic activity to trend lower. Comparing municipal income taxes for 2008 to 2007; business profit taxes were down by -17.4%, individual returns were down by -12.1%, withholding taxes held even with a slight increase of +0.1%, however, overall combined total income tax collections were down by -3.7%. This downward trend continues into the first quarter of 2009. In addition, withholdings continue to be held lower by reduced taxable income from business implementation of various state and federal mandates imposed on the City to exclude tax deferral plans from its allowable taxation base. Future taxable income growth will continue to be negatively impacted by implementation of these various approved tax deferred, 125 and other plans. Currently, State Law limits the City tax to be applied against Box 5 of the W-2 (Medicare wages and not Gross wages).

On a positive note, just prior to the release of this report, on Election Day May 5, 2009 the Citizens of Napoleon approved by vote an additional **0.3% Permanent Income Tax** for the General Operations of the City, effective July 1, 2009. This raises the City's Income Tax Base Rate from 1.0% to 1.3%; adding the current Recreation Levy of 0.2%, raises the *net effective* Income Tax Rate from **1.2% to 1.5%**.



***Letter of Transmittal  
For the Year Ended December 31, 2008***

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Both local housing growth and home values fell in 2008 following State and National trends. Local area new housing starts have fallen close to zero, and the turn over of pre-existing homes slowed to little or no activity by the end of 2008. This downward trend has slightly reversed itself in the first quarter 2009 for the sales of pre-existing homes, and is primarily due to lowered mortgage rates. Sales of new homes are still non-existent, and overall home foreclosures are up over last year.

With the challenges to the domestic automotive industry, along with the high cost of oil and oil related products in 2008, businesses related to those activities were negatively impacted in Henry County as a whole. The unemployment rate in Henry County rose to an annual average rate of 8.0% by the end of 2008; however, looking forward through March 31, 2009 the rate had risen to 14.5% (not seasonally adjusted). The local area rate is higher compared to the State of Ohio rate of 6.5% by the end of 2008, with this rate up to 10.1% through March 31, 2009. While specific data is unavailable from the Ohio Department of Job and Family Services (ODJFS) for the City, it is estimated that the City's unemployment rate falls between the Ohio rate and the rate for Henry County. Using the most current rates through March 31, 2009, it is estimated the rate for the City would fall between 10.1% and 14.5%.

The City has experienced the loss of businesses located both inside and outside the City limits. Recent losses of retail or food businesses in the City include: Mancino's Restaurant, Salvation Army Store, Leininger's Carpet, Pharm Drug Store and Chaotic Creations Store. In addition, the following manufacturing businesses have closed or greatly curtailed operations: Midwest Wood Trim, a manufacture of housing related products, closed in December, 2008; Tenneco and Automatic Feed Company, automotive related supplier, whom both curtailed operations in 2008. Businesses outside the City limits, but still in Henry County, that curtailed or eliminated operations in 2008 included Alex Products, automotive related supplier, and Sherwin Williams Paint, a paint products supplier. On the positive side, there were some new businesses added in 2008, these include Carpet Wholesalers LTD, a carpet retail store for commercial and residential carpet, and a new Chinese Restaurant.

Despite the recent slowing trends, the City continues to have multiple long term growth opportunities available based on its greatest asset, its location. Prior investments in rail, road infrastructure, and open land have increased both potential and capacity for development. Several factors are now in place for an economic turn-around, including State of Ohio tax reform legislation that encourages investment in machinery and equipment, and has the potential to spur development and investment in the manufacturing areas of the City. The soon to be completed four lane highway on US-24 from Toledo, Ohio, to Fort Wayne, Indiana, (known as the "Port to Fort Project") positions the City as an ideal location for businesses, both industrial and commercial to locate. Substantial investments have been made prior to and in 2008, and are committed to be made in and after 2009, by local manufacturing and fulfillment centers in and near the City. Specifically, the Campbell Soup Supply Company, LLC (Campbell's), the largest employer in Henry County and a manufacturer of soups, drinks (V-8 & Splash) and other canned items, operates a plant adjacent to, but outside the City limits. Campbell's in 2005 invested over \$50 Million, and in 2006 \$41 Million, in real and personal property in its production facility. Adjacent to Campbell's is the Southpoint Business Park (a new development in 2006) with projected investments over \$31 Million in new real and personal property. A plastics manufacturer Carson Industries, with an estimated workforce of about 100 employees, is projected to expand its operation in the City. TMT Warehousing, a warehousing and repacking company, is projected to expand operations in the local area.

***Letter of Transmittal  
For the Year Ended December 31, 2008***

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Commercially, the City has seen limited growth of its retail and service industries. These businesses have been impacted by the current economic conditions and follow the lower trends set by the State and National economy.

It is hoped that with both prior and recent dollar investments, such as the investment in the broadband fiber optic capacity for both the City and its surrounding areas, that these investments will spur new interest from potential businesses to invest in new manufacturing, logistics, and information technology businesses in the City or local area. As the City and region transitions from its automotive-based business economy to a more diversified economy, with food production, storage, logistics and information technology, sustained economic growth should return to the City and the immediate region.

**Business**

The following are the private and public employers that have the largest work forces and are located in or adjacent to the City:

<u>Employer (I=Inside, O=Outside City Limits)</u>	<u>Nature of Activity or Business</u>
Napoleon Area City School District (I)	Education – Elementary thru High School
Wal-Mart Store (I)	Retail Sales
Henry County Offices (I)	Governmental Services to the County
Henry County Hospital (I)	Hospital Services and Care Facility
The Lutheran Home (I)	Long-term Care Facility
Tenneco (Formerly-Pullman) (I)	Rubber and Metal Shock Attenuation Parts
City of Napoleon Offices (I)	Governmental Services to the City
Carson Industries (Formerly-Vision) (I)	Structural Foam Plastic Molding
Automatic Feed Company (I)	Design/Mfg. of Coil Equipment Processing
Golden Living Center (Northcrest) (I)	Nursing Care and Rehabilitation
Campbell Soup Supply Company, LLC (O)	Canned Soups, Beverages, Other Food Products
Silgan Can Company (O)	Produces Cans for the Food Market

Excluding Campbell Soup Supply and Silgan Can, both located outside the City limits, the listed industries and service providers' employ an estimated 2,500 persons in both full and part-time positions. Campbell's, the largest single employer in Henry County, is estimated to employ 1,560 persons, both full time and part time, with an approximate 350 persons employed by Silgan Can Company.

**Future**

The Oakwood Retail Plaza, purchased in 2003 by the Henry County Commissioners, has been renovated to accommodate governmental and other service business offices. The Plaza currently houses the County Administrative Offices, the County Health Department, the County Emergency Operations Center (Used by both the City and County), the new City Municipal Court, and the Buckeye Launderers and Cleaners. Three (3) commerce parks are available for development: the Napoleon Commerce Park; the North Pointe Commerce Park; and the Southpoint Business Park located outside the City limits to the south.

***Letter of Transmittal  
For the Year Ended December 31, 2008***

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The State in 2005 replaced the Perry Street Bridge (SR-108) over the Maumee River, a \$17 Million Dollar project, giving reliable access to both sides of the river in Napoleon. In addition, a new water tower was completed on the South Side giving additional pressure and redundancy to the City's water system. A new water pretreatment facility, called the MIEX System, was completed in 2008 and will improve the City's quality of final processed water.

The downtown area experienced turn over of businesses in 2008, and some vacant storefronts remain. A very active downtown property and business owners association has started a movement by forming a downtown revitalization committee. In an effort to spur new interest in downtown development, the committee is currently pursuing downtown revitalization grant funds from the State of Ohio. New businesses continue to locate along the business strip of SR-108 just north of the downtown area. A new auto parts store is set to open sometime in 2009 in this area.

***Major Initiatives for the Year***

The City accomplished numerous undertakings that provide for and promote the welfare of its residents:

- Completed major street and other infrastructure improvements, including Woodlawn Avenue.
- Finalized the cleanup of a junkyard using a Clean Ohio Grant Funds (CORF project).
- Took delivery of a new fire truck in 2008 to replace an older unit.
- Upgraded major equipment in many of the Departments, including two (2) new police cruisers.
- Upgraded various Department computers, software, phones and added fiber optic extensions.
- Began the upgrade of the North Side Electric Substation by adding a second primary transformer.
- Completed major sewer separations on the sanitary sewer and storm water systems, including the West Riverview Avenue. Completed plans on a major upgrade to the W. Washington Street area.
- Completed various waterline upgrades on the water distribution system.
- Place in operation the MIEX Water Pretreatment Facility.
- Started construction of the Equalization Basin (EQ) Storm Water Control Project.

***Major Initiatives for the Future***

Within the constraints of budgetary challenges, the City plans to continue to maintain City services as necessary to keep abreast of infrastructure needs and provide for required improvements as growth and development occurs. The following are some of the major goals and projects for the future:

- Update and implement a new City Master Plan and Zoning Code to assist in City development.
- Continued development of industrial and commercial sites for expanded and new industries.
- On-going road improvements and other infrastructure street repairs.
- Upgrading of water lines to improve water reliability and flow rates.
- Expansion of electric, water and sewer lines to new development areas in the City as needed.
- Elimination of sanitary sewer and combined sewer overflows, and adding a 2.5 million gallon detention basin. City implemented storm water charge for storm water remediation in 2007.
- Completion of the SR-24 Fort to Port project, that includes a traffic separation bridge crossing at Glenwood Avenue.
- A study by the State of Ohio for a second possible river bridge crossing over the Maumee River.
- Major equipment and utility infrastructure upgrades and replacements.

## CITY OF NAPOLEON, OHIO

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### *Letter of Transmittal For the Year Ended December 31, 2008*

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#### **Department Accomplishments**

Management reviews for all departmental operations that are ongoing to identify operational changes that will enhance the efficiency and revenue effectiveness of those departments. All departments do annual reviews of their operations for cost savings and new potential revenue sources. Continuing education, safety (OSHA training), and skill training programs remain a priority for all departments. The City is continuing the process of updating department policies and procedures for risk management, and to reflect ongoing changes to City code. The City's Healthcare Cost Committee actively re-evaluates City health programs and costs. In 2007, a Human Resources person was added to staff to provide direct training and monitoring of the various employee programs and their costs.

#### **Cash Management**

Cash management is an integral component of the City's overall financial plan. The City's goal is to earn a market rate of return consistent with providing the liquidity needed to pay obligations on a timely basis. Authorized investments are described in detail in Note 5 of the footnotes to the basic financial statements included within the financial section of this CAFR. The City seeks to utilize those funds not needed for daily obligations most effectively by purchasing marketable, short-term instruments at higher yields. Currently, the City uses short-term treasury notes, agency/instrumentality discount notes, and bank certificates of deposit in its investment program.

The City's cash resources were invested as follows at December 31, 2008:

Cash Resources	2008	%
Cash and Cash Equivalents	\$635,900	3.48%
STAR Ohio	1,468,201	8.03%
Federal Securities	5,185,160	28.35%
Certificates of Deposit	11,000,000	60.14%
Total	<u>\$18,289,261</u>	<u>100.00%</u>

A 3D pie chart illustrating the investment distribution of cash resources as of December 31, 2008. The largest segment is Certificates of Deposit at 60.14%, followed by Federal Securities at 28.35%, STAR Ohio at 8.03%, and Cash and Cash Equivalents at 3.48%.

#### **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; natural disasters and injuries to employees. To manage this risk the City participates in various jointly funded pools, both risk sharing and group rated, to provide separate and distinct coverage for the risk involved. These pools are: Buckeye Ohio Risk Management Association - Property and Casualty, Inc., for Property and Casualty Coverage (aka - BORMA Property and Casualty); Buckeye Ohio Risk Management Agency-Health Benefits, Inc., for Health and Group Life Insurance Coverage (aka - BORMA Health Benefits); and Ohio Rural Water Association-Group Rated Pool for Workers Compensation (aka - ORWA Workers Compensation Pool). Detailed descriptions with basic outlines of coverages for these pools are listed in Note 15.

***Letter of Transmittal  
For the Year Ended December 31, 2008***

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For both the BORMA Property and Casualty, and the BORMA Health Benefits Pool's; individual members are not considered "participants having equity interest" as defined by GASB Statement No. 14 since members have no rights to any assets of the pool other than residual claims upon dissolution. Both pools are a multi-jurisdictional arrangement that have characteristics of a joint venture, but has additional features that distinguish it, for financial reporting purposes, from the traditional joint ventures as defined in GASB Statement No. 14.

Both pools have the ability to require the member Cities to make supplemental payments in the event reserves are not adequate to cover claims. The probability of this occurring is considered remote due to the adequacy of the pool reserves and premium levels, therefore, no additional amounts have been reserved in the financial statements. Audited financial statements are maintained separately by each pool.

The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll plus administrative costs. The rate is determined based upon the accident history of the City and the Ohio Rural Water Association (ORWA) joint rating pool. The City became a member of this pool in 1999 and continues as a member into 2009. The City reviews closely all Workers' Compensation claims to control costs. A Transitional Work Program was developed and adopted by the City; this program allows gradual transition of injured workers from light duty to normal duty over a period of time.

Safety policies are periodically reviewed and updated, and employee safety training is provided on an ongoing basis. Types of safety training provided to City departments include; drivers training, a drug free workplace policy with training, sexual harassment policy with training, specialty training germane to specific department functions or tasks, and the various OSHA related safety programs.

***AWARDS AND ACKNOWLEDGEMENTS***

**Independent Audit**

Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2008, issued by the IPA, James G Zupka, CPA, Inc., Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a CAFR, and to meet requirements of certain Revenue Trust Agreements on Revenue Debt. In addition, an annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities that qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both GAAP and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only.

***Letter of Transmittal  
For the Year Ended December 31, 2008***

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The City received a Certificate of Achievement for the fiscal year ended December 31, 2007. We believe this, our thirteenth (13<sup>th</sup>) Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting, and so therefore the City is submitting it to GFOA for certification.

**Public Disclosure**

The publication of this CAFR is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Napoleon, the recipients of this report include city, state, federal offices, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

**Acknowledgments**

The City is grateful to the many agencies and organizations that continue to contribute to make this report possible, including the Henry County Auditor's Office, the Henry County Chamber of Commerce, the Community Improvement Corporation and the audit staff of the IPA, James G Zupka, CPA, Inc., and the Audit Division of the State Auditor's Office of Ohio.

Sincere appreciation is also extended to the many individuals who have worked diligently and contributed significant time and effort in gathering data for this report, particularly the staff of Donald J. Schonhardt & Associates, Inc., who through their continued knowledge and professionalism help make this annual project become a reality.

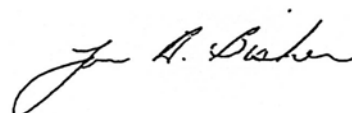
A special thank you is extended to the Members of City Council, the Mayor and the City Departments for the support and trust shown to the City Administration and the Finance Department and for allocating the resources and time for the development of this report, which demonstrates the City's commitment to conform to reporting requirements established for municipal governments, and to maintain the sound financial position the City has enjoyed for many years. A final thank you goes to the Citizens of Napoleon, Ohio, who continue to support the many decisions made by the City in its financial operations.

Finally, we would especially like to recognize City staff, all of whom exhibited dedication and professionalism throughout the many hours required in preparing this report. A special thank you is extended to Ms. Christine Peddicord, Assistant Finance Director, who assisted in overseeing this project.

Respectfully submitted,



Gregory J. Heath  
Director of Finance  
City of Napoleon, Ohio



Jon A. Bisher  
City Manager  
City of Napoleon, Ohio

**CITY OF NAPOLEON, OHIO**

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**List of Principal Officials  
For the Year Ended December 31, 2008**

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**Elected Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
J. Andrew Small	Mayor	12/31/11	8	A
Glen Miller	President of Council	12/31/09	11	A
Mike DeWit	Council	12/31/11	16	A
Jim Hershberger	Council	12/31/09	1.5	A
Jeff Lankenau	Council	12/31/09	.5	A
Travis Sheaffer	Council	12/31/09	14	A
Terri Williams	Council	12/31/11	20	A
John Helberg	Council	12/31/11	8	A
John Collier	Municipal Judge	12/31/11	13	A

**Appointed Officials**

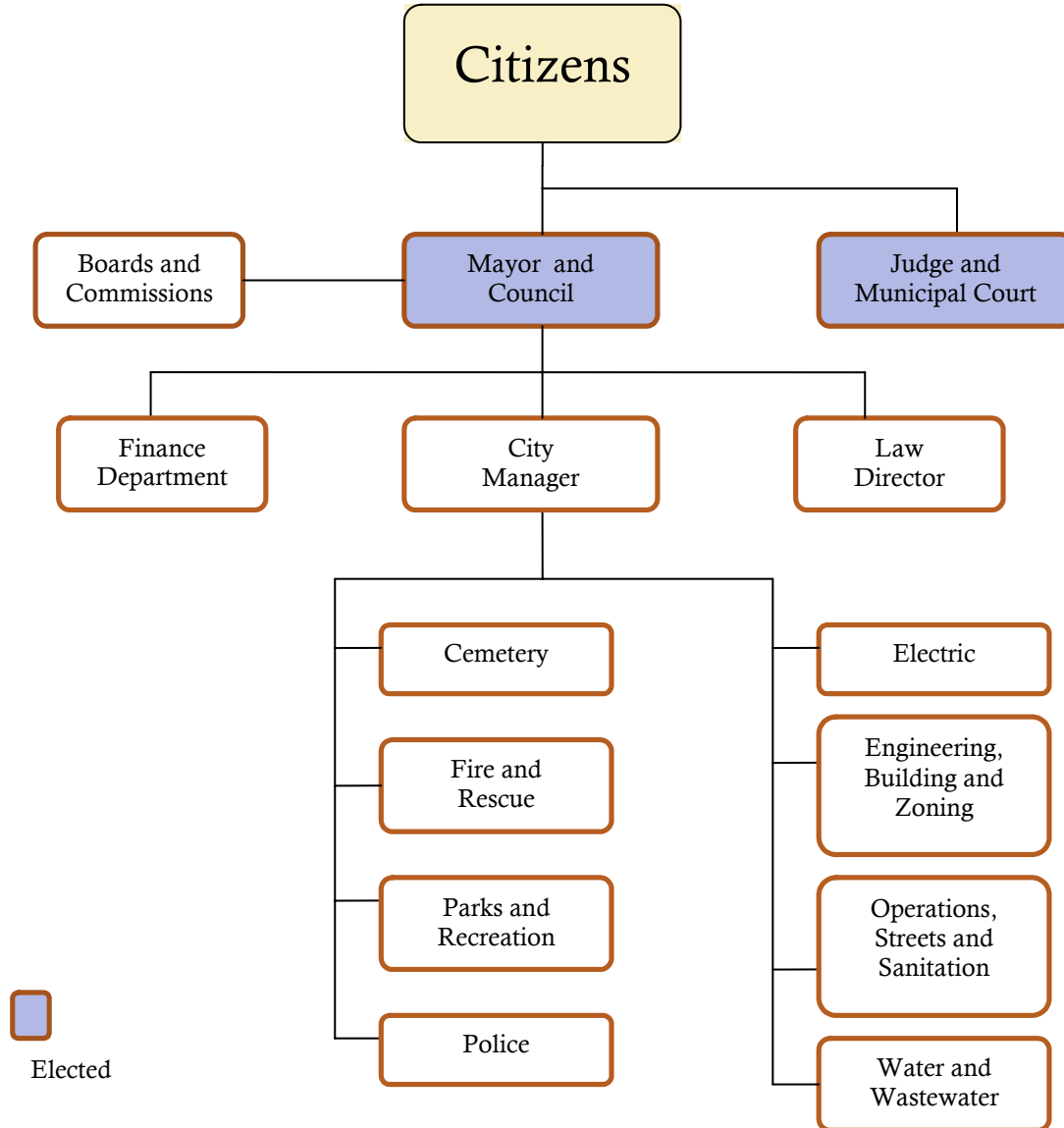
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Jon Bisher	City Manager	Indefinite	10	A
Gregory Heath	Director of Finance	Indefinite	13	A
Betty Marihugh	Clerk of Courts	Indefinite	25	A
David Grahn	Law Director	Indefinite	15	A

(A) BORMA Insurance Company, Public Official Bond Surety up to \$1,000,000.

City Address:  
City of Napoleon  
255 West Riverview Avenue  
Napoleon, Ohio 43545  
www.napoleonohio.com

**City Organizational Chart  
For the Year Ended December 31, 2008**

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**Boards and Commissions**

Board of Public Affairs	Lodge Tax and Advisory Control Board	Board of Zoning Appeals
Civil Service Commission	Planning Commission	Tree Commission
Charter Review Commission	Americans with Disabilities Act	Parks and Recreation Board
Board of Building Appeals	Compliance Board	Records Retention Commission
CIC Board	County/City General Health District	Housing Advisory Board
NCTV Advisory Board	Volunteer Firefighters Dependent Board	Tax Incentive Review Council



Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Napoleon  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

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



## *FINANCIAL SECTION*

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Napoleon Middle School serves 6<sup>th</sup> thru 8<sup>th</sup> grades.



Hope School is located in Westhope and serves special education students of all ages.



**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Members of City Council  
City of Napoleon, Ohio

The Honorable Mary Taylor  
Auditor of State  
State of Ohio

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 Napoleon, Henry County, Ohio as of and for the year ended December 31, 2008, 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 of Napoleon, Ohio'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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Ohio, as of December 31, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2009, on our consideration of the City of Napoleon, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

May 12, 2009

The discussion and analysis of the City of Napoleon's (City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2008 are as follows:

- ❑ In total, net assets increased \$1,416,510, a 2.2% increase from 2007. The net assets of governmental activities increased \$1,058,652, a 3.1% increase from 2007; and the net assets of business-type activities increased \$357,858, representing a 1.2% increase from 2007. Please see additional NOTE on this item on the Changes in Net Assets Table listed later in the MD&A.
- ❑ Total revenues exceeded \$26 million. \$4.3 million was general revenues, or 16% of the total revenues; and \$22 million was program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions, or over 84% of the total revenues.
- ❑ The City had \$7.1 million in program expenses related to governmental activities; only \$2.1 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) of \$3.9 million were adequate to provide for the balance on these programs.
- ❑ Among major funds, the general fund had \$5 million in revenues and \$3.6 million in expenditures (the expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities). The general fund's fund balance decreased \$319,076 to \$1.9 million.
- ❑ Net assets for the proprietary funds increased by \$354,566. The increase is a result of higher revenues from rate increases in electric, water and sewer, and a reduction in operating expenses in electric; in addition, higher capital contributions in the form of capital assets.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and general infrastructure and status of growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's electric, water, sewer and sanitation services are reported as business-type activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are reconciled in the financial statements.



***Management's Discussion and Analysis  
For the Year Ended December 31, 2008***

***Unaudited***

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in the separate Fiduciary Statement of Assets and Liabilities.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a comparison of net assets between 2008 and 2007:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$8,034,502	\$10,477,495	\$20,363,524	\$19,509,928	\$28,398,026	\$29,987,423
Capital assets, Net	30,489,321	27,166,223	29,771,359	27,598,455	60,260,680	54,764,678
Total assets	38,523,823	37,643,718	50,134,883	47,108,383	88,658,706	84,752,101
Long-term debt outstanding	1,848,889	1,881,621	15,061,971	11,249,997	16,910,860	13,131,618
Other liabilities	1,910,151	2,055,966	3,692,778	4,836,110	5,602,929	6,892,076
Total liabilities	3,759,040	3,937,587	18,754,749	16,086,107	22,513,789	20,023,694
Net assets						
Invested in capital assets, net of related debt	28,323,805	24,814,158	15,258,691	13,254,500	43,582,496	38,068,658
Restricted	3,625,081	5,624,434	0	0	3,625,081	5,624,434
Unrestricted	2,815,897	3,267,539	16,121,443	17,767,776	18,937,340	21,035,315
Total net assets	\$34,764,783	\$33,706,131	\$31,380,134	\$31,022,276	\$66,144,917	\$64,728,407

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**CITY OF NAPOLEON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2008**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2008 and 2007:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,442,866	\$1,492,936	\$19,835,282	\$18,867,702	\$21,278,148	\$20,360,638
Operating Grants and Contributions	634,910	1,067,046	0	0	634,910	1,067,046
Capital Grants and Contributions	797	258,787	311,544	276,363	312,341	535,150
General revenues:						
Property Taxes	494,106	662,906	0	0	494,106	662,906
Income Taxes	2,255,314	2,503,814	0	0	2,255,314	2,503,814
Other Local Taxes	536,676	555,353	0	0	536,676	555,353
Shared Revenues	5,953	208,113	0	0	5,953	208,113
Investment Earnings	403,619	598,440	461,775	610,469	865,394	1,208,909
Miscellaneous	202,010	459,416	0	0	202,010	459,416
Total revenues	5,976,251	7,806,811	20,608,601	19,754,534	26,584,852	27,561,345
Program Expenses						
Security of Persons and Property	3,979,748	3,424,326	0	0	3,979,748	3,424,326
Public Health and Welfare Services	106,214	137,358	0	0	106,214	137,358
Leisure Time Activities	933,722	885,586	0	0	933,722	885,586
Community Environment	486,196	725,183	0	0	486,196	725,183
Transportation	872,400	1,364,559	0	0	872,400	1,364,559
General Government	678,405	1,067,981	0	0	678,405	1,067,981
Interest and Fiscal Charges	121,860	100,392	0	0	121,860	100,392
Electric	0	0	12,489,602	12,864,738	12,489,602	12,864,738
Water	0	0	2,175,036	2,043,701	2,175,036	2,043,701
Sewer	0	0	2,648,013	2,247,335	2,648,013	2,247,335
Sanitation	0	0	677,146	661,575	677,146	661,575
Total expenses	7,178,545	7,705,385	17,989,797	17,817,349	25,168,342	25,522,734
Change in Net Assets Before Transfers	(1,202,294)	101,426	2,618,804	1,937,185	1,416,510	2,038,611
Transfers (1)	2,260,946	220,000	(2,260,946)	(220,000)	0	0
Total Change in Net Assets	1,058,652	321,426	357,858	1,717,185	1,416,510	2,038,611
Beginning Net Assets, as Restated	33,706,131	33,428,911	31,022,276	29,260,885	64,728,407	62,689,796
Ending Net Assets	\$34,764,783	\$33,750,337	\$31,380,134	\$30,978,070	\$66,144,917	\$64,728,407

Note: (1) During 2008, net transfers were made from the proprietary funds to the general capital assets in the amount of \$2,176,896. These transfers were related to the Woodlawn Avenue Reconstruction Project.

**Governmental Activities**

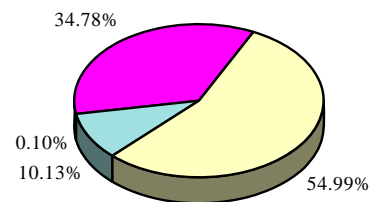
Net assets of the City's *governmental activities* show an increase of \$1,058,652 in 2008 over 2007; however, this includes net transfers that were made from the proprietary funds to the general capital assets in the amount of \$2,176,896. Excluding these transfers, the Net assets of the City's *governmental activities* would reflect a *decrease* of \$1,118,244 in 2008 compared to 2007. In 2008, the City experienced decreases in most of its governmental revenues. Decreases occurred in operating and capital grants, contributions, property and income taxes, investment earnings and miscellaneous revenues. These decreases follow the general economic trends impacting the City from a Local, State and Federal level.

*Voted* property tax revenues in Ohio do not change solely as a result of inflation or deflation, but remain fixed to property value at passage of a *New Levy* for the period of the levy, or at *Renewal* of the levy. (Example: A 1.0 mill levy on a home valued at \$100,000 is taxed at 35% of its value, or \$35,000, and generates \$35.00 annually in taxes; however, if the home is reappraised at \$200,000, taxed value for the *voted levy* remains at \$35,000, reducing the effective rate of the *voted levy* to 0.5 mills.) Only by passing a *New Levy* would the effective rate increase back to 1 mill. The City currently has *no voted property tax levies*; however, the City receives a 2.90 mill allocation from the *un-voted inside 10 mill general property tax* as allowed by the State of Ohio. The 2.90 mill allocation *is not* subject to the set valuation on voted levies, and will rise or fall yearly as home values change. Recent economic changes in the housing sector have reduced home valuations into 2008, reducing the amount of tax collected on the un-voted 2.90 mill allocation for the City. The County Auditor maintains and collects the inside millage. The City is aware of the reduced valuations and has made adjustments to its operations to account for the reduced revenues.

The City has an income tax, and in 2008 was based on 1.2% of all salaries, wages, commissions and other compensation earned from residents, and from nonresidents for work done or services performed or rendered in the City. In 2008, the municipal income taxes reflect a decrease to 2007, due to a slower local economy, and reduced taxable income from business implementation of various state and federal mandates imposed on the City to exclude tax deferral plans.

Property taxes and income taxes made up 8.3% and 37.7% respectively of revenues for governmental activities for the City in fiscal year 2008. The City's reliance upon tax revenues is demonstrated by the following graph indicating 54.99% of total revenues from general tax revenues:

Revenue Sources	2008	Percent of Total
General Shared Revenues	\$5,953	0.10%
Program Revenues	2,078,573	34.78%
General Tax Revenues	3,286,096	54.99%
General Other	605,629	10.13%
<b>Total Revenue</b>	<b>\$5,976,251</b>	<b>100.00%</b>



**Management's Discussion and Analysis  
For the Year Ended December 31, 2008**

**Unaudited**

**Business-Type Activities**

Total net assets of the business-type activities (electric, water, sewer, and sanitation) increased by \$357,858; however, this includes net transfers that were made from the proprietary funds to the general capital assets in the amount of \$2,176,896. Excluding these transfers, the net assets of the City's *business-type activities* would reflect an *increase* of \$2,534,754 in 2008 over 2007. In 2008, operating income for electric was \$902,882, primarily due to a rate increase implemented in March 2008 by adding \$60,000 a month to the cost of purchased power; operating income for water was \$342,472, and for sewer was \$1,107,741 primarily due to increased base rates to users, and the addition of the storm water charge paid into the sewer fund. Operating income for sanitation showed a loss of \$37,886.

User rates in the enterprise funds are evaluated annually by management with rate adjustments recommended by City administration to the legislative body for formal approval. Changes to user rates are made periodically whenever necessary to keep pace with increased operational and capital costs.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$4,291,530, which is a decrease of \$1,048,218 from last year's balance of \$5,339,748. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2008 and 2007:

	Fund Balance December 31, 2008	Fund Balance December 31, 2007	Increase (Decrease)
General	\$1,934,071	\$2,253,147	(\$319,076)
Special Assessment Bond Retirement	493,069	473,055	20,014
Capital Improvement	659,866	409,254	250,612
Clean Ohio	0	5,562	(5,562)
Other Governmental	1,204,524	2,198,730	(994,206)
<b>Total</b>	<b>\$4,291,530</b>	<b>\$5,339,748</b>	<b>(\$1,048,218)</b>

General Fund – The City's General Fund balance decreased due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund:

	2008 Revenues	2007 Revenues	Increase (Decrease)
Taxes (Income, Property and Other)	\$3,109,734	\$3,374,582	(\$264,848)
Intergovernmental Revenue	668,708	486,501	182,207
Charges for Services	254,018	279,340	(25,322)
Licenses and Permits	64,957	64,289	668
Investment Earnings	341,426	521,615	(180,189)
Fines and Forfeitures	287,014	272,084	14,930
All Other Revenue	309,032	295,125	13,907
<b>Total</b>	<b>\$5,034,889</b>	<b>\$5,293,536</b>	<b>(\$258,647)</b>

***Management's Discussion and Analysis  
For the Year Ended December 31, 2008***

***Unaudited***

General Fund revenues in 2008 decreased approximately 4.9% compared to revenues in fiscal year 2007. The most significant factor contributing to this decrease was in taxes and investment earnings. Smaller decreases were also seen in charges for services; however, the total decrease was off-set by increases in intergovernmental revenue, licenses and permits, fines and forfeitures and other revenues.

	2008	2007	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,364,571	\$2,364,337	\$234
Public Health and Welfare Services	98,955	102,920	(3,965)
Community Environment	104,558	100,738	3,820
General Government	1,024,388	954,580	69,808
Total	<u>\$3,592,472</u>	<u>\$3,522,575</u>	<u>\$69,897</u>

General Fund expenditures increased by \$69,897 or about 2% when compared to the prior year of 2007. The largest increase was in General Government, an increase of \$69,808. 2008 reflected the first full year expense of the Human Resource Director, a new full-time position added in late 2007.

General government expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities. In addition, reimbursement off-sets are included for the kilowatt hour tax monies as directed back to the General Fund pursuant to Ohio law. Overall individual salary and wages, retirement contributions, and health insurance premiums for the City's employees did increase in 2008; however, in last quarter of 2008 the City implemented a hiring freeze on all positions, including those in the General Fund. This freeze has held down expenses in 2008, and has flowed into the 2009 Approved Budget.

The increase in the Capital Improvement fund was mostly related to the decrease in transfers out from the fund for various capital projects. The decrease in the Clean Ohio fund can be attributed to the completion and close out of the project fund. The majority of the decrease in the Other Governmental Funds is from funds expensed for economic development, a new municipal court and other project grant accounting.

The major enterprise funds all showed increases in net assets for 2008 except for the Sanitation Fund. As mentioned above in the business type activities section, most of these increases in net assets were related to increased base rates to users for electric, water and sewer during 2008.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2008 the City amended its General Fund budget several times. The most significant were in the security of persons and property and general government functions where certain requested capital projects and capital acquisitions were reduced or eliminated as explained below in the "City's General Fund Budget and Economic Factors" section.

For the General Fund, the final budget basis revenue of \$6.6 million, including transfers, did not significantly change over the conservative original budget estimates of \$6.1 million. The General Fund had an adequate revenue stream and fund balance to cover its expenditures in 2008.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2008 the City had \$60,260,680 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$30,489,321 was related to governmental activities and \$29,771,359 to the business-type activities. The following table shows fiscal year 2008 and 2007 balances:

	Governmental Activities		Increase (Decrease)
	2008	2007	
Land	\$8,938,562	\$8,817,464	\$121,098
Construction in Progress	3,509,739	3,253,128	256,611
Improvements	1,135,116	868,356	266,760
Buildings	3,512,799	2,402,431	1,110,368
Machinery and Equipment	5,462,068	4,884,821	577,247
Infrastructure	24,271,814	22,295,010	1,976,804
Less: Accumulated Depreciation	(16,340,777)	(15,354,987)	(985,790)
Totals	\$30,489,321	\$27,166,223	\$3,323,098

	Business-Type Activities		Increase (Decrease)
	2008	2007	
Land	\$349,695	\$349,695	\$0
Construction in Progress	4,981,388	3,310,417	1,670,971
Buildings	7,030,855	7,030,855	0
Improvements	29,715,479	28,327,597	1,387,882
Machinery and Equipment	6,663,478	6,597,218	66,260
Less: Accumulated Depreciation	(18,969,536)	(18,017,327)	(952,209)
Totals	\$29,771,359	\$27,598,455	\$2,172,904

Increases were the greatest in major infrastructure and improvements associated with projects meeting the City's Long Term Control Plan with the EPA, much of which is construction in progress. Additional information on the City's capital assets can be found in Note 9.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2008**

**Unaudited**

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**Debt**

At December 31, 2008, the City had \$10.7 million in bonds outstanding, \$680,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Governmental Activities:		
Special Assessment Bonds	\$459,353	\$533,553
General Obligation Bonds	605,000	630,000
OPWC Loans Payable	111,162	123,512
Compensated Absences	673,374	594,556
Total Governmental Activities	<u>1,848,889</u>	<u>1,881,621</u>
Business-Type Activities:		
General Obligation Bonds	\$5,500,000	\$2,115,000
Mortgage Revenue Bonds	4,095,000	4,410,000
Special Assessment Bonds	84,646	89,446
WPCLF Loans Payable	587,200	0
OWDA Loans Payable	3,039,222	3,389,225
OPWC Loans Payable	540,530	44,214
OSWRC Deferred Loan Payable	666,070	666,070
Payable to Joint Venture	271,851	309,004
Compensated Absences	277,452	227,038
Total Business-Type Activities	<u>15,061,971</u>	<u>11,249,997</u>
Totals	<u>\$16,910,860</u>	<u>\$13,131,618</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to the other applicable political subdivisions within Henry County, Ohio, where Napoleon is located, is limited to ten mills. At December 31, 2008, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

**CITY'S GENERAL FUND BUDGET AND OTHER ECONOMIC FACTORS**

The City's original budget for 2008 included built in conservative revenue estimates with limited increases in base operating costs. These estimates projected limited growth, or potential reductions, in certain revenues for each fund. Budgeted expenditures were *projected to exceed revenues* in most funds, including the General Fund. However, City Council desiring to maintain service levels to the residents of the City, decided to utilize projected fund balance reserves and not cut service levels. The original 2008 General Fund revenues were conservatively projected at a level of 8.9% less than final actual receipts for 2008. All revenue estimates were projected below actual for all revenues listed, except in All Other Revenue that came in slightly under the estimate. The purpose of the lowered estimate is to buffer any potential down turns in local economic conditions, which did occur in 2008.

General Fund expenditures were originally budgeted at 12.4% more than final actual expenditures for 2008. No additional permanent personnel were added to the final 2008 approved budget. Some departmental requests were reduced from original submissions; certain requested capital projects and capital acquisitions were reduced or eliminated; and only those items that City management and City Council determined necessary were appropriated. This was most apparent in the departments related to the security of persons and property and the general government functions.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources. A close watch of current economic conditions is an ongoing process each year to determine if increased revenues, or reductions in expenditures, are necessary in order to maintain fiscal stability. Local economic conditions have seen a downturn starting in the third (3<sup>rd</sup>) quarter and accelerating into the fourth (4<sup>th</sup>) quarter of 2008. The 2009 Budget included a number of actions to account for the slower economic conditions.

Please see the transmittal letter for a more in depth review of the local economy and its impact on the City.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. It is intended to reflect the most current and up to date information on the City for the period reported. However, if you have questions about this report or need additional financial information please contact the Finance Department by one of the following venues:

- |                  |   |
|------------------|---|
| Written Request: | City of Napoleon, Ohio<br>Attn: Department of Finance<br>255 West Riverview Avenue<br>P.O. Box 151<br>Napoleon, Ohio 43545-0151 |
| Phone Request:   | Phone (419) 599-1235<br>FAX (419) 599-8393  |
| E-mail Request:  | <a href="mailto:gheath@napoleonohio.com">gheath@napoleonohio.com</a>  |
| Web Page:        | <a href="http://www.napoleonohio.com">www.napoleonohio.com</a>  |



**CITY OF NAPOLEON, OHIO**

**Statement of Net Assets  
December 31, 2008**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 4,680,850	\$ 13,590,292	\$ 18,271,142
Receivables:			
Property Taxes	729,593	0	729,593
Municipal Income Taxes	694,480	0	694,480
Accounts	399,573	3,063,658	3,463,231
Intergovernmental	712,593	364,134	1,076,727
Interest	59,279	72,862	132,141
Special Assessments	623,585	945,539	1,569,124
Internal Balances	(16,249)	16,249	0
Inventory of Supplies at Cost	150,798	1,211,985	1,362,783
Capital Assets:			
Capital Assets Not Being Depreciated	12,448,301	5,331,083	17,779,384
Capital Assets Being Depreciated, Net	18,041,020	24,440,276	42,481,296
Investment in Joint Venture	0	1,098,805	1,098,805
<b>Total Assets</b>	<b>38,523,823</b>	<b>50,134,883</b>	<b>88,658,706</b>
<b>Liabilities:</b>			
Accounts Payable	78,210	793,935	872,145
Accrued Wages and Benefits	415,068	161,826	576,894
Unearned Revenue	409,260	0	409,260
Accrued Interest Payable	17,613	37,017	54,630
General Obligation Notes Payable	990,000	2,700,000	3,690,000
Long-Term Liabilities:			
Due Within One Year	401,482	1,140,970	1,542,452
Due in More Than One Year	1,447,407	13,921,001	15,368,408
<b>Total Liabilities</b>	<b>3,759,040</b>	<b>18,754,749</b>	<b>22,513,789</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	28,323,805	15,258,691	43,582,496
Restricted For:			
Capital Projects	656,985	0	656,985
Debt Service	1,120,608	0	1,120,608
Street Construction, Maintenance and Repair	404,459	0	404,459
EMS Transport Service	491,417	0	491,417
Economic Development	105,008	0	105,008
Fire Equipment	194,826	0	194,826
Other Purposes	651,778	0	651,778
Unrestricted	2,815,897	16,121,443	18,937,340
<b>Total Net Assets</b>	<b>\$ 34,764,783</b>	<b>\$ 31,380,134</b>	<b>\$ 66,144,917</b>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2008**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 3,979,748	\$ 1,027,828	\$ 62,728	\$ 0
Public Health and Welfare Services	106,214	18,463	0	0
Leisure Time Activities	933,722	255,949	0	0
Community Environment	486,196	3,758	10,501	0
Transportation	872,400	9,985	561,681	797
General Government	678,405	126,883	0	0
Interest and Fiscal Charges	121,860	0	0	0
<b>Total Governmental Activities</b>	<b>7,178,545</b>	<b>1,442,866</b>	<b>634,910</b>	<b>797</b>
<b>Business-Type Activities:</b>				
Electric	12,489,602	13,330,787	0	0
Water	2,175,036	2,438,644	0	0
Sewer	2,648,013	3,427,831	0	311,544
Sanitation	677,146	638,020	0	0
<b>Total Business-Type Activities</b>	<b>17,989,797</b>	<b>19,835,282</b>	<b>0</b>	<b>311,544</b>
<b>Totals</b>	<b>\$ 25,168,342</b>	<b>\$ 21,278,148</b>	<b>\$ 634,910</b>	<b>\$ 312,341</b>

**General Revenues:**

Property Taxes  
Municipal Income Taxes  
Other Local Taxes (kWh Tax)  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous  
Transfers  
Total General Revenues and Transfers  
Change in Net Assets  
Net Assets Beginning of Year, as Restated  
Net Assets End of Year

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (2,889,192)	\$ 0	\$ (2,889,192)
(87,751)	0	(87,751)
(677,773)	0	(677,773)
(471,937)	0	(471,937)
(299,937)	0	(299,937)
(551,522)	0	(551,522)
(121,860)	0	(121,860)
<u>(5,099,972)</u>	<u>0</u>	<u>(5,099,972)</u>
0	841,185	841,185
0	263,608	263,608
0	1,091,362	1,091,362
0	(39,126)	(39,126)
<u>0</u>	<u>2,157,029</u>	<u>2,157,029</u>
<u>(5,099,972)</u>	<u>2,157,029</u>	<u>(2,942,943)</u>
494,106	0	494,106
2,255,314	0	2,255,314
536,676	0	536,676
5,953	0	5,953
403,619	461,775	865,394
202,010	0	202,010
2,260,946	(2,260,946)	0
<u>6,158,624</u>	<u>(1,799,171)</u>	<u>4,359,453</u>
1,058,652	357,858	1,416,510
<u>33,706,131</u>	<u>31,022,276</u>	<u>64,728,407</u>
<u>\$ 34,764,783</u>	<u>\$ 31,380,134</u>	<u>\$ 66,144,917</u>

**CITY OF NAPOLEON, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2008**

	General	Special Assessment Bond Retirement	Capital Improvement	Other Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,442,569	\$ 490,546	\$ 677,784	\$ 2,029,344
Receivables:				
Property Taxes	520,570	0	0	209,023
Municipal Income Taxes	694,480	0	0	0
Accounts	45,694	0	0	349,134
Intergovernmental	213,130	0	788	498,675
Interest	48,086	3,554	0	7,639
Special Assessments	0	623,585	0	0
Inventory of Supplies, at Cost	1,832	0	0	139,281
<b>Total Assets</b>	<b>\$ 2,966,361</b>	<b>\$ 1,117,685</b>	<b>\$ 678,572</b>	<b>\$ 3,233,096</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 45,193	\$ 0	\$ 18,706	\$ 13,673
Accrued Wages and Benefits Payable	272,458	0	0	132,863
Deferred Revenue	714,639	624,616	0	881,237
Accrued Interest Payable	0	0	0	10,799
General Obligation Notes Payable	0	0	0	990,000
<b>Total Liabilities</b>	<b>1,032,290</b>	<b>624,616</b>	<b>18,706</b>	<b>2,028,572</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	43,581	0	111,239	37,363
Reserved for Supplies Inventory	1,832	0	0	139,281
Undesignated/Unreserved in:				
General Fund	1,888,658	0	0	0
Special Revenue Funds	0	0	0	1,021,024
Debt Service Funds	0	493,069	0	9,737
Capital Projects Funds	0	0	548,627	(2,881)
<b>Total Fund Balances</b>	<b>1,934,071</b>	<b>493,069</b>	<b>659,866</b>	<b>1,204,524</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,966,361</b>	<b>\$ 1,117,685</b>	<b>\$ 678,572</b>	<b>\$ 3,233,096</b>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Total  
Governmental  
Funds

\$ 4,640,243

729,593

694,480

394,828

712,593

59,279

623,585

141,113

\$ 7,995,714

\$ 77,572

405,321

2,220,492

10,799

990,000

3,704,184

192,183

141,113

1,888,658

1,021,024

502,806

545,746

4,291,530

\$ 7,995,714

***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2008***

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<b>Total Governmental Fund Balances</b>	\$ 4,291,530
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	30,484,772
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,811,232
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	22,386
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,845,137)</u>
<b><i>Net Assets of Governmental Funds</i></b>	<b><u><u>\$ 34,764,783</u></u></b>

See accompanying notes to the basic financial statements



**CITY OF NAPOLEON, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008**

	General	Special Assessment Bond Retirement	Capital Improvement	Clean Ohio
<b>Revenues:</b>				
Property Taxes	\$ 301,292	\$ 0	\$ 0	\$ 0
Municipal Income Tax	2,271,766	0	0	0
Other Local Taxes (kWh Tax)	536,676	0	0	0
Intergovernmental Revenues	668,708	0	22,062	233,724
Charges for Services	254,018	0	0	0
Licenses and Permits	64,957	0	0	0
Investment Earnings	341,426	23,241	0	0
Special Assessments	0	105,288	0	0
Fines and Forfeitures	287,014	0	0	0
All Other Revenue	309,032	0	18,659	0
<b>Total Revenue</b>	<b>5,034,889</b>	<b>128,529</b>	<b>40,721</b>	<b>233,724</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,364,571	0	0	0
Public Health and Welfare Services	98,955	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	104,558	0	0	0
Transportation	0	0	0	0
General Government	1,024,388	3,408	0	0
Capital Outlay	0	0	793,765	15,790
Debt Service:				
Principal Retirement	0	86,550	0	0
Interest and Fiscal Charges	0	30,917	0	0
<b>Total Expenditures</b>	<b>3,592,472</b>	<b>120,875</b>	<b>793,765</b>	<b>15,790</b>
Excess (Deficiency) of Revenues Over Expenditures	1,442,417	7,654	(753,044)	217,934
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	202	0	0	0
Transfers In	42,085	12,360	1,160,416	0
Transfers Out	(1,803,400)	0	(156,760)	(223,496)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,761,113)</b>	<b>12,360</b>	<b>1,003,656</b>	<b>(223,496)</b>
Net Change in Fund Balances	(318,696)	20,014	250,612	(5,562)
<b>Restated Fund Balances at Beginning of Year</b>	<b>2,253,147</b>	<b>473,055</b>	<b>409,254</b>	<b>5,562</b>
Increase (Decrease) in Inventory Reserve	(380)	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 1,934,071</b>	<b>\$ 493,069</b>	<b>\$ 659,866</b>	<b>\$ 0</b>

See accompanying notes to the basic financial statements



**CITY OF NAPOLEON, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 135,581	\$ 436,873
0	2,271,766
0	536,676
966,538	1,891,032
478,476	732,494
0	64,957
56,403	421,070
0	105,288
94,125	381,139
60,375	388,066
<u>1,791,498</u>	<u>7,229,361</u>
1,581,960	3,946,531
0	98,955
875,791	875,791
378,558	483,116
604,199	604,199
86,213	1,114,009
91,963	901,518
25,000	111,550
92,051	122,968
<u>3,735,735</u>	<u>8,258,637</u>
(1,944,237)	(1,029,276)
0	202
995,920	2,210,781
(74,445)	(2,258,101)
<u>921,475</u>	<u>(47,118)</u>
(1,022,762)	(1,076,394)
2,198,730	5,339,748
28,556	28,176
<u>\$ 1,204,524</u>	<u>\$ 4,291,530</u>

***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2008***

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**Net Change in Fund Balances - Total Governmental Funds** \$(1,076,394)

***Amounts reported for governmental activities in the statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 3,323,569

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,253,312)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 111,550

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,108

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (48,608)

The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 739

***Change in Net Assets of Governmental Activities*** \$ 1,058,652

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 279,280	\$ 301,310	\$ 301,292	\$ (18)
Municipal Income Tax	2,602,000	2,729,950	2,729,923	(27)
Intergovernmental Revenue	472,650	643,850	643,777	(73)
Charges for Services	251,460	272,040	267,413	(4,627)
Licenses and Permits	59,560	64,990	64,957	(33)
Investment Earnings	190,000	276,940	276,933	(7)
Special Assessments	30	0	0	0
Fines and Forfeitures	265,000	281,580	281,569	(11)
All Other Revenues	325,910	313,540	313,519	(21)
Total Revenues	<u>4,445,890</u>	<u>4,884,200</u>	<u>4,879,383</u>	<u>(4,817)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,652,472	2,363,632	2,363,307	325
Public Health and Welfare Services	111,230	100,590	100,466	124
Community Environment	114,559	106,049	106,009	40
General Government	1,669,064	1,476,900	1,475,864	1,036
Total Expenditures	<u>4,547,325</u>	<u>4,047,171</u>	<u>4,045,646</u>	<u>1,525</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(101,435)	837,029	833,737	(3,292)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	210	202	(8)
Transfers In	1,685,080	1,723,992	1,723,982	(10)
Transfers Out	(2,825,290)	(2,948,630)	(2,948,621)	9
Total Other Financing Sources (Uses):	<u>(1,140,210)</u>	<u>(1,224,428)</u>	<u>(1,224,437)</u>	<u>(9)</u>
Net Change In Fund Balance	(1,241,645)	(387,399)	(390,700)	(3,301)
Fund Balance at Beginning of Year	1,540,254	1,540,254	1,540,254	0
Prior Year Encumbrances	38,548	38,548	38,548	0
Fund Balance at End of Year	<u>\$ 337,157</u>	<u>\$ 1,191,403</u>	<u>\$ 1,188,102</u>	<u>\$ (3,301)</u>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2008**

	Business-Type Activities Enterprise Funds			
	Electric	Water	Sewer	Sanitation
<b>Assets:</b>				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 6,892,579	\$ 1,524,020	\$ 4,716,885	\$ 456,808
<i>Receivables:</i>				
Accounts	2,246,988	275,905	444,944	95,821
Intergovernmental	0	0	364,134	0
Interest	33,418	8,933	27,009	3,502
Special Assessments	0	47,151	898,388	0
Inventory of Supplies at Cost	1,067,326	102,681	41,978	0
<i>Total Current Assets</i>	<u>10,240,311</u>	<u>1,958,690</u>	<u>6,493,338</u>	<u>556,131</u>
<i>Non Current Assets:</i>				
Capital Assets, Net	11,385,917	8,154,478	10,039,387	191,577
Investment in Joint Venture	1,098,805	0	0	0
<i>Total Non Current Assets</i>	<u>12,484,722</u>	<u>8,154,478</u>	<u>10,039,387</u>	<u>191,577</u>
<b>Total Assets</b>	<u>22,725,033</u>	<u>10,113,168</u>	<u>16,532,725</u>	<u>747,708</u>
<b>Liabilities:</b>				
<i>Current Liabilities:</i>				
Accounts Payable	725,455	20,580	34,715	13,185
Accrued Wages and Benefits	78,555	41,424	30,809	11,038
General Obligation Notes Payable	0	0	2,700,000	0
General Obligation Bonds - Current	0	245,000	0	0
Special Assessment Bonds - Current	0	0	4,800	0
Mortgage Revenue Bonds - Current	160,000	0	170,000	0
Ohio Public Works Commission Loan - Current	0	0	28,684	0
Ohio Water Development Authority Loans - Current	0	35,073	340,347	0
Water Pollution Control Loans - Current	0	0	37,234	0
<i>Total Current Liabilities</i>	<u>964,010</u>	<u>342,077</u>	<u>3,346,589</u>	<u>24,223</u>

**CITY OF NAPOLEON, OHIO**

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<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 13,590,292	\$ 40,607
3,063,658	4,745
364,134	0
72,862	0
945,539	0
<u>1,211,985</u>	<u>9,685</u>
19,248,470	55,037
29,771,359	4,549
<u>1,098,805</u>	<u>0</u>
<u>30,870,164</u>	<u>4,549</u>
<u>50,118,634</u>	<u>59,586</u>
793,935	638
161,826	9,747
2,700,000	0
245,000	0
4,800	0
330,000	0
28,684	0
375,420	0
<u>37,234</u>	<u>0</u>
4,676,899	10,385

(Continued)

**CITY OF NAPOLEON, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2008**

	Business-Type Activities Enterprise Funds			
	Electric	Water	Sewer	Sanitation
<i>Long Term Liabilities:</i>				
Compensated Absences Payable	117,569	71,413	78,803	9,667
Accrued Interest Payable	0	7,155	29,862	0
General Obligation Bonds Payable	0	1,750,000	0	0
Special Assessment Bonds Payable	0	0	79,846	0
Revenue Bonds Payable	1,815,000	3,505,000	1,950,000	0
OWDA Loans Payable	0	461,110	2,202,692	0
OPWC Loans Payable	0	0	511,846	0
Ohio Sewer & Water Rotary Commission Deferred Loan Payable	0	158,166	507,904	0
Water Pollution Control Loans Payable	0	0	549,966	0
Payable to Joint Venture	271,851	0	0	0
<b>Total Long-Term Liabilities</b>	<b>2,204,420</b>	<b>5,952,844</b>	<b>5,910,919</b>	<b>9,667</b>
<b>Total Liabilities</b>	<b>3,168,430</b>	<b>6,294,921</b>	<b>9,257,508</b>	<b>33,890</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	9,410,917	2,000,129	3,656,068	191,577
Unrestricted	10,145,686	1,818,118	3,619,149	522,241
<b>Total Net Assets</b>	<b>\$ 19,556,603</b>	<b>\$ 3,818,247</b>	<b>\$ 7,275,217</b>	<b>\$ 713,818</b>

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.  
Net Assets of Business-type Activities

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
277,452	10,566
37,017	0
1,750,000	0
79,846	0
7,270,000	0
2,663,802	0
511,846	0
666,070	0
549,966	0
<u>271,851</u>	<u>0</u>
<u>14,077,850</u>	<u>10,566</u>
<u>18,754,749</u>	<u>20,951</u>
15,258,691	4,549
<u>16,105,194</u>	<u>34,086</u>
<u>\$ 31,363,885</u>	<u>\$ 38,635</u>
<u>16,249</u>	
<u>\$ 31,380,134</u>	

**CITY OF NAPOLEON, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2008**

	Business-Type Activities			
	Enterprise Funds			
	Electric	Water	Sewer	Sanitation
<b>Operating Revenues:</b>				
Charges for Services	\$ 12,917,251	\$ 2,280,128	\$ 3,298,490	\$ 623,568
Other Charges for Services	264,890	158,516	129,341	14,452
<b>Total Operating Revenues</b>	<b>13,182,141</b>	<b>2,438,644</b>	<b>3,427,831</b>	<b>638,020</b>
<b>Operating Expenses:</b>				
Personal Services	1,184,991	644,231	547,567	180,610
Contractual Services	993,211	865,527	892,542	379,553
Purchased Power	9,400,409	0	0	0
Materials and Supplies	243,444	304,251	403,423	89,913
Utilities	36,879	111,621	85,837	1,833
Depreciation	420,325	170,542	390,721	23,997
<b>Total Operating Expenses</b>	<b>12,279,259</b>	<b>2,096,172</b>	<b>2,320,090</b>	<b>675,906</b>
Operating Income (Loss)	902,882	342,472	1,107,741	(37,886)
<b>Nonoperating Revenue (Expenses):</b>				
Investment Earnings	218,373	60,507	161,438	21,457
Interest Expense	(103,241)	(77,713)	(328,042)	0
Other Local Taxes (kWh Tax)	115,677	0	0	0
Gain on Investment in Joint Venture	32,969	0	0	0
Other Nonoperating Expense (kWh Paid to State)	(112,666)	0	0	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>151,112</b>	<b>(17,206)</b>	<b>(166,604)</b>	<b>21,457</b>
Income (Loss) Before Transfers and Contributions	1,053,994	325,266	941,137	(16,429)
Transfers In	0	0	0	0
Transfers Out	0	0	(2,260,946)	0
Capital Contributions	0	0	311,544	0
Change in Net Assets	1,053,994	325,266	(1,008,265)	(16,429)
Net Assets Beginning of Year	18,502,609	3,492,981	8,283,482	730,247
Net Assets End of Year	<b>\$ 19,556,603</b>	<b>\$ 3,818,247</b>	<b>\$ 7,275,217</b>	<b>\$ 713,818</b>

Change in Net Assets - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Change in Net Assets - Business-type Activities

See accompanying notes to the basic financial statements



**CITY OF NAPOLEON, OHIO**

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<u>Total</u>	Governmental Activities - Internal Service Funds
\$ 19,119,437	\$ 85,918
567,199	2,762
<u>19,686,636</u>	<u>88,680</u>
2,557,399	135,508
3,130,833	0
9,400,409	0
1,041,031	79,515
236,170	525
<u>1,005,585</u>	<u>471</u>
<u>17,371,427</u>	<u>216,019</u>
2,315,209	(127,339)
461,775	0
(508,996)	0
115,677	0
32,969	0
<u>(112,666)</u>	<u>0</u>
<u>(11,241)</u>	<u>0</u>
2,303,968	(127,339)
0	131,370
(2,260,946)	0
311,544	0
354,566	4,031
<u>31,009,319</u>	<u>34,604</u>
<u>\$ 31,363,885</u>	<u>\$ 38,635</u>
\$ 354,566	
<u>3,292</u>	
<u>\$ 357,858</u>	

**CITY OF NAPOLEON, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2008**

	Business-Type Activities			
	Enterprise Funds			
	Electric	Water	Sewer	Sanitation
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$13,187,498	\$2,414,087	\$3,500,835	\$627,237
Cash Payments for Goods and Services	(10,858,610)	(1,263,069)	(1,686,782)	(466,642)
Cash Payments to Employees	(1,171,692)	(646,601)	(515,372)	(190,709)
Net Cash Provided (Used) by Operating Activities	1,157,196	504,417	1,298,681	(30,114)
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	0	0	0	0
Transfers Out to Other Funds	0	0	(84,050)	0
Receipts of Other Local Taxes	115,677	0	0	0
kWh Tax Paid to State	(112,666)	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	3,011	0	(84,050)	0
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(1,556,706)	(750,737)	(3,017,223)	(33,484)
Capital Contributions	0	0	311,544	0
General Obligation Notes Issued	0	0	2,700,000	0
General Obligation Bonds Issued	0	3,505,000	0	0
OPWC Loans Issued	0	0	500,000	0
WPCLF Loans Issued	0	0	605,824	0
Principal Paid on General Obligation Notes	0	(3,100,000)	(530,000)	0
Principal Paid on Special Assessment Bond	0	0	(4,800)	0
Principal Paid on General Obligation Bonds	0	(120,000)	0	0
Principal Paid on Mortgage Revenue Bonds	(150,000)	0	(165,000)	0
Principal Paid on Ohio Public Works Commission Loan	0	0	(3,684)	0
Principal Paid on Ohio Water Development Authority Loans	0	(32,863)	(317,140)	0
Principal Paid on Water Pollution Control Loan Fund Loan	0	0	(18,624)	0
Interest Paid on All Debt	(89,440)	(428,831)	(293,735)	0
Net Cash Used for Capital and Related Financing Activities	(1,796,146)	(927,431)	(232,838)	(33,484)
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	203,835	355,510	142,327	21,213
Net Cash Provided by Investing Activities	203,835	355,510	142,327	21,213
Net Increase (Decrease) in Cash and Cash Equivalents	(432,104)	(67,504)	1,124,120	(42,385)
Cash and Cash Equivalents at Beginning of Year	7,324,683	1,591,524	3,592,765	499,193
Cash and Cash Equivalents at End of Year	\$6,892,579	\$1,524,020	\$4,716,885	\$456,808

**CITY OF NAPOLEON, OHIO**

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Totals	Governmental Activities Internal Service Funds
\$19,729,657	\$89,609
(14,275,103)	(71,807)
<u>(2,524,374)</u>	<u>(133,332)</u>
2,930,180	(115,530)
0	131,370
(84,050)	0
115,677	0
<u>(112,666)</u>	<u>0</u>
(81,039)	131,370
(5,358,150)	0
311,544	0
2,700,000	0
3,505,000	0
500,000	0
605,824	0
(3,630,000)	0
(4,800)	0
(120,000)	0
(315,000)	0
(3,684)	0
(350,003)	0
(18,624)	0
<u>(812,006)</u>	<u>0</u>
<u>(2,989,899)</u>	<u>0</u>
722,885	0
722,885	0
582,127	15,840
13,008,165	24,767
<u>\$13,590,292</u>	<u>\$40,607</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2008**

	Business-Type Activities Enterprise Funds			
	Electric	Water	Sewer	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$902,882	\$342,472	\$1,107,741	(\$37,886)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Miscellaneous Nonoperating Income	0	0	80,153	0
Miscellaneous Nonoperating Expense	0	0	(364,134)	0
Depreciation Expense	420,325	170,542	390,721	23,997
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	5,357	(27,691)	(83,809)	(10,783)
Decrease in Special Assessments Receivable	0	3,134	156,813	0
Decrease (Increase) in Inventory	(41,236)	15,030	(3,604)	0
Increase (Decrease) in Accounts Payable	(144,523)	2,705	(17,934)	4,479
Increase (Decrease) in Accrued				
Wages and Benefits	(6,397)	(7,355)	(1,469)	236
Increase (Decrease) in				
Compensated Absences	20,788	5,580	34,203	(10,157)
Total Adjustments	<u>254,314</u>	<u>161,945</u>	<u>190,940</u>	<u>7,772</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,157,196</u>	<u>\$504,417</u>	<u>\$1,298,681</u>	<u>(\$30,114)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2008, the Electric, Sewer and Sanitation Funds had outstanding liabilities of \$23,243, \$32,729 and \$2,522, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$2,315,209	(\$127,339)
80,153	0
(364,134)	0
1,005,585	471
(116,926)	929
159,947	0
(29,810)	8,282
(155,273)	(49)
(14,985)	142
<u>50,414</u>	<u>2,034</u>
<u>614,971</u>	<u>11,809</u>
<u><u>\$2,930,180</u></u>	<u><u>(\$115,530)</u></u>

**CITY OF NAPOLEON, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2008***

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 18,119
<b>Total Assets</b>	<u>18,119</u>
<b>Liabilities:</b>	
Due to Others	<u>18,119</u>
<b>Total Liabilities</b>	<u>\$ 18,119</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Napoleon, Ohio (the City) is a home rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter, which provides for a Council/Manager form of government. The Charter was adopted November 7, 1950 and became effective January 1, 1952. The Charter was amended by vote on November 3, 1992, and became effective January 1, 1993; and the current Charter was amended by vote on November 7, 2000 and became effective July 1, 2001.

The financial statements are presented as of December 31, 2008 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, an electric distribution system and provides refuse collection services all of which are reported as enterprise funds.

**1. Joint Ventures with Equity Interest**

*Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2)* - The City is a participant with thirty-six subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Omega JV-2 was created for that purpose. The Omega JV-2 is managed by AMP-Ohio which acts as the joint venture's agent. See Note 17 "Joint Ventures and Jointly Governed Organizations."

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

1. Joint Ventures with Equity Interest (Continued)

*Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5)* - The City is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Omega JV-5 was created for that purpose. See Note 17 "Joint Ventures and Jointly Governed Organizations."

*Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6)* - The City is a participant with ten subdivisions within the State of Ohio in a distributive generation project using wind turbine technology. The Omega JV-6 was created for that purpose. See Note 17 "Joint Ventures and Jointly Governed Organizations."

2. Joint Ventures without Equity Interest

*Community Improvement Corporation* - The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. See Note 17 "Joint Ventures and Jointly Governed Organizations."

3. Jointly Governed Organizations:

*Maumee Valley Planning Organization* - The City is a member of the Maumee Valley Planning Organization (MVPO), which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of the MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants (CDBG) and help with housing rehabilitation in the area. See Note 17 "Joint Ventures and Jointly Governed Organizations."

**B. Basis of Presentation - Fund Accounting**

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units.

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

***Governmental Funds***

Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those 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 and the limitations of the City Charter.

Special Assessment Bond Retirement Fund - To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment bonds.

Capital Improvement Fund - To account for financial resources, mainly income tax revenue transferred into the fund, used for the major capital projects undertaken by the City.

Clean Ohio Fund - To account for grants from the State of Ohio and other resources used for hazardous waste land cleanup and remediation.

***Proprietary Funds***

All proprietary funds fall under Business-Type Activities and are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major and non-major enterprise funds are:

Electric Fund – (Major) – To account for the operation of the City's electric distribution service.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting** (Continued)

Water Fund – (Major) – This fund is used to account for the operation of the City’s water service.

Sewer Fund – (Major) – This fund is used to account for the operation of the City’s sanitary sewer service.

Sanitation Fund – (Non-major) – This fund is used to account for the operation of the City’s sanitation (refuse) pickup and disposal service.

Internal Service Funds (Non-major) - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has one internal service fund, the Garage Fund. This fund is used to account for monies received from city departments to cover the cost of servicing the vehicles of the City departments.

***Fiduciary Funds***

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary 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 therefore not available to support the City’s own programs. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds operate on a full accrual basis of accounting. The City has three agency funds. These funds are used to account for monies received by the City in situations where the City’s role is purely custodial in nature. The three funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Law Library Fund, which is used to account for monies collected from traffic fines until they are remitted to other entities and the Payroll Withholdings Fund, which is used to account for withholding taxes until they are remitted to other entities.

**C. Basis of Presentation – Financial Statements**

**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 and those that are considered business-type activities. The internal service fund is eliminated to avoid “doubling up” revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental 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 and grants and contributions that are restricted to meeting the operational or capital requirements of 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 business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, state levied locally shared taxes (including motor vehicle license fees and local government assistance). Income taxes other than those withheld by employers, licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes, which are measurable at December 31, 2008 but are not intended to finance 2008 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6 "Taxes".

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses recognized when incurred.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting** (Continued)

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The only funds required to be reported in the basic financial statements are the general fund and any major special revenue funds. The primary level of budgetary control is at the object level within each department. Budgetary modifications may be made only by ordinance of the City Council.

**1. Tax Budget**

The Director of Finance and the City Manager submit an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

The budget commission has waived the filing of the budget, however, schedules A and B of the budget must be submitted to the commission.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2008.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, the legal level of control. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. During 2008, several supplemental appropriations were necessary to budget the use of contingency funds, intergovernmental grant proceeds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--General Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying basic financial statements.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. On the budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

	Net Change In Fund Balance
	General Fund
GAAP Basis (as reported)	(\$318,696)
Increase (Decrease):	
Accrued Revenues at December 31, 2008 received during 2009	(807,321)
Accrued Revenues at December 31, 2007 received during 2008	858,933
Accrued Expenditures at December 31, 2008 paid during 2009	317,651
Accrued Expenditures at December 31, 2007 paid during 2008	(324,228)
2007 Adjustment to Fair Value	137,428
2008 Adjustment to Fair Value	(208,231)
Outstanding Encumbrances	(46,236)
Budget Basis	(\$390,700)

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, repurchase agreements, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 5, "Cash, Cash Equivalents and Investments." Investment earnings of \$316,896 earned by other funds were credited to the general fund as required by local statute.

**G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon percentages mandated by City ordinance. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investments, other than certificates of deposit, are considered, including those with a maturity of one year or less, and included in the calculation of the change in fair value. Fair value is determined by quoted market prices. See Note 5, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2008. 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, 2008.

**H. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

**1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”, has been reported.

**2. Property, Plant and Equipment – Business Type Activities**

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

**3. Depreciation**

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	25
Improvements other than Buildings/Infrastructure	10 - 50
Machinery, Equipment, Vehicles, Furniture and Fixtures	5 - 25

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Long-Term Debt**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Bond Retirement Fund Water Fund
Mortgage Revenue Bonds	Sewer Fund Electric Fund
Special Assessment Bonds with Governmental Commitment	Special Assessment Bond Retirement Fund Sewer Fund
Ohio Public Works Commission Loans	Special Assessment Bond Retirement Fund Sewer Fund
OWDA Loans	Water Fund Sewer Fund
OSWRC Loans	Sewer Fund
WPCLF Loans	Sewer Fund
Compensated Absences	General Fund Street Construction, Maintenance, and Repair Fund Recreation Fund Electric Fund Water Fund Sewer Fund Sanitation Fund Central Garage Rotary Fund

**K. Compensated Absences**

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under statute.

The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or under law. Employees are paid 25% of the accumulated sick time upon retirement. Employees are eligible for retirement at age 60 with 5 years of service, age 55 with 25 years of service, and any age with at least 30 years of service. Compensation for sick leave is paid at the employee's full rate of pay at the time of termination or retirement.

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Compensated Absences** (Continued)

For governmental funds, that portion of unpaid compensated absences that has matured is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

**L. 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 balances of any borrowings 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 the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Pensions**

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

**N. Interfund Activity**

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.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories and encumbered amounts not accrued at year end.

**P. Estimates**

The preparation of 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.

**Q. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems, electric generation and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**R. 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 the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENT**

**A. Changes in Accounting Principles**

For 2008, the City has implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and GASB Statement No. 50, *Pension Disclosures*.

GASB Statement No. 49 provides guidance on how to calculate and report costs and obligations associated with pollution cleanup efforts. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits.

The implementation of GASB Statements No. 49 and No. 50 did not result in any change to the City's financial statements.

**B. Prior Period Adjustment**

During the year ended December 31, 2007, it was determined that the Woodlawn Avenue Reconstruction Project Fund (capital projects fund) should be included as part of the Sewer Fund (enterprise fund). The adjustment had the following effect on the following fund balances:

	Woodlawn Avenue Reconstruction Project Fund	Sewer Fund
Fund Balance December 31, 2007 as reported	\$44,206	\$8,239,276
Adjustments:		
Reclass of fund Type	(44,206)	44,206
Fund Balance December 31, 2007 as restated	<u>\$0</u>	<u>\$8,283,482</u>

The changes to the beginning Fund balances had the following effect on the governmental activities and the business-type activities beginning net assets:

	Governmental Activities	Business-Type Activities
Net Assets December 31, 2007 as reported	\$33,750,337	\$30,978,070
Adjustments:		
Reclass of fund Type	(44,206)	44,206
Net Assets December 31, 2007 as restated	<u>\$33,706,131</u>	<u>\$31,022,276</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Other long-term assets not available to pay for current-period expenditures:*

Delinquent Income Tax Revenue	\$73,546
Delinquent Property Tax Revenue	264,554
Shared Revenues	533,067
Interest Revenues	17,199
Charges for Services	299,281
Special Assessment Revenue	623,585
	<hr/>
	\$1,811,232

*Long-Term liabilities not reported in the funds:*

Special Assessment Bonds Payable	(\$459,354)
General Obligation Bonds Payable	(605,000)
OPWC Loans Payable	(111,162)
Accrued Interest on Long-Term Debt	(6,814)
Compensated Absences Payable	(662,807)
	<hr/>
	(\$1,845,137)

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Amount by which capital outlay exceeded depreciation in the current period:*

Capital Outlay	\$4,350,962
Depreciation Expense	<u>(1,027,393)</u>
	\$3,323,569

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Income Tax Revenue	(\$16,452)
Increase in Delinquent Property Tax	57,233
Decrease in Shared Revenue	(1,249,372)
Decrease in Interest Revenue	(17,451)
Decrease in Charges for Services	(115,264)
Increase in Special Assessment Revenue	<u>87,994</u>
	(\$1,253,312)

*Expenses not requiring the use of current financial resources:*

Increase in Compensated Absences Payable	(\$76,784)
Increase in supplies inventory	<u>28,176</u>
	(\$48,608)

**NOTE 4 - COMPLIANCE AND ACCOUNTABILITY**

***Fund Deficits*** - The fund deficits at December 31, 2008 of \$568,628 in the Court Improvement Fund, \$19,822 in the Police Pension Fund and \$14,242 in the Fire Pension Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The fund deficit at December 31, 2008 of \$60,381 in the Stout Street Improvement Fund (capital projects fund) arose from the recording of a note payable in the fund. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash and investments.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities 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;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks. All deposits, except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Collateral permitted by Chapter 135 of the ORC is limited to obligations of the United States and its agencies, bonds of any state, and bonds and other obligations of any country, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Such collateral, as permitted by Chapter 135 of the ORC is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at a Federal Reserve Bank in the name of the City.

At year end the carrying amount of the City's deposits was \$11,635,900 and \$10,439,237 of the City's bank balance of \$12,270,123 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, not in the City's name.

**B. Investments**

The City's investments at December 31, 2008 are summarized below:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
T-BILL	\$999,972	AAA <sup>1</sup> / Aaa <sup>2</sup>	\$999,972	\$0	\$0
FFCB	2,028,663	AAA <sup>1</sup> / Aaa <sup>2</sup>	0	2,028,663	0
FHLB	2,156,525	AAA <sup>1</sup> / Aaa <sup>2</sup>	0	1,053,400	1,103,125
STAR Ohio	1,468,201	AAAm <sup>1</sup>	1,468,201	0	0
Total Investments	<u>\$6,653,361</u>		<u>\$2,468,173</u>	<u>\$3,082,063</u>	<u>\$1,103,125</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

*Interest Rate Risk* – The City's investment policy limits security purchases to those that mature within five years of settlement date with an average weighted maturity not to exceed two years.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments** (Continued)

*Credit Risk* – The City’s investments in Treasury Bills, FFCB and FHLB securities were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. While the City has no formal investment policy, the City addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments in Treasury Bills, FFCB and FHLB securities in the amount of \$999,972, \$2,028,663 and \$2,156,525, respectively, are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent in the City’s name. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 15% are Treasury Bills, 30% are FFCB and 32% are FHLB.

**NOTE 6 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2008 were levied after October 1, 2007 on assessed values as of January 1, 2007, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2005 and the equalization adjustment was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 6 - TAXES (Continued)**

**A. Property Taxes (Continued)**

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill NO.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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

The full tax rate for the City's operations for the year ended December 31, 2008 was \$2.90 per \$1,000 of assessed value. The assessed value upon which the 2008 receipts were based was \$150,513,440. This amount constitutes \$142,057,160 in real property assessed value, \$638,270 in public utility assessed value and \$7,818,010 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .29% (2.90 mills) of assessed value.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 6 - TAXES (Continued)**

**B. Income Tax**

The City levies a tax of 1.2% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of 1.2% of taxable salaries, wages, commissions and other compensation.

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2008 consisted of taxes, interest, accounts receivable, special assessments, loans and intergovernmental receivables arising from shared revenues.

**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2008:

Transfers In:	Transfers Out:					Total
	General Fund	Capital Improvement Fund	Clean Ohio Fund	Nonmajor Governmental Funds	Sewer Fund	
General Fund	\$0	\$0	\$0	\$42,085	\$0	\$42,085
Special Assessment Bond Retirement Fund	0	0	0	12,360	0	12,360
Capital Improvement Fund	1,032,670	0	127,746	0	0	1,160,416
Nonmajor Governmental Funds	639,360	156,760	95,750	20,000	84,050	995,920
Internal Service Fund	131,370	0	0	0	0	131,370
Total	<u>\$1,803,400</u>	<u>\$156,760</u>	<u>\$223,496</u>	<u>\$74,445</u>	<u>\$84,050</u>	<u>\$2,342,151</u>

Transfers are used to (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (3) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them; (4) move revenues to the construction in progress reserve fund for future capital purchase authorized by Council; and (5) move remaining balance in funds that are being closed to the funds that made the original transfer.

All transfers were made in accordance with the Ohio Revised Code sections 5705.14, 5705.15, and 5705.16.

During 2008, net transfers were made from the proprietary funds to the general capital assets in the amount of \$2,176,896. These items were related to an ongoing street project called the Woodlawn Street reconstruction project.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2008:

*Historical Cost:*

Class	December 31, 2007	Transfers	Additions	Deletions	December 31, 2008
<i>Capital assets not being depreciated:</i>					
Land	\$8,814,463	\$0	\$124,099	\$0	\$8,938,562
Construction in Progress	3,253,128	705,479	6,041	(454,909)	3,509,739
Subtotal	12,067,591	705,479	130,140	(454,909)	12,448,301
<i>Capital assets being depreciated:</i>					
Improvements	868,356	0	266,760	0	1,135,116
Buildings	2,402,431	0	1,110,368	0	3,512,799
Machinery and Equipment	4,884,821	0	614,039	(36,792)	5,462,068
Infrastructure	22,298,011	1,471,417	510,669	(8,283)	24,271,814
Subtotal	30,453,619	1,471,417	2,501,836	(45,075)	34,381,797
Total Cost	\$42,521,210	\$2,176,896	\$2,631,976	(\$499,984)	\$46,830,098

*Accumulated Depreciation:*

Class	December 31, 2007	Transfers	Additions	Deletions	December 31, 2008
Improvements	(\$272,933)	\$0	(\$31,483)	\$0	(\$304,416)
Buildings	(2,001,637)	0	(20,064)	0	(2,021,701)
Machinery and Equipment	(2,795,902)	0	(349,128)	36,792	(3,108,238)
Infrastructure	(10,284,515)	0	(627,189)	5,282	(10,906,422)
Total Depreciation	(\$15,354,987)	\$0	(\$1,027,864) *	\$42,074	(\$16,340,777)
<i>Net Value:</i>	\$27,166,223				\$30,489,321

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$189,428
Public Health and Welfare Services	6,462
Leisure Time Activities	54,964
Community Environment	5,567
Transportation	705,019
General Government	65,953
Total Depreciation Expense recorded within the Governmental Activities	1,027,393
Amount of Depreciation Expense recorded in the Internal Service Fund	471
Total Depreciation Expense	\$1,027,864

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 9 - CAPITAL ASSETS (continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2008:

*Historical Cost:*

Class	December 31, 2007	Transfers	Additions	Deletions	December 31, 2008
<i>Capital assets not being depreciated:</i>					
Land	\$349,695	\$0	\$0	\$0	\$349,695
Construction in Progress	3,310,417	(705,479)	3,374,471	(998,021)	4,981,388
Subtotal	3,660,112	(705,479)	3,374,471	(998,021)	5,331,083
<i>Capital assets being depreciated:</i>					
Buildings	7,030,855	0	0	0	7,030,855
Improvements	28,327,597	(1,471,417)	2,859,299	0	29,715,479
Machinery and Equipment	6,597,218	0	119,456	(53,196)	6,663,478
Subtotal	41,955,670	(1,471,417)	2,978,755	(53,196)	43,409,812
Total Cost	\$45,615,782	(\$2,176,896)	\$6,353,226	(\$1,051,217)	\$48,740,895

*Accumulated Depreciation:*

Class	December 31, 2007	Transfers	Additions	Deletions	December 31, 2008
Buildings	(\$3,592,873)	\$0	(\$195,472)	\$0	(\$3,788,345)
Improvements	(9,557,494)	0	(567,028)	0	(10,124,522)
Machinery and Equipment	(4,866,960)	0	(242,905)	53,196	(5,056,669)
Total Depreciation	(\$18,017,327)	\$0	(\$1,005,405)	\$53,196	(\$18,969,536)
<i>Net Value:</i>	\$27,598,455				\$29,771,359

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System (“OPERS”)**

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2008, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2008 employer contribution rate for local government employer units was 14.00%, of covered payroll. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2008, 7.0% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2008, 2007, and 2006 were \$630,380, \$591,678 and \$573,064, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2008, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2008, 2007, and 2006 were \$159,116, \$153,086 and \$154,638 for police and \$108,825, \$103,064 and \$107,462 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (“OPERS”)**

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

**A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2008, 2007, and 2006 were \$315,190, \$234,962 and \$188,232, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for 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. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2008, 2007, and 2006 were \$55,078, \$52,991 and \$61,459 for police and \$30,607, \$28,987 and \$34,701 for firefighters, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 12 – COMPENSATED ABSENCES**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2008, the City's accumulated, unpaid compensated absences amounted to \$950,826, of which \$673,374 is recorded as a liability of the Governmental Activities and \$277,452 is recorded as a liability of the Business-Type Activities.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

**NOTE 13 - NOTES PAYABLE**

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period.

	Issue Date	Balance December 31, 2007	Issued (Retired)	Balance December 31, 2008
Enterprise Funds Notes Payable:				
4.50% Water Tower Project	7/28/07	\$1,000,000	(\$1,000,000)	\$0
4.50% Miex Pretreatment Plant	7/28/07	2,100,000	(2,100,000)	0
4.50% Storm Water Basin Project	7/28/07	530,000	(530,000)	0
2.55% Woodlawn Avenue Reconstruction	7/26/08	0	2,700,000	2,700,000
Total Enterprise Funds Notes Payable:		<u>\$3,630,000</u>	<u>(\$930,000)</u>	<u>\$2,700,000</u>
Special Revenue Fund Notes Payable:				
4.50% Court Building Improvement	7/26/07	840,000	(840,000)	0
2.55% Court Building Improvement	7/26/08	0	840,000	840,000
Total Special Revenue Fund Notes Payable:		<u>840,000</u>	<u>0</u>	<u>840,000</u>
Capital Projects Fund Note Payable:				
4.50% Stout Street Improvement	7/26/07	225,000	(225,000)	0
2.55% Stout Street Improvement	7/26/08	0	150,000	150,000
Total Capital Project Fund Notes Payable:		<u>225,000</u>	<u>(75,000)</u>	<u>150,000</u>
Total Notes Payable		<u>\$4,695,000</u>	<u>(\$1,005,000)</u>	<u>\$3,690,000</u>

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**CITY OF NAPOLEON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 14 - LONG-TERM DEBT**

Long-term debt of the City at December 31, 2008 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2007	Additions	(Reductions)	Balance December 31, 2008	Amount Due Within One Year
Business-Type Activities:								
General Obligation Bonds:								
2005	3.00% - 5.00%	Waterworks System Improvements	2019	\$1,215,000	\$0	(\$80,000)	\$1,135,000	\$85,000
2004	2.50% - 5.12%	Capital Facilities Improvement	2024	900,000	0	(40,000)	860,000	40,000
2008	3.50% - 4.50%	Water System Improvements	2028	0	3,505,000	0	3,505,000	120,000
Total General Obligation Bonds				2,115,000	3,505,000	(120,000)	5,500,000	245,000
Mortgage Revenue Bonds:								
1998	4.00% - 5.00%	Sewer System Improvement	2018	2,285,000	0	(165,000)	2,120,000	170,000
1998	4.00% - 5.00%	Electric System Improvement	2018	2,125,000	0	(150,000)	1,975,000	160,000
Total Mortgage Revenue Bonds				4,410,000	0	(315,000)	4,095,000	330,000
Special Assessment Bond: (with Governmental Commitment)								
2000	5.00%	West Main, Wested and Vine Improvements	2020	89,446	0	(4,800)	84,646	4,800
Ohio Sewer and Water Rotary Commission Deferred Loans:								
1998	OSWRC - Palmer Ditch Project			88,341	0	0	88,341	0
2005	OSWRC - North Pointe Water and SewerProject			577,729	0	0	577,729	0
Total OSWRC Loans				666,070	0	0	666,070	0
Ohio Public Works Commission Loans (OPWC):								
2000		Railroad Street Sewer Separation	2020	44,214	0	(3,684)	40,530	3,684
2008		Woodlawn Avenue Improvements	2020	0	500,000	0	500,000	25,000
Total Ohio Public Works Commission Loans				44,214	500,000	(3,684)	540,530	28,684
Ohio Water Development Authority Loans (OWDA):								
1990	7.840%	OWDA - Project #1089	2013	1,560,949	0	(266,939)	1,294,010	287,866
1992	9.185%	OWDA - Malinta Waterline	2016	254,041	0	(22,237)	231,804	23,964
2005	4.490%	OWDA - Waterline Construction	2025	1,299,230	0	(50,201)	1,249,029	52,481
2005	4.490%	OWDA - Sewer System Improvements	2025	275,005	0	(10,626)	264,379	11,109
Total Ohio Water Development Authority Loans				3,389,225	0	(350,003)	3,039,222	375,420
Water Pollution Control Loan Fund Loans (WPCLF):								
2008		Railroad Street Sewer Separation	2013	0	190,000	(18,624)	171,376	37,234
2008		EQ Basin Storm Water Retention	2031	0	415,824	0	415,824	0
Total Water Pollution Control Loan Fund Loans				0	605,824	(18,624)	587,200	37,234
Payable to Joint Venture				309,004	0	(37,153)	271,851	0
Compensated Absences				227,038	277,452	(227,038)	277,452	119,832
Total Business-Type Long-Term Debt				\$11,249,997	\$4,888,276	(\$1,076,302)	\$15,061,971	\$1,140,970

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 14- LONG-TERM DEBT (Continued)**

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2007	Additions	(Reductions)	Balance December 31, 2008	Amount Due Within One Year
Governmental Activities:								
Special Assessment Bonds:								
1990	7.250%	Oberhaus Creek Sewer Improvements	2010	\$45,000	\$0	(\$15,000)	\$30,000	\$15,000
1991	5.65-6.55%	Street Improvements	2011	40,000	0	(10,000)	30,000	10,000
1992	5.70-6.10%	Street Improvements	2012	100,000	0	(20,000)	80,000	20,000
1993	5.40%	Street Improvements	2013	56,000	0	(8,000)	48,000	9,000
1996	5.90%	Street Improvements	2016	110,000	0	(10,000)	100,000	10,000
1998	4.50-5.125%	Street Improvements	2018	108,000	0	(6,000)	102,000	6,000
1998	4.50-5.125%	Street Improvements	2018	52,000	0	(4,000)	48,000	4,000
2000	5.875%	West Main, Wested and Vine Improvements	2020	22,553	0	(1,200)	21,353	1,200
Total Special Assessment Bonds (with Governmental Commitment)				533,553	0	(74,200)	459,353	75,200
General Obligation Bonds:								
2005	3.00% - 5.00%	Northcrest Drive	2025	355,000	0	(15,000)	340,000	15,000
2005	3.00% - 5.00%	SR 424 Resurfacing	2025	275,000	0	(10,000)	265,000	10,000
Total General Obligation Bonds				630,000	0	(25,000)	605,000	25,000
Ohio Public Works Commission Loan:								
1998		Unimproved Street Program	2017	123,512	0	(12,350)	111,162	12,350
Compensated Absences				594,556	673,374	(594,556)	673,374	288,932
Total Governmental Activities Long-Term Debt				\$1,881,621	\$673,374	(\$706,106)	\$1,848,889	\$401,482

The principal amount of the City's special assessment debt outstanding at December 31, 2008, \$543,999, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$493,069 in the Special Assessment Bond Retirement Fund at December 31, 2008 is reserved for the retirement of outstanding special assessment bonds. The Sewer Fund will be collecting special assessments to retire the enterprise funds' special assessment debt.

**Ohio Water Development Authority Loans** - The City entered into two loan agreements with Ohio Water Development Authority (OWDA) on May 16, 2005 to finance the Sewer System Extension and Improvement (loan number 4334) and the Waterline Construction (loan number 4333) projects. The sources of payments for the obligations are to be derived from user charges and assessments on property owners.

The City's portion of the debt payments on the 1992 issue of the Malinta Waterline OWDA loan is being paid by the City of Napoleon to the Village of Malinta. The Village in turn is responsible for making the full debt payment when it is due.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 14 - LONG-TERM DEBT (Continued)**

**Refunding Bonds, Series 2005** - During 2005, the City refunded the 1994 Waterworks System Improvement General Obligation Bond. The refunded debt is considered defeased and accordingly; has been removed from the statement of net assets.

The refunding bonds were issued on July 28, 2005. The bonds consisted of \$980,000 in serial bonds and \$470,000 in term bonds.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2009	85,000	3.25%
2010	90,000	3.25%
2011	90,000	3.50%
2012	95,000	3.50%
2013	100,000	3.50%
2014	100,000	3.75%
2015	105,000	3.75%

The term bonds maturing on December 1, 2017 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1, 2016 (with the balance of the \$115,000 to be paid at stated maturity on December 1, 2017) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2016	\$110,000
2017	115,000

The term bonds maturing on December 1, 2019 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1, 2018 (with the balance of the \$125,000 to be paid at stated maturity on December 1, 2019) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

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**NOTE 14 - LONG-TERM DEBT (Continued)**

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2018	\$120,000
2019	125,000

This current refunding was undertaken to reduce total debt service payments over 14 years by \$145,017 and resulted in an economic gain of \$112,340.

The refunding bonds outstanding are general obligations of the City for which the full faith and credit of the City is pledged for repayment. The source of payment for the obligations is to be derived from user charges.

**Various Purpose Improvement Bonds, Series 2005** - The general obligation bonds were issued on July 28, 2005 for the purpose of retiring bond anticipation notes issued for Northcrest Drive and Road Improvements. The bonds consist of \$285,000 in serial bonds and \$405,000 in term bonds.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2009	25,000	3.25%
2010	25,000	3.25%
2011	25,000	3.50%
2012	30,000	3.50%
2013	30,000	3.50%
2014	30,000	3.75%
2015	35,000	3.75%

The term bonds maturing on December 1, 2017 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1, 2016 (with the balance of the \$35,000 to be paid at stated maturity on December 1, 2017) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2016	\$35,000
2017	35,000



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

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**NOTE 14 - LONG-TERM DEBT (Continued)**

The term bonds maturing on December 1, 2019 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1, 2018 (with the balance of the \$35,000 to be paid at stated maturity on December 1, 2019) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2018	\$35,000
2019	35,000

The term bonds maturing on December 1, 2025 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1 in the years 2020 through 2024 (with the balance of the \$50,000 to be paid at stated maturity on December 1, 2025) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2020	\$35,000
2021	45,000
2022	45,000
2023	45,000
2024	45,000
2025	50,000

The bonds outstanding are general obligations of the City for which the full faith and credit of the City is pledged for repayment. The source of payment for the obligations will be derived from a tax levied on property.

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 14 - LONG-TERM DEBT (Continued)**

**A. Future Long-Term Financing Requirements**

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2008 follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$270,000	\$256,964	\$330,000	\$200,237	\$80,000	\$31,251
2010	280,000	247,890	345,000	184,563	80,000	26,411
2011	280,000	238,380	360,000	168,176	71,000	21,535
2012	300,000	228,578	375,000	151,075	63,000	17,422
2013	315,000	218,126	395,000	133,262	49,000	13,843
2014-2018	1,745,000	904,548	2,290,000	354,750	179,000	34,420
2019-2023	1,590,000	507,212	0	0	21,999	1,939
2024-2028	1,325,000	169,402	0	0	0	0
Totals	<u>\$6,105,000</u>	<u>\$2,771,100</u>	<u>\$4,095,000</u>	<u>\$1,192,063</u>	<u>\$543,999</u>	<u>\$146,821</u>

Years	OWDA Loans		OPWC Loans		WPCLF Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$375,420	\$186,708	\$41,034	\$0	\$56,135	\$1,807
2010	402,737	159,389	41,035	0	56,520	1,434
2011	432,101	130,026	41,035	0	56,897	1,057
2012	463,581	98,548	41,035	0	57,278	676
2013	108,276	64,535	41,035	0	39,051	291
2014-2018	526,567	232,549	192,823	0	75,604	0
2019-2023	542,777	111,402	128,695	0	75,604	0
2024-2028	187,763	8,492	125,000	0	75,604	0
2029-2031	0	0	0	0	94,507	0
Totals	<u>\$3,039,222</u>	<u>\$991,649</u>	<u>\$651,692</u>	<u>\$0</u>	<u>\$587,200</u>	<u>\$5,265</u>

**B. Deferred Loan Payable to the Ohio Sewer and Water Rotary Commission**

The City has received advances to meet the portion of costs of sewer and water improvements to be financed by assessments which collections are deferred or exempt pursuant to division (B) of Section 6103.052 of the Ohio Revised Code. The City is responsible for collecting the assessments for which the deferments were made when the property no longer meets the exemption criteria.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 15 - 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; natural disasters, and injuries to employees. To manage this risk the City participates in various jointly funded pools, both risk sharing and group rated, to provide separate and distinct coverage for the risk involved. These pools are: Buckeye Ohio Risk Management Association - Property and Casualty, Inc., for Property and Casualty Coverage (aka - BORMA Property and Casualty, or BORMA P & C); Buckeye Ohio Risk Management Agency-Health Benefits, Inc., for Health and Group Life Insurance Coverage (aka – BORMA Health Benefits, or BORMA H & L); and Ohio Rural Water Association-Group Rated Pool for Workers Compensation (aka – ORWA Workers Compensation Pool). There have been no significant reductions in insurance coverage's from coverage's in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage's in any of the past three fiscal years.

**A. BORMA Property and Casualty Pool**

The BORMA Property and Casualty Pool provides comprehensive and general liability for; automobiles, automobile physical damage, general liability, crime and property, and public officials coverage's up to specific limits. The pool includes the following Ohio Cities as members: Bowling Green, Defiance, Huron, Napoleon, Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2008, the pool has cash reserves of \$1,186,724, which in the opinion of management is adequate for any claims currently pending against the pool. During 2008, the City paid \$125,309 into the pool for total premiums for the property and casualty coverage received.

For the period 12/01/2007 through 11/30/2008, the amount of risk retained within the pool is \$150,000 per occurrence for Property and Crime, \$150,000 per occurrence for General Liability and Automobile Liability. The City's individual liability is \$1,000 per occurrence for Property and Crime losses. Coverage provided by various insurance carriers with total Property limits of \$74,229,000, primary General Liability limit of \$2,000,000 per occurrence, primary Automobile Liability limit of \$2,000,000 per occurrence and excess Liability limits of \$8,000,000 per occurrence and aggregate. These limits are inclusive of the above noted retentions.

For the period 12/01/2008 through 11/30/2009, the amount of risk retained within the pool is \$150,000 per occurrence for Property and Crime, \$150,000 per occurrence for General Liability and Automobile Liability. The City's individual liability is \$1,000 per occurrence for Property and Crime losses. Coverage is provided by various insurance carriers with total Property limits of \$82,092,000, primary General Liability limit of \$2,000,000 per occurrence, primary Automobile Liability limit of \$2,000,000 per occurrence and excess Liability limits of \$8,000,000 per occurrence and aggregate. These limits are inclusive of the above noted retentions.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 15 - RISK MANAGEMENT (Continued)**

**A. BORMA Property and Casualty Pool (Continued)**

The BORMA Property and Casualty Pool previously joined with other public cost sharing pools to form a new pool called the Public Entity Risk Corporation (PERC). This pool provides self-insured retentions for each of the member pools as follows: Property up to \$250,000 per occurrence, Liability up to \$500,000 per occurrence and Stop Loss for period 12/01/2007 through 11/30/2008 up to \$1,576,000 maximum per year; and Stop Loss for period 12/01/2008 through 11/30/2009 up to \$1,650,000 maximum per year.

**B. BORMA Health Benefits Pool**

The BORMA Health Benefits Pool is for employee benefits and includes Life Insurance, Accidental Death and Dismemberment Insurance, Health Insurance and Prescription Drug Insurance. Each pool member has its own respective plan and coverage it has elected to provide for its employees. Premiums paid into the pool by each member are based on the level of coverage within each respective plan. In 2008, the pool includes the following Ohio Cities as members: Archbold, Bowling Green, Carey, Clyde, Defiance, Fayette, Hicksville, Napoleon, Oberlin, Sandusky, Upper Sandusky and Willard. Additionally, the prior members Ohio County of Wyandot and the Township of Shawnee in Allen County, Ohio withdrew from the plan in 2007 and were not a factor in 2008. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2008, the pool had total reported assets of \$5,676,557.

Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool. The 2008 premiums paid by the City of Napoleon into the employee benefits pool were a monthly cost of \$913.99 for family coverage and \$318.46 for single coverage. The life insurance monthly premium was \$5.10. During 2008, the City paid \$935,343 into the pool for health benefits coverage, and \$7,104 into the pool for life insurance coverage. The cost of coverage for premiums is paid out of each respective fund and department that pays the salary of the individuals covered under the plan. The amount of risk retained by the pool was \$125,000 per individual for 2008 with excess coverage provided by the QBE Insurance Corporation.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 15 - RISK MANAGEMENT (Continued)**

**B. BORMA Health Benefits Pool (Continued)**

For both the BORMA Property and Casualty, and the BORMA Health Benefits Pool's; individual members are not considered "participants having equity interest" as defined by GASB Statement No. 14 since members have no rights to any assets of the pool other than residual claims upon dissolution. Both pools are a multi-jurisdictional arrangement that have characteristics of a joint venture but has additional features that distinguish it, for financial reporting purposes, from the traditional joint ventures as defined in GASB Statement No. 14.

Both pools have the ability to require the member Cities to make supplemental payments in the event reserves are not adequate to cover claims. The probability of this occurring is considered remote due to the adequacy of the pool reserves and premium levels, therefore, no additional amounts have been reserved in the financial statements. Audited financial statements are maintained separately by each pool.

**C. ORWA Workers Compensation Pool and Unemployment Benefits**

The City participates in the State of Ohio's Bureau of Workers Compensation Group Rating Program as a member of the ORWA Workers Compensation Group Rated Pool. The ORWA pool is one of many organized group rated pools, authorized by the State of Ohio, providing lowered Workers Compensation Insurance Premiums to groups of like entities. Benefits received by injured workers are established and controlled by the State of Ohio Bureau of Workers Compensation. The City pays the State Workers Compensation a premium based upon a rate per \$100 of payroll paid in the prior year, plus administrative costs. The annual rate is a computed factor (%) using the past five (5) years of loss history for both the City and the other members of the group in the ORWA pool. During 2008, the City paid \$107,126 into the pool for total Workers Compensation premiums.

**D. State Unemployment Benefits**

The City pays Unemployment Benefits Claims as they occur directly to the Ohio Department of Job and Family Services of the State of Ohio. Political Subdivisions in Ohio are not required to pay the unemployment tax. During 2008, the City paid \$1,136 to the Ohio Department of Job and Family Services for unemployment benefit claims.

**NOTE 16 - CONTINGENCIES**

The City is a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 17 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS**

**A. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2)**

The City of Napoleon is a Non-Financing Participant and an Owner Participant with an ownership percentage of .20% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$72,659 at December 31, 2008. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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**CITY OF NAPOLEON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 17 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**A. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) (Continued)**

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2008 are:

<b>Municipality</b>	<b>Percent Ownership</b>	<b>Kw Entitlement</b>	<b>Municipality</b>	<b>Percent Ownership</b>	<b>Kw Entitlement</b>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 17 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**B. Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5)**

Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA-JV5-Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2008 Napoleon has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 17 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**B. Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) (Continued)**

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$658,481 at December 31, 2008. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6)**

The City of Napoleon is a Financing Participant with an ownership percentage of 4.17%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 17 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) (Continued)**

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green Ohio. Each turbine has a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2008 Napoleon has met their debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step Up Power").

OMEGA JV6 is managed by American Municipal Power-Ohio, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP-Ohio issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. The City's net obligation for these bonds at December 31, 2008 was \$271,851 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected).

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$367,665 at December 31, 2008. Complete financial statements for OMEGA JV6 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

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**NOTE 17 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) (Continued)**

The ten participating subdivisions and their respective ownership shares at December 31, 2008 are:

<b>Participant</b>	<b>KW Amount</b>	<b>% of Financing</b>
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgeton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	7,200	100.00%

The City's liability for the bonds are disclosed below:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2009	\$ 38,901	\$ 3,399	\$ 42,300
2010	37,499	4,801	42,300
2011	36,214	6,086	42,300
2012	35,627	6,673	42,300
2013	37,066	5,234	42,300
2014-2016	102,955	6,472	109,427
Total Gross Liability	288,262	32,665	320,927
Less: Amounts Held in Reserve	(16,411)		
Net Obligation	\$ 271,851		

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 17 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**D. Community Improvement Corporation (CIC)**

The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. The CIC is governed by a Board of 10 Trustees. Five of these trustees are residents of the City of Napoleon and the remaining five are residents of Henry County. The City's degree of control over the Board is limited to its representation on the Board. The City has no equity interest in the CIC. The City paid \$179,989 to the CIC during 2008. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

**E. Maumee Valley Planning Organization (MVPO)**

The City is a member of the Maumee Valley Planning Organization (MVPO) which is jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of the MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants (CDBG) and help with housing rehabilitation in the area.

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county as well as one township representative and one municipal representative for each of the five member counties. The main source of revenue is fees charged by MVPO to administer CDBG grants and a per capita amount from each county. In 2008, the City paid administrative fees of \$166,648 to MVPO.

**NOTE 18 - CONDUIT DEBT OBLIGATIONS**

The City issued mortgage revenue bonds to provide financial assistance to The Lutheran Orphans' and Old Folks' Home Society at Napoleon, Ohio, Inc. The City has no obligation for the debt beyond the resources provided by the mortgage revenue bonds. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2008, there were two mortgage revenue bonds outstanding with an aggregate principal amount payable of \$1,318,614.

**NOTE 19 – SUBSEQUENT EVENT**

On May 5, 2009, the citizens of Napoleon voted on and approved a permanent income tax increase. Effective July 1, 2009, this will increase the General Fund tax to 1.3% and the total income tax (including the recreation department levy of .2%) to 1.5%. The annual increase to revenue is estimated to be in the range of \$500,000 to \$600,000.

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE  
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND  
FIDUCIARY FUNDS.*

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

**Street Construction, Maintenance and Repair Fund**

To account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

**State Highway Improvement Fund**

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

**Motor Vehicle License Tax Fund**

To account for county-levied motor vehicle registration fees designate for street construction, maintenance and repair.

**EMS Transport Service Fund**

To account for service charges to clients for emergency medical services.

**Recreation Fund**

To account for the operation and maintenance of public recreational facilities.

**Special Events Fund**

To account for revenues received from various sources to be used for special events sponsored by the City.

**Economic Development Fund**

To account for federal and state grants which are designated for community and environmental improvements.

**Downtown Revitalization Grant Fund**

To account for financial resources used for economic development activity to fund new development in the downtown district.

(Continued)

***Special Revenue Funds***

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**Hotel/Motel Tax Fund**

To account for the collection of Hotel/Motel Excise Tax, otherwise known as Lodge Tax.

**Fire Loss Claims Fund**

To account for insurance proceeds held as security against the cost to provide for removing, repairing and securing losses caused by fire.

**Community Housing Improvement Program (CHIP) Income Fund**

To account for Community Housing Improvement Program grant monies to be used for home improvements.

**Community Development Block Grant (CDBG) Income Fund**

To account for Community Development Block Grant grant monies to be used for home improvements.

**Indigent Drivers Alcohol Treatment Fund**

To account for the revenues from fines as established by the state to pay for alcohol related training programs for indigent persons.

**Law Enforcement and Education Fund**

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

**Court Computerization Fund**

To account for the acquisition, improvement, replacement and repair of capital assets of the Napoleon Municipal Court.

**Law Enforcement Trust Fund**

To account for funds received by the police department for contraband, per state statute.

**Mandatory Drug Fine Fund**

To account for mandatory fines collected for drug related offenses.

**Fire Equipment Fund**

To account for monies received from fire contracts to be used for the purchase of fire fighting apparatus.

(Continued)

***Special Revenue Funds***

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**Municipal Probation Service Fund**

To account for monies received from fines levied and expenditures by Probation Officer.

**Probation Officer Grant Fund**

To account for monies received from State Grant for Municipal Probation Officer.

**Court Improvement Fund**

To account for monies received from fines levied and expenditures for Court Improvements.

**Handicap Parking Fines Fund**

To account for monies received from Municipal Court for handicap parking violations.

**Police Pension Fund**

To account for taxes levied toward partial payment of the current and accrued liability for police disability and pension.

**Fire Pension Fund**

To account for taxes levied toward partial payment of the current and accrued liability for fire disability and pension.

**Cemetery Fund**

To account for monies received by specific agreement, gifts, bequests or otherwise to provide for perpetual care of individual plots within the City cemetery.

**Law Enforcement OT Grant Fund**

To account for grant monies and local share monies for police department overtime and mandatory continuing professional training.

**Certified Police Training Fund**

To account for financial resources used for Police continuing professional training. (The Statement of Revenues, Expenditures and Changes in Fund Balances is not presented because there was no activity during the year. This fund only exists on a GAAP basis and is not part of the City's appropriated budget, therefore no budgetary schedule is presented)



***Debt Service Fund***

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Debt Service Funds are used to account for retirement of the City's general obligation and special assessment bonds.

**General Bond Retirement Fund**

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

***Capital Projects Funds***

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The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

**Stout Street Improvement Project Fund**

To account for grant monies and local share monies to do major infrastructure improvements to Stout Street.

**Capital Improvement Project (CIP) Funding Reserve Fund**

To account for the capital improvement reserve established by City Council to pre-fund large purchases.

**CITY OF NAPOLEON, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,870,852	\$ 9,737	\$ 148,755	\$ 2,029,344
Receivables:				
Taxes	209,023	0	0	209,023
Accounts	349,134	0	0	349,134
Intergovernmental	498,675	0	0	498,675
Interest	7,639	0	0	7,639
Inventory of Supplies, at Cost	139,281	0	0	139,281
<b>Total Assets</b>	<b>\$ 3,074,604</b>	<b>\$ 9,737</b>	<b>\$ 148,755</b>	<b>\$ 3,233,096</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 13,673	\$ 0	\$ 0	\$ 13,673
Accrued Wages and Benefits Payable	132,863	0	0	132,863
Deferred Revenue	881,237	0	0	881,237
Accrued Interest Payable	9,163	0	1,636	10,799
General Obligation Notes Payable	840,000	0	150,000	990,000
<b>Total Liabilities</b>	<b>1,876,936</b>	<b>0</b>	<b>151,636</b>	<b>2,028,572</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	37,363	0	0	37,363
Reserved for Supplies Inventory	139,281	0	0	139,281
Undesignated/Unreserved in:				
Special Revenue Funds	1,021,024	0	0	1,021,024
Debt Service Funds	0	9,737	0	9,737
Capital Projects Funds	0	0	(2,881)	(2,881)
<b>Total Fund Balances</b>	<b>1,197,668</b>	<b>9,737</b>	<b>(2,881)</b>	<b>1,204,524</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,074,604</b>	<b>\$ 9,737</b>	<b>\$ 148,755</b>	<b>\$ 3,233,096</b>

**CITY OF NAPOLEON, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2008***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 135,581	\$ 0	\$ 0	\$ 135,581
Intergovernmental Revenues	965,741	0	797	966,538
Charges for Services	478,476	0	0	478,476
Investment Earnings	56,403	0	0	56,403
Fines and Forfeitures	94,125	0	0	94,125
All Other Revenue	60,151	224	0	60,375
<b>Total Revenue</b>	<b>1,790,477</b>	<b>224</b>	<b>797</b>	<b>1,791,498</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	1,581,960	0	0	1,581,960
Leisure Time Activities	875,791	0	0	875,791
Community Environment	378,558	0	0	378,558
Transportation	604,199	0	0	604,199
General Government	86,213	0	0	86,213
Capital Outlay	0	0	91,963	91,963
Debt Service:				
Principal Retirement	0	25,000	0	25,000
Interest and Fiscal Charges	24,549	61,748	5,754	92,051
<b>Total Expenditures</b>	<b>3,551,270</b>	<b>86,748</b>	<b>97,717</b>	<b>3,735,735</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,760,793)	(86,524)	(96,920)	(1,944,237)
<b>Other Financing Sources (Uses):</b>				
Transfers In	801,320	53,050	141,550	995,920
Transfers Out	(74,445)	0	0	(74,445)
<b>Total Other Financing Sources (Uses)</b>	<b>726,875</b>	<b>53,050</b>	<b>141,550</b>	<b>921,475</b>
Net Change In Fund Balance	(1,033,918)	(33,474)	44,630	(1,022,762)
<b>Restated Fund Balances (Deficit) at Beginning of Year</b>	<b>2,203,030</b>	<b>43,211</b>	<b>(47,511)</b>	<b>2,198,730</b>
Increase (Decrease) in Inventory Reserve	28,556	0	0	28,556
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 1,197,668</b>	<b>\$ 9,737</b>	<b>\$ (2,881)</b>	<b>\$ 1,204,524</b>

**CITY OF NAPOLEON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2008**

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 155,662	\$ 40,924	\$ 471,288	\$ 158,386
Receivables:				
Taxes	0	0	0	0
Accounts	5,081	0	0	327,318
Intergovernmental	190,305	15,430	30,585	7,500
Interest	1,216	238	3,026	0
Inventory of Supplies, at Cost	127,318	0	0	0
<b>Total Assets</b>	<b>\$ 479,582</b>	<b>\$ 56,592</b>	<b>\$ 504,899</b>	<b>\$ 493,204</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 4,035	\$ 0	\$ 2,299	\$ 1,787
Accrued Wages and Benefits Payable	25,453	0	0	0
Deferred Revenue	132,033	10,356	21,268	299,084
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<b>161,521</b>	<b>10,356</b>	<b>23,567</b>	<b>300,871</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	677	0	0	2,326
Reserved for Supplies Inventory	127,318	0	0	0
Undesignated/Unreserved	190,066	46,236	481,332	190,007
<b>Total Fund Balances</b>	<b>318,061</b>	<b>46,236</b>	<b>481,332</b>	<b>192,333</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 479,582</b>	<b>\$ 56,592</b>	<b>\$ 504,899</b>	<b>\$ 493,204</b>

**CITY OF NAPOLEON, OHIO**

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<u>Recreation</u>	<u>Special Events</u>	<u>Economic Development</u>	<u>Downtown Revitalization Grant</u>	<u>Hotel/Motel Tax</u>	<u>Fire Loss Claims</u>
\$ 96,923	\$ 2,980	\$ 104,889	\$ 1,500	\$ 0	\$ 10,135
0	0	0	0	0	0
476	0	0	0	5,602	0
0	0	0	1,500	0	0
899	0	119	0	0	0
11,963	0	0	0	0	0
<u>\$ 110,261</u>	<u>\$ 2,980</u>	<u>\$ 105,008</u>	<u>\$ 3,000</u>	<u>\$ 5,602</u>	<u>\$ 10,135</u>
\$ 4,355	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27,834	0	0	0	0	0
737	0	35	1,500	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>32,926</u>	<u>0</u>	<u>35</u>	<u>1,500</u>	<u>0</u>	<u>0</u>
3,500	0	0	0	0	0
11,963	0	0	0	0	0
61,872	2,980	104,973	1,500	5,602	10,135
<u>77,335</u>	<u>2,980</u>	<u>104,973</u>	<u>1,500</u>	<u>5,602</u>	<u>10,135</u>
<u>\$ 110,261</u>	<u>\$ 2,980</u>	<u>\$ 105,008</u>	<u>\$ 3,000</u>	<u>\$ 5,602</u>	<u>\$ 10,135</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2008**

	CHIP Income	CDBG Income	Indigent Drivers Alcohol Treatment	Law Enforcement and Education
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 13,174	\$ 88,651	\$ 37,176	\$ 5,156
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	98	203
Intergovernmental	220,178	0	0	0
Interest	0	0	265	40
Inventory of Supplies, at Cost	0	0	0	0
<b>Total Assets</b>	<u>\$ 233,352</u>	<u>\$ 88,651</u>	<u>\$ 37,539</u>	<u>\$ 5,399</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 1,197	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Deferred Revenue	183,314	0	77	12
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<u>183,314</u>	<u>0</u>	<u>1,274</u>	<u>12</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	250
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved	50,038	88,651	36,265	5,137
<b>Total Fund Balances</b>	<u>50,038</u>	<u>88,651</u>	<u>36,265</u>	<u>5,387</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 233,352</u>	<u>\$ 88,651</u>	<u>\$ 37,539</u>	<u>\$ 5,399</u>

**CITY OF NAPOLEON, OHIO**

<u>Court Computerization</u>	<u>Law Enforcement Trust</u>	<u>Mandatory Drug Fine</u>	<u>Fire Equipment</u>	<u>Municipal Probation Service</u>	<u>Probation Officer Grant</u>
\$ 31,585	\$ 1,390	\$ 12,232	\$ 193,531	\$ 25,992	\$ 4,088
0	0	0	0	0	0
1,594	0	84	0	800	0
0	0	0	0	0	24,644
224	13	93	1,295	211	0
0	0	0	0	0	0
<u>\$ 33,403</u>	<u>\$ 1,403</u>	<u>\$ 12,409</u>	<u>\$ 194,826</u>	<u>\$ 27,003</u>	<u>\$ 28,732</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	2,521
75	4	27	376	61	12,322
0	0	0	0	0	0
0	0	0	0	0	0
<u>75</u>	<u>4</u>	<u>27</u>	<u>376</u>	<u>61</u>	<u>14,843</u>
9,700	250	0	650	0	0
0	0	0	0	0	0
<u>23,628</u>	<u>1,149</u>	<u>12,382</u>	<u>193,800</u>	<u>26,942</u>	<u>13,889</u>
<u>33,328</u>	<u>1,399</u>	<u>12,382</u>	<u>194,450</u>	<u>26,942</u>	<u>13,889</u>
<u>\$ 33,403</u>	<u>\$ 1,403</u>	<u>\$ 12,409</u>	<u>\$ 194,826</u>	<u>\$ 27,003</u>	<u>\$ 28,732</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2008**

	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 275,057	\$ 1,100	\$ 27,450	\$ 15,541
Receivables:				
Taxes	0	0	140,230	68,793
Accounts	5,478	0	0	0
Intergovernmental	0	0	5,689	2,844
Interest	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
<b>Total Assets</b>	<b>\$ 280,535</b>	<b>\$ 1,100</b>	<b>\$ 173,369</b>	<b>\$ 87,178</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	47,272	29,783
Deferred Revenue	0	0	145,919	71,637
Accrued Interest Payable	9,163	0	0	0
General Obligation Notes Payable	840,000	0	0	0
<b>Total Liabilities</b>	<b>849,163</b>	<b>0</b>	<b>193,191</b>	<b>101,420</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	20,010	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved	(588,638)	1,100	(19,822)	(14,242)
<b>Total Fund Balances</b>	<b>(568,628)</b>	<b>1,100</b>	<b>(19,822)</b>	<b>(14,242)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 280,535</b>	<b>\$ 1,100</b>	<b>\$ 173,369</b>	<b>\$ 87,178</b>



**CITY OF NAPOLEON, OHIO**

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Cemetery	Law Enforcement OT Grant	Certified Police Training	Total Nonmajor Special Revenue Funds
\$ 88,036	\$ 8,006	\$ 0	\$ 1,870,852
0	0	0	209,023
0	0	2,400	349,134
0	0	0	498,675
0	0	0	7,639
0	0	0	139,281
<u>\$ 88,036</u>	<u>\$ 8,006</u>	<u>\$ 2,400</u>	<u>\$ 3,074,604</u>
\$ 0	\$ 0	\$ 0	\$ 13,673
0	0	0	132,863
0	0	2,400	881,237
0	0	0	9,163
0	0	0	840,000
<u>0</u>	<u>0</u>	<u>2,400</u>	<u>1,876,936</u>
0	0	0	37,363
0	0	0	139,281
88,036	8,006	0	1,021,024
<u>88,036</u>	<u>8,006</u>	<u>0</u>	<u>1,197,668</u>
<u>\$ 88,036</u>	<u>\$ 8,006</u>	<u>\$ 2,400</u>	<u>\$ 3,074,604</u>

**CITY OF NAPOLEON, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	421,977	34,214	113,507	0
Charges for Services	5,175	0	0	215,216
Investment Earnings	8,901	1,906	18,504	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	4,906	0	0	0
<b>Total Revenue</b>	<b>440,959</b>	<b>36,120</b>	<b>132,011</b>	<b>215,216</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	158,180
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	509,125	31,550	63,524	0
General Government	0	0	0	0
Debt Service:				
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>509,125</b>	<b>31,550</b>	<b>63,524</b>	<b>158,180</b>
Excess (Deficiency) of Revenues Over Expenditures	(68,166)	4,570	68,487	57,036
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	(12,360)	(20,000)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>(12,360)</b>	<b>(20,000)</b>
Net Change In Fund Balance	(68,166)	4,570	56,127	37,036
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>359,680</b>	<b>41,666</b>	<b>425,205</b>	<b>155,297</b>
Increase in Inventory Reserve	26,547	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 318,061</b>	<b>\$ 46,236</b>	<b>\$ 481,332</b>	<b>\$ 192,333</b>

**CITY OF NAPOLEON, OHIO**

<u>Recreation</u>	<u>Special Events</u>	<u>Economic Development</u>	<u>Downtown Revitalization Grant</u>	<u>Hotel/Motel Tax</u>	<u>Fire Loss Claims</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	13,500	89,772	0
239,327	0	0	0	0	0
4,080	0	1,130	0	0	0
0	0	0	0	0	0
40,990	0	0	0	0	10,135
<u>284,397</u>	<u>0</u>	<u>1,130</u>	<u>13,500</u>	<u>89,772</u>	<u>10,135</u>
0	0	0	0	0	0
875,791	0	0	0	0	0
0	0	179,988	27,000	0	0
0	0	0	0	0	0
0	11,380	0	0	38,929	35,904
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>875,791</u>	<u>11,380</u>	<u>179,988</u>	<u>27,000</u>	<u>38,929</u>	<u>35,904</u>
(591,394)	(11,380)	(178,858)	(13,500)	50,843	(25,769)
630,010	0	95,750	15,000	0	0
0	0	0	0	(42,085)	0
<u>630,010</u>	<u>0</u>	<u>95,750</u>	<u>15,000</u>	<u>(42,085)</u>	<u>0</u>
38,616	(11,380)	(83,108)	1,500	8,758	(25,769)
36,710	14,360	188,081	0	(3,156)	35,904
2,009	0	0	0	0	0
<u>\$ 77,335</u>	<u>\$ 2,980</u>	<u>\$ 104,973</u>	<u>\$ 1,500</u>	<u>\$ 5,602</u>	<u>\$ 10,135</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

	CHIP Income	CDBG Income	Indigent Drivers Alcohol Treatment	Law Enforcement and Education
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	216,686	4,580	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	1,689	258
Fines and Forfeitures	0	0	7,568	1,343
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<b>216,686</b>	<b>4,580</b>	<b>9,257</b>	<b>1,601</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	11,761	1,383
Leisure Time Activities	0	0	0	0
Community Environment	166,648	64	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>166,648</b>	<b>64</b>	<b>11,761</b>	<b>1,383</b>
Excess (Deficiency) of Revenues Over Expenditures	50,038	4,516	(2,504)	218
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change In Fund Balance	50,038	4,516	(2,504)	218
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>0</b>	<b>84,135</b>	<b>38,769</b>	<b>5,169</b>
Increase in Inventory Reserve	0	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 50,038</b>	<b>\$ 88,651</b>	<b>\$ 36,265</b>	<b>\$ 5,387</b>

**CITY OF NAPOLEON, OHIO**

<u>Court Computerization</u>	<u>Law Enforcement Trust</u>	<u>Mandatory Drug Fine</u>	<u>Fire Equipment</u>	<u>Municipal Probation Service</u>	<u>Probation Officer Grant</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	49,107
0	0	0	15,000	0	0
1,338	84	537	16,655	1,321	0
18,463	0	1,300	0	6,600	0
0	0	0	0	0	0
<u>19,801</u>	<u>84</u>	<u>1,837</u>	<u>31,655</u>	<u>7,921</u>	<u>49,107</u>
14,677	1,213	234	372,671	9,676	51,479
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>14,677</u>	<u>1,213</u>	<u>234</u>	<u>372,671</u>	<u>9,676</u>	<u>51,479</u>
5,124	(1,129)	1,603	(341,016)	(1,755)	(2,372)
0	0	0	60,000	0	0
0	0	0	0	0	0
0	0	0	60,000	0	0
5,124	(1,129)	1,603	(281,016)	(1,755)	(2,372)
28,204	2,528	10,779	475,466	28,697	16,261
0	0	0	0	0	0
<u>\$ 33,328</u>	<u>\$ 1,399</u>	<u>\$ 12,382</u>	<u>\$ 194,450</u>	<u>\$ 26,942</u>	<u>\$ 13,889</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 89,572	\$ 46,009
Intergovernmental Revenues	4,459	0	10,925	5,534
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	58,501	350	0	0
All Other Revenue	600	0	0	0
<b>Total Revenue</b>	<b>63,560</b>	<b>350</b>	<b>100,497</b>	<b>51,543</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	814,108	0	96,199	48,791
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Interest & Fiscal Charges	24,549	0	0	0
<b>Total Expenditures</b>	<b>838,657</b>	<b>0</b>	<b>96,199</b>	<b>48,791</b>
Excess (Deficiency) of Revenues Over Expenditures	(775,097)	350	4,298	2,752
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change In Fund Balance	(775,097)	350	4,298	2,752
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>206,469</b>	<b>750</b>	<b>(24,120)</b>	<b>(16,994)</b>
Increase in Inventory Reserve	0	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ (568,628)</b>	<b>\$ 1,100</b>	<b>\$ (19,822)</b>	<b>\$ (14,242)</b>

**CITY OF NAPOLEON, OHIO**

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<u>Cemetery</u>	<u>Law Enforcement OT Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 135,581
0	1,480	965,741
3,758	0	478,476
0	0	56,403
0	0	94,125
0	3,520	60,151
<u>3,758</u>	<u>5,000</u>	<u>1,790,477</u>
0	1,588	1,581,960
0	0	875,791
4,858	0	378,558
0	0	604,199
0	0	86,213
<u>0</u>	<u>0</u>	<u>24,549</u>
<u>4,858</u>	<u>1,588</u>	<u>3,551,270</u>
(1,100)	3,412	(1,760,793)
0	560	801,320
0	0	(74,445)
<u>0</u>	<u>560</u>	<u>726,875</u>
(1,100)	3,972	(1,033,918)
89,136	4,034	2,203,030
0	0	28,556
<u>\$ 88,036</u>	<u>\$ 8,006</u>	<u>\$ 1,197,668</u>

**CITY OF NAPOLEON, OHIO**

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***Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2008***

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	Stout Street Improvement Project	CIP Funding Reserve	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 91,255	\$ 57,500	\$ 148,755
<b>Total Assets</b>	<u>\$ 91,255</u>	<u>\$ 57,500</u>	<u>\$ 148,755</u>
<b>Liabilities:</b>			
Accrued Interest Payable	\$ 1,636	\$ 0	\$ 1,636
General Obligation Notes Payable	150,000	0	150,000
<b>Total Liabilities</b>	<u>151,636</u>	<u>0</u>	<u>151,636</u>
<b>Fund Balances:</b>			
Undesignated/Unreserved	(60,381)	57,500	(2,881)
<b>Total Fund Balances</b>	<u>(60,381)</u>	<u>57,500</u>	<u>(2,881)</u>
<b>Total Liabilities and Funds Balances</b>	<u>\$ 91,255</u>	<u>\$ 57,500</u>	<u>\$ 148,755</u>



**CITY OF NAPOLEON, OHIO**

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***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2008***

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	Stout Street Improvement Project	CIP Funding Reserve	Total Nonmajor Capital Project Funds
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 797	\$ 0	\$ 797
<b>Total Revenue</b>	<u>797</u>	<u>0</u>	<u>797</u>
<b>Expenditures:</b>			
Capital Outlay	91,963	0	91,963
Debt Service:			
Interest & Fiscal Charges	5,754	0	5,754
<b>Total Expenditures</b>	<u>97,717</u>	<u>0</u>	<u>97,717</u>
Excess (Deficiency) of Revenues Over Expenditures	(96,920)	0	(96,920)
<b>Other Financing Sources (Uses):</b>			
Transfers In	84,050	57,500	141,550
<b>Total Other Financing Sources (Uses)</b>	<u>84,050</u>	<u>57,500</u>	<u>141,550</u>
Net Change In Fund Balance	(12,870)	57,500	44,630
<b>Restated Fund Balances (Deficit) at Beginning of Year</b>	<u>(47,511)</u>	<u>0</u>	<u>(47,511)</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ (60,381)</u>	<u>\$ 57,500</u>	<u>\$ (2,881)</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 279,280	\$ 301,310	\$ 301,292	\$ (18)
Municipal Income Taxes	2,602,000	2,729,950	2,729,923	(27)
Intergovernmental Revenues	472,650	643,850	643,777	(73)
Charges for Services	251,460	272,040	267,413	(4,627)
Licenses and Permits	59,560	64,990	64,957	(33)
Investment Earnings	190,000	276,940	276,933	(7)
Special Assessments	30	0	0	0
Fines and Forfeitures	265,000	281,580	281,569	(11)
All Other Revenues	325,910	313,540	313,519	(21)
Total Revenues	<u>4,445,890</u>	<u>4,884,200</u>	<u>4,879,383</u>	<u>(4,817)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	1,454,440	1,347,670	1,347,629	41
Materials and Supplies	85,800	79,783	79,740	43
Contractual Services	154,472	99,292	99,207	85
Other Expenditures	6,200	4,487	4,476	11
Total Police	<u>1,700,912</u>	<u>1,531,232</u>	<u>1,531,052</u>	<u>180</u>
Fire:				
Personal Services	751,080	697,490	697,434	56
Materials and Supplies	61,560	41,620	41,588	32
Contractual Services	138,920	93,290	93,233	57
Total Fire	<u>951,560</u>	<u>832,400</u>	<u>832,255</u>	<u>145</u>
Total Security of Persons and Property	<u>2,652,472</u>	<u>2,363,632</u>	<u>2,363,307</u>	<u>325</u>
Public Health and Welfare Services:				
Cemetery:				
Personal Services	77,960	76,000	75,959	41
Materials and Supplies	15,650	12,500	12,474	26
Contractual Services	17,620	12,090	12,033	57
Total Public Health and Welfare Services	<u>111,230</u>	<u>100,590</u>	<u>100,466</u>	<u>124</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	100,610	101,040	101,003	37
Materials and Supplies	3,549	1,839	1,837	2
Contractual Services	9,500	2,994	2,994	0
Other Expenditures	900	176	175	1
Total Community Environment	<u>114,559</u>	<u>106,049</u>	<u>106,009</u>	<u>40</u>
General Government:				
City Council:				
Personal Services	9,910	8,777	8,767	10
Materials and Supplies	300	230	228	2
Contractual Services	1,714	1,177	1,169	8
Other Expenditures	450	590	590	0
Total City Council	<u>12,374</u>	<u>10,774</u>	<u>10,754</u>	<u>20</u>
Mayor:				
Personal Services	4,048	3,692	3,684	8
Materials and Supplies	200	30	30	0
Contractual Services	1,800	1,230	1,212	18
Other Expenditures	100	30	25	5
Total Mayor	<u>6,148</u>	<u>4,982</u>	<u>4,951</u>	<u>31</u>
City Manager - Administration:				
Personal Services	66,635	60,316	60,259	57
Materials and Supplies	1,095	615	609	6
Contractual Services	1,059	514	505	9
Total City Manager - Administration	<u>68,789</u>	<u>61,445</u>	<u>61,373</u>	<u>72</u>
City Manager - Human Resources:				
Personal Services	79,520	79,520	79,514	6
Materials and Supplies	450	200	191	9
Contractual Services	3,070	2,490	2,463	27
Other Expenditures	250	0	0	0
Total City Manager - Human Resources	<u>83,290</u>	<u>82,210</u>	<u>82,168</u>	<u>42</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Law Director:</b>				
Personal Services	53,063	46,944	46,899	45
Materials and Supplies	2,080	572	568	4
Contractual Services	9,569	8,348	8,336	12
Other Expenditures	500	0	0	0
Total Law Director	65,212	55,864	55,803	61
<b>Finance - Administration:</b>				
Personal Services	97,524	88,725	88,643	82
Materials and Supplies	1,100	2,730	2,725	5
Contractual Services	33,786	29,235	29,196	39
Other Expenditures	1,460	900	898	2
Total Finance - Administration	133,870	121,590	121,462	128
<b>Finance - Utility Billing:</b>				
Personal Services	45,590	34,541	34,501	40
Materials and Supplies	9,183	8,607	8,597	10
Contractual Services	10,251	8,373	8,358	15
Total Finance - Utility Billing	65,024	51,521	51,456	65
<b>Finance - Income Tax Collection:</b>				
Personal Services	128,310	126,660	126,621	39
Materials and Supplies	6,550	3,690	3,677	13
Contractual Services	20,206	13,776	13,748	28
Capital Outlay	30,320	27,240	27,232	8
Total Finance - Income Tax Collection	185,386	171,366	171,278	88
<b>Finance - Information Systems:</b>				
Personal Services	76,970	73,500	73,469	31
Materials and Supplies	22,587	22,467	22,451	16
Contractual Services	19,255	21,600	21,597	3
Total Finance - Information Systems	118,812	117,567	117,517	50
<b>City Engineer:</b>				
Personal Services	89,919	86,006	85,926	80
Materials and Supplies	3,977	2,799	2,791	8
Contractual Services	16,448	12,906	12,889	17
Other Expenditures	5,200	4,990	4,983	7
Total City Engineer	115,544	106,701	106,589	112

(Continued)

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	418,480	396,160	396,135	25
Materials and Supplies	37,105	38,554	38,538	16
Contractual Services	59,360	32,640	32,588	52
Other Expenditures	230	100	92	8
Total Municipal Court	<u>515,175</u>	<u>467,454</u>	<u>467,353</u>	<u>101</u>
Service - Buildings, Property and Equipment:				
Personal Services	36,066	34,007	33,969	38
Materials and Supplies	5,069	3,738	3,727	11
Contractual Services	1,170	595	590	5
Other Expenditures	140	0	0	0
Total Service - Buildings, Property and Equipment	<u>42,445</u>	<u>38,340</u>	<u>38,286</u>	<u>54</u>
Miscellaneous:				
Materials and Supplies	9,999	7,228	7,220	8
Contractual Services	109,576	80,996	80,891	105
Other Expenditures	137,420	98,862	98,763	99
Total Miscellaneous	<u>256,995</u>	<u>187,086</u>	<u>186,874</u>	<u>212</u>
Total General Government	<u>1,669,064</u>	<u>1,476,900</u>	<u>1,475,864</u>	<u>1,036</u>
Total Expenditures	<u>4,547,325</u>	<u>4,047,171</u>	<u>4,045,646</u>	<u>1,525</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(101,435)	837,029	833,737	(3,292)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	210	202	(8)
Transfers In	1,685,080	1,723,992	1,723,982	(10)
Transfers Out	<u>(2,825,290)</u>	<u>(2,948,630)</u>	<u>(2,948,621)</u>	<u>9</u>
Total Other Financing Sources (Uses)	<u>(1,140,210)</u>	<u>(1,224,428)</u>	<u>(1,224,437)</u>	<u>(9)</u>
Net Change In Fund Balance	(1,241,645)	(387,399)	(390,700)	(3,301)
Fund Balance at Beginning of Year	1,540,254	1,540,254	1,540,254	0
Prior Year Encumbrances	38,548	38,548	38,548	0
Fund Balance at End of Year	<u>\$ 337,157</u>	<u>\$ 1,191,403</u>	<u>\$ 1,188,102</u>	<u>\$ (3,301)</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2008***

<b>SPECIAL ASSESSMENT BOND RETIREMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 12,830	\$ 21,750	\$ 21,746	\$ (4)
Special Assessments	117,450	115,280	115,264	(16)
Total Revenues	<u>130,280</u>	<u>137,030</u>	<u>137,010</u>	<u>(20)</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	4,000	3,410	3,408	2
Debt Service:				
Principal Retirement	91,360	91,360	91,350	10
Interest and Fiscal Charges	36,120	36,100	36,093	7
Total Expenditures	<u>131,480</u>	<u>130,870</u>	<u>130,851</u>	<u>19</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,200)	6,160	6,159	(1)
<b>Other Financing Sources (Uses):</b>				
Transfers In	12,360	12,360	12,360	0
Total Other Financing Sources (Uses)	<u>12,360</u>	<u>12,360</u>	<u>12,360</u>	<u>0</u>
Net Change In Fund Balance	11,160	18,520	18,519	(1)
Fund Balance at Beginning of Year	472,027	472,027	472,027	0
Fund Balance at End of Year	<u>\$ 483,187</u>	<u>\$ 490,547</u>	<u>\$ 490,546</u>	<u>\$ (1)</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Project Funds  
For the Year Ended December 31, 2008**

	<b>CAPITAL IMPROVEMENT FUND</b>			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 126,600	\$ 0	\$ 0	\$ 0
All Other Revenues	0	18,660	18,659	(1)
Total Revenues	<u>126,600</u>	<u>18,660</u>	<u>18,659</u>	<u>(1)</u>
<b>Expenditures:</b>				
Capital Outlay:				
City Manager	48,669	21,608	21,598	10
Law Director	16,300	250	250	0
Finance - Administration	28,500	23,410	23,401	9
Central Information System	66,781	75,650	75,645	5
Engineering	54,000	51,170	51,159	11
Police	182,810	168,080	168,067	13
Fire	140,080	35,530	35,517	13
Building Inspections	0	10,530	10,528	2
Parks and Recreation	85,500	81,860	81,847	13
Cemetery	12,330	10,040	10,024	16
Street Maintenance	556,101	432,451	432,427	24
Total Expenditures	<u>1,191,071</u>	<u>910,579</u>	<u>910,463</u>	<u>116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,064,471)	(891,919)	(891,804)	115
<b>Other Financing Sources (Uses):</b>				
Transfers In	984,280	1,160,420	1,160,416	(4)
Transfers Out	(150,550)	(156,760)	(156,760)	0
Total Other Financing Sources (Uses)	<u>833,730</u>	<u>1,003,660</u>	<u>1,003,656</u>	<u>(4)</u>
Net Change In Fund Balance	(230,741)	111,741	111,852	111
Fund Balance at Beginning of Year	361,325	361,325	361,325	0
Prior Year Encumbrances	93,110	93,110	93,110	0
Fund Balance at End of Year	<u>\$ 223,694</u>	<u>\$ 566,176</u>	<u>\$ 566,287</u>	<u>\$ 111</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Project Funds  
For the Year Ended December 31, 2008**

CLEAN OHIO FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 66,000	\$ 233,730	\$ 233,724	\$ (6)
Total Revenues	<u>66,000</u>	<u>233,730</u>	<u>233,724</u>	<u>(6)</u>
<b>Expenditures:</b>				
Capital Outlay:				
Economic Development	66,000	15,790	15,790	0
Total Expenditures	<u>66,000</u>	<u>15,790</u>	<u>15,790</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	217,940	217,934	(6)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0	(223,496)	(223,496)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(223,496)</u>	<u>(223,496)</u>	<u>0</u>
Net Change In Fund Balance	0	(5,556)	(5,562)	(6)
Fund Balance at Beginning of Year	572	572	572	0
Prior Year Encumbrances	4,990	4,990	4,990	0
Fund Balance at End of Year	<u>\$ 5,562</u>	<u>\$ 6</u>	<u>\$ 0</u>	<u>\$ (6)</u>



**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 395,000	\$ 425,360	\$ 425,349	\$ (11)
Charges for Services	5,000	9,520	9,511	(9)
Investment Earnings	4,950	8,520	8,516	(4)
All Other Revenues	4,300	4,900	4,906	6
Total Revenues	<u>409,250</u>	<u>448,300</u>	<u>448,282</u>	<u>(18)</u>
<b>Expenditures:</b>				
Transportation:				
Street Maintenance:				
Personal Services	300,550	284,230	284,182	48
Materials and Supplies	116,240	91,294	91,228	66
Contractual Services	93,340	49,526	49,500	26
Other Expenditures	24,300	11,120	11,108	12
Total Street Maintenance	<u>534,430</u>	<u>436,170</u>	<u>436,018</u>	<u>152</u>
Ice and Snow Removal:				
Personal Services	32,000	27,370	27,361	9
Materials and Supplies	11,100	3,840	3,821	19
Contractual Services	9,436	13,206	13,202	4
Other Expenditures	7,500	8,930	8,923	7
Total Ice and Snow Removal	<u>60,036</u>	<u>53,346</u>	<u>53,307</u>	<u>39</u>
Storm Drainage:				
Personal Services	11,000	18,210	18,196	14
Materials and Supplies	11,000	3,090	3,081	9
Contractual Services	4,100	950	950	0
Other Expenditures	3,200	170	169	1
Total Storm Drainage	<u>29,300</u>	<u>22,420</u>	<u>22,396</u>	<u>24</u>
Total Expenditures	<u>623,766</u>	<u>511,936</u>	<u>511,721</u>	<u>215</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(214,516)	(63,636)	(63,439)	197
Fund Balance at Beginning of Year	215,504	215,504	215,504	0
Prior Year Encumbrances	2,920	2,920	2,920	0
Fund Balance at End of Year	<u>\$ 3,908</u>	<u>\$ 154,788</u>	<u>\$ 154,985</u>	<u>\$ 197</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 30,500	\$ 34,500	\$ 34,488	\$ (12)
Investment Earnings	770	1,810	1,805	(5)
Total Revenues	<u>31,270</u>	<u>36,310</u>	<u>36,293</u>	<u>(17)</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	16,700	18,080	18,077	3
Contractual Services	<u>26,000</u>	<u>13,480</u>	<u>13,473</u>	<u>7</u>
Total Expenditures	<u>42,700</u>	<u>31,560</u>	<u>31,550</u>	<u>10</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,430)	4,750	4,743	(7)
Fund Balance at Beginning of Year	<u>36,181</u>	<u>36,181</u>	<u>36,181</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,751</u>	<u>\$ 40,931</u>	<u>\$ 40,924</u>	<u>\$ (7)</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 112,000	\$ 113,890	\$ 113,870	\$ (20)
Investment Earnings	8,610	17,170	17,155	(15)
Total Revenues	<u>120,610</u>	<u>131,060</u>	<u>131,025</u>	<u>(35)</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	62,800	61,230	61,225	5
Contractual Services	23,000	0	0	0
Capital Outlay	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>100,800</u>	<u>61,230</u>	<u>61,225</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,810	69,830	69,800	(30)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(12,360)</u>	<u>(12,360)</u>	<u>(12,360)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(12,360)</u>	<u>(12,360)</u>	<u>(12,360)</u>	<u>0</u>
Net Change In Fund Balance	7,450	57,470	57,440	(30)
Fund Balance at Beginning of Year	413,848	413,848	413,848	0
Fund Balance at End of Year	<u>\$ 421,298</u>	<u>\$ 471,318</u>	<u>\$ 471,288</u>	<u>\$ (30)</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

	EMS TRANSPORT SERVICE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 8,500	\$ 8,500	\$ 0
Charges for Services	145,000	228,360	228,364	4
Total Revenues	145,000	236,860	236,864	4
<b>Expenditures:</b>				
Security of Persons and Property:				
Materials and Supplies	37,000	30,340	30,321	19
Contractual Services	84,900	64,610	64,584	26
Other Expenditures	50,000	72,500	72,500	0
Capital Outlay	5,000	2,330	2,326	4
Total Expenditures	176,900	169,780	169,731	49
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,900)	67,080	67,133	53
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(20,000)	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	(20,000)	(20,000)	(20,000)	0
Net Change In Fund Balance	(51,900)	47,080	47,133	53
Fund Balance at Beginning of Year	106,833	106,833	106,833	0
Fund Balance at End of Year	\$ 54,933	\$ 153,913	\$ 153,966	\$ 53

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

<b>RECREATION FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 204,350	\$ 239,720	\$ 239,597	\$ (123)
Investment Earnings	2,570	3,680	3,679	(1)
All Other Revenues	37,500	40,990	40,990	0
Total Revenues	<u>244,420</u>	<u>284,390</u>	<u>284,266</u>	<u>(124)</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Administration:				
Personal Services	75,750	75,140	75,106	34
Materials and Supplies	25,300	16,930	16,915	15
Contractual Services	4,870	3,670	3,655	15
Other Expenditures	2,750	250	250	0
Total Administration	<u>108,670</u>	<u>95,990</u>	<u>95,926</u>	<u>64</u>
Golf Course Operations:				
Personal Services	141,820	143,530	143,493	37
Materials and Supplies	78,300	73,350	73,305	45
Contractual Services	23,700	16,250	16,184	66
Total Golf Course Operations	<u>243,820</u>	<u>233,130</u>	<u>232,982</u>	<u>148</u>
Pool Operations:				
Personal Services	78,520	90,580	90,578	2
Materials and Supplies	26,100	35,900	35,893	7
Contractual Services	28,350	28,270	28,236	34
Total Pool Operations	<u>132,970</u>	<u>154,750</u>	<u>154,707</u>	<u>43</u>
Parks and Programs:				
Personal Services	240,610	249,100	249,069	31
Materials and Supplies	96,000	96,640	96,629	11
Contractual Services	64,500	59,170	59,128	42
Total Parks and Programs	<u>401,110</u>	<u>404,910</u>	<u>404,826</u>	<u>84</u>
Total Expenditures	<u>886,570</u>	<u>888,780</u>	<u>888,441</u>	<u>339</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

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	RECREATION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(642,150)	(604,390)	(604,175)	215
<b>Other Financing Sources (Uses):</b>				
Transfers In	612,000	630,010	630,010	0
Total Other Financing Sources (Uses)	612,000	630,010	630,010	0
Net Change In Fund Balance	(30,150)	25,620	25,835	215
Fund Balance at Beginning of Year	67,188	67,188	67,188	0
Prior Year Encumbrances	400	400	400	0
Fund Balance at End of Year	<u>\$ 37,438</u>	<u>\$ 93,208</u>	<u>\$ 93,423</u>	<u>\$ 215</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

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	SPECIAL EVENTS FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
General Government:				
Contractual Services	12,000	11,380	11,380	0
Other Expenditures	1,000	0	0	0
Total Expenditures	13,000	11,380	11,380	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,000)	(11,380)	(11,380)	0
Fund Balance at Beginning of Year	14,360	14,360	14,360	0
Fund Balance at End of Year	\$ 1,360	\$ 2,980	\$ 2,980	\$ 0

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

<b>ECONOMIC DEVELOPMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 500	\$ 1,450	\$ 1,448	\$ (2)
Total Revenues	<u>500</u>	<u>1,450</u>	<u>1,448</u>	<u>(2)</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	<u>183,000</u>	<u>179,990</u>	<u>179,988</u>	<u>2</u>
Total Expenditures	<u>183,000</u>	<u>179,990</u>	<u>179,988</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(182,500)	(178,540)	(178,540)	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>0</u>	<u>95,750</u>	<u>95,750</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>95,750</u>	<u>95,750</u>	<u>0</u>
Net Change In Fund Balance	(182,500)	(82,790)	(82,790)	0
Fund Balance at Beginning of Year	<u>187,679</u>	<u>187,679</u>	<u>187,679</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,179</u>	<u>\$ 104,889</u>	<u>\$ 104,889</u>	<u>\$ 0</u>



**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

**DOWNTOWN REVITALIZATION GRANT FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 13,500	\$ 13,500	\$ 0
Total Revenues	<u>0</u>	<u>13,500</u>	<u>13,500</u>	<u>0</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	0	27,000	27,000	0
Total Expenditures	<u>0</u>	<u>27,000</u>	<u>27,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(13,500)	(13,500)	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	15,000	15,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Net Change In Fund Balance	0	1,500	1,500	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 0</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

<b>HOTEL/MOTEL TAX FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 76,000	\$ 84,180	\$ 84,170	\$ (10)
Total Revenues	<u>76,000</u>	<u>84,180</u>	<u>84,170</u>	<u>(10)</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	38,000	42,085	42,085	0
Total Expenditures	<u>38,000</u>	<u>42,085</u>	<u>42,085</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,000	42,095	42,085	(10)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(38,000)	(42,085)	(42,085)	0
Total Other Financing Sources (Uses)	<u>(38,000)</u>	<u>(42,085)</u>	<u>(42,085)</u>	<u>0</u>
Net Change In Fund Balance	0	10	0	(10)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ 0</u>	<u>\$ (10)</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 0	\$ 22,044	\$ 22,039	\$ (5)
Total Revenues	<u>0</u>	<u>22,044</u>	<u>22,039</u>	<u>(5)</u>
<b>Expenditures:</b>				
General Government:				
Other Expenditures	<u>0</u>	<u>35,904</u>	<u>35,904</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>35,904</u>	<u>35,904</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(13,860)	(13,865)	(5)
Fund Balance at Beginning of Year	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,000</u>	<u>\$ 10,140</u>	<u>\$ 10,135</u>	<u>\$ (5)</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

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	CHIP INCOME FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 400,000	\$ 179,840	\$ 179,822	\$ (18)
Total Revenues	<u>400,000</u>	<u>179,840</u>	<u>179,822</u>	<u>(18)</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	<u>400,000</u>	<u>166,670</u>	<u>166,648</u>	<u>22</u>
Total Expenditures	<u>400,000</u>	<u>166,670</u>	<u>166,648</u>	<u>22</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	13,170	13,174	4
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 13,170</u>	<u>\$ 13,174</u>	<u>\$ 4</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

	<b>CDBG INCOME FUND</b>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 4,580	\$ 4,580
Total Revenues	<u>0</u>	<u>0</u>	<u>4,580</u>	<u>4,580</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	60,000	70	64	6
Total Expenditures	<u>60,000</u>	<u>70</u>	<u>64</u>	<u>6</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,000)	(70)	4,516	4,586
Fund Balance at Beginning of Year	84,135	84,135	84,135	0
Fund Balance at End of Year	<u>\$ 24,135</u>	<u>\$ 84,065</u>	<u>\$ 88,651</u>	<u>\$ 4,586</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

**INDIGENT DRIVERS ALCOHOL TREATMENT FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 860	\$ 1,590	\$ 1,581	\$ (9)
Fines and Forfeitures	6,000	7,640	7,631	(9)
Total Revenues	<u>6,860</u>	<u>9,230</u>	<u>9,212</u>	<u>(18)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	20,000	10,570	10,564	6
Total Expenditures	<u>20,000</u>	<u>10,570</u>	<u>10,564</u>	<u>6</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,140)	(1,340)	(1,352)	(12)
Fund Balance at Beginning of Year	38,528	38,528	38,528	0
Fund Balance at End of Year	<u>\$ 25,388</u>	<u>\$ 37,188</u>	<u>\$ 37,176</u>	<u>\$ (12)</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 140	\$ 240	\$ 238	\$ (2)
Fines and Forfeitures	2,800	1,220	1,213	(7)
Total Revenues	<u>2,940</u>	<u>1,460</u>	<u>1,451</u>	<u>(9)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Contractual Services	2,074	904	895	9
Capital Outlay	1,000	740	738	2
Total Expenditures	<u>6,074</u>	<u>1,644</u>	<u>1,633</u>	<u>11</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,134)	(184)	(182)	2
Fund Balance at Beginning of Year	4,788	4,788	4,788	0
Prior Year Encumbrances	300	300	300	0
Fund Balance at End of Year	<u>\$ 1,954</u>	<u>\$ 4,904</u>	<u>\$ 4,906</u>	<u>\$ 2</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 590	\$ 1,240	\$ 1,234	\$ (6)
Fines and Forfeitures	15,000	18,040	18,039	(1)
Total Revenues	<u>15,590</u>	<u>19,280</u>	<u>19,273</u>	<u>(7)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	3,500	150	147	3
Other Expenditures	10,000	10,000	10,000	0
Capital Outlay	12,580	14,240	14,230	10
Total Expenditures	<u>26,080</u>	<u>24,390</u>	<u>24,377</u>	<u>13</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,490)	(5,110)	(5,104)	6
Fund Balance at Beginning of Year	26,989	26,989	26,989	0
Fund Balance at End of Year	<u>\$ 16,499</u>	<u>\$ 21,879</u>	<u>\$ 21,885</u>	<u>\$ 6</u>



**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 180	\$ 80	\$ 79	\$ (1)
Total Revenues	<u>180</u>	<u>80</u>	<u>79</u>	<u>(1)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	1,000	760	753	7
Capital Outlay	<u>500</u>	<u>710</u>	<u>710</u>	<u>0</u>
Total Expenditures	<u>1,500</u>	<u>1,470</u>	<u>1,463</u>	<u>7</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,320)	(1,390)	(1,384)	6
Fund Balance at Beginning of Year	<u>2,524</u>	<u>2,524</u>	<u>2,524</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,204</u>	<u>\$ 1,134</u>	<u>\$ 1,140</u>	<u>\$ 6</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

	MANDATORY DRUG FINE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Investment Earnings	\$ 270	\$ 500	\$ 492	\$ (8)
Fines and Forfeitures	500	1,230	1,221	(9)
Total Revenues	<u>770</u>	<u>1,730</u>	<u>1,713</u>	<u>(17)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Other Expenditures	2,000	240	234	6
Total Expenditures	<u>5,000</u>	<u>240</u>	<u>234</u>	<u>6</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,230)	1,490	1,479	(11)
Fund Balance at Beginning of Year	10,753	10,753	10,753	0
Fund Balance at End of Year	<u>\$ 6,523</u>	<u>\$ 12,243</u>	<u>\$ 12,232</u>	<u>\$ (11)</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

<b>FIRE EQUIPMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 15,000	\$ 15,000	\$ 15,000	\$ 0
Investment Earnings	10,440	16,720	16,713	(7)
Total Revenues	<u>25,440</u>	<u>31,720</u>	<u>31,713</u>	<u>(7)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Capital Outlay	373,406	373,376	373,370	6
Total Expenditures	<u>373,406</u>	<u>373,376</u>	<u>373,370</u>	<u>6</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(347,966)	(341,656)	(341,657)	(1)
<b>Other Financing Sources (Uses):</b>				
Transfers In	60,000	60,000	60,000	0
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Net Change In Fund Balance	(287,966)	(281,656)	(281,657)	(1)
Fund Balance at Beginning of Year	106,113	106,113	106,113	0
Prior Year Encumbrances	368,425	368,425	368,425	0
Fund Balance at End of Year	<u>\$ 186,572</u>	<u>\$ 192,882</u>	<u>\$ 192,881</u>	<u>\$ (1)</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

<b>MUNICIPAL PROBATION SERVICE FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 810	\$ 1,240	\$ 1,234	\$ (6)
Fines and Forfeitures	6,000	5,800	5,800	0
Total Revenues	<u>6,810</u>	<u>7,040</u>	<u>7,034</u>	<u>(6)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	8,050	9,270	9,257	13
Other Expenditures	9,000	420	419	1
Total Expenditures	<u>17,050</u>	<u>9,690</u>	<u>9,676</u>	<u>14</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,240)	(2,650)	(2,642)	8
Fund Balance at Beginning of Year	28,634	28,634	28,634	0
Fund Balance at End of Year	<u>\$ 18,394</u>	<u>\$ 25,984</u>	<u>\$ 25,992</u>	<u>\$ 8</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

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<b>PROBATION OFFICER GRANT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 48,290	\$ 49,660	\$ 49,653	\$ (7)
All Other Revenues	3,200	0	0	0
Total Revenues	<u>51,490</u>	<u>49,660</u>	<u>49,653</u>	<u>(7)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	51,220	49,500	49,439	61
Contractual Services	<u>2,600</u>	<u>1,760</u>	<u>1,758</u>	<u>2</u>
Total Expenditures	<u>53,820</u>	<u>51,260</u>	<u>51,197</u>	<u>63</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,330)	(1,600)	(1,544)	56
Fund Balance at Beginning of Year	<u>5,632</u>	<u>5,632</u>	<u>5,632</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,302</u>	<u>\$ 4,032</u>	<u>\$ 4,088</u>	<u>\$ 56</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

<b>COURT IMPROVEMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 4,460	\$ 4,459	\$ (1)
Fines and Forfeitures	52,000	56,470	56,464	(6)
All Other Revenues	0	600	600	0
Total Revenues	<u>52,000</u>	<u>61,530</u>	<u>61,523</u>	<u>(7)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	2,200	4,420	4,408	12
Capital Outlay	987,308	831,378	831,374	4
Debt Service:				
Principal Retirement	840,000	840,000	840,000	0
Interest and Fiscal Charges	31,560	31,560	31,556	4
Total Expenditures	<u>1,861,068</u>	<u>1,707,358</u>	<u>1,707,338</u>	<u>20</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,809,068)	(1,645,828)	(1,645,815)	13
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	840,000	840,000	840,000	0
Total Other Financing Sources (Uses)	<u>840,000</u>	<u>840,000</u>	<u>840,000</u>	<u>0</u>
Net Change In Fund Balance	(969,068)	(805,828)	(805,815)	13
Fund Balance at Beginning of Year	1,032,674	1,032,674	1,032,674	0
Prior Year Encumbrances	28,188	28,188	28,188	0
Fund Balance at End of Year	<u>\$ 91,794</u>	<u>\$ 255,034</u>	<u>\$ 255,047</u>	<u>\$ 13</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 0	\$ 350	\$ 350	\$ 0
Total Revenues	<u>0</u>	<u>350</u>	<u>350</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	<u>300</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>300</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300)	350	350	0
Fund Balance at Beginning of Year	<u>750</u>	<u>750</u>	<u>750</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 450</u>	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 0</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 87,080	\$ 89,580	\$ 89,572	\$ (8)
Intergovernmental Revenues	7,580	10,930	10,925	(5)
Total Revenues	<u>94,660</u>	<u>100,510</u>	<u>100,497</u>	<u>(13)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>94,660</u>	<u>94,660</u>	<u>94,660</u>	<u>0</u>
Total Expenditures	<u>94,660</u>	<u>94,660</u>	<u>94,660</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	5,850	5,837	(13)
Fund Balance at Beginning of Year	<u>21,613</u>	<u>21,613</u>	<u>21,613</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,613</u>	<u>\$ 27,463</u>	<u>\$ 27,450</u>	<u>\$ (13)</u>



**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

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	<b>FIRE PENSION FUND</b>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 43,430	\$ 46,020	\$ 46,009	\$ (11)
Intergovernmental Revenues	3,900	5,550	5,534	(16)
Total Revenues	<u>47,330</u>	<u>51,570</u>	<u>51,543</u>	<u>(27)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	47,330	47,330	47,330	0
Total Expenditures	<u>47,330</u>	<u>47,330</u>	<u>47,330</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	4,240	4,213	(27)
Fund Balance at Beginning of Year	<u>11,328</u>	<u>11,328</u>	<u>11,328</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,328</u>	<u>\$ 15,568</u>	<u>\$ 15,541</u>	<u>\$ (27)</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008**

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	CEMETERY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Charges for Services	\$ 2,500	\$ 3,760	\$ 3,758	\$ (2)
Total Revenues	<u>2,500</u>	<u>3,760</u>	<u>3,758</u>	<u>(2)</u>
<b>Expenditures:</b>				
Community Environment:				
Materials and Supplies	<u>6,000</u>	<u>4,860</u>	<u>4,858</u>	<u>2</u>
Total Expenditures	<u>6,000</u>	<u>4,860</u>	<u>4,858</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,500)	(1,100)	(1,100)	0
Fund Balance at Beginning of Year	<u>89,136</u>	<u>89,136</u>	<u>89,136</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 85,636</u>	<u>\$ 88,036</u>	<u>\$ 88,036</u>	<u>\$ 0</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2008***

<b>LAW ENFORCEMENT OT GRANT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 9,000	\$ 5,000	\$ 5,000	\$ 0
All Other Revenues	0	3,520	3,520	0
Total Revenues	<u>9,000</u>	<u>8,520</u>	<u>8,520</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	5,560	1,600	1,588	12
Contractual Services	4,000	0	0	0
Total Expenditures	<u>9,560</u>	<u>1,600</u>	<u>1,588</u>	<u>12</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(560)	6,920	6,932	12
<b>Other Financing Sources (Uses):</b>				
Transfers In	560	560	560	0
Total Other Financing Sources (Uses)	<u>560</u>	<u>560</u>	<u>560</u>	<u>0</u>
Net Change In Fund Balance	0	7,480	7,492	12
Fund Balance at Beginning of Year	514	514	514	0
Fund Balance at End of Year	<u>\$ 514</u>	<u>\$ 7,994</u>	<u>\$ 8,006</u>	<u>\$ 12</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Fund  
For the Year Ended December 31, 2008***

<b>GENERAL BOND RETIREMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 0	\$ 230	\$ 224	\$ (6)
Total Revenues	<u>0</u>	<u>230</u>	<u>224</u>	<u>(6)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	25,000	25,000	25,000	0
Interest and Fiscal Charges	<u>61,760</u>	<u>61,750</u>	<u>61,748</u>	<u>2</u>
Total Expenditures	<u>86,760</u>	<u>86,750</u>	<u>86,748</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,760)	(86,520)	(86,524)	(4)
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>53,050</u>	<u>53,050</u>	<u>53,050</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>53,050</u>	<u>53,050</u>	<u>53,050</u>	<u>0</u>
Net Change In Fund Balance	(33,710)	(33,470)	(33,474)	(4)
Fund Balance at Beginning of Year	43,211	43,211	43,211	0
Fund Balance at End of Year	<u>\$ 9,501</u>	<u>\$ 9,741</u>	<u>\$ 9,737</u>	<u>\$ (4)</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Project Fund  
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>STOUT STREET IMPROVEMENT PROJECT FUND</b>				
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 800	\$ 797	\$ (3)
Total Revenues	<u>0</u>	<u>800</u>	<u>797</u>	<u>(3)</u>
<b>Expenditures:</b>				
Capital Outlay:				
Street Maintenance	600	91,980	91,963	17
Debt Service:				
Principal Retirement	225,000	225,000	225,000	0
Interest and Fiscal Charges	8,450	8,450	8,449	1
Total Expenditures	<u>234,050</u>	<u>325,430</u>	<u>325,412</u>	<u>18</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(234,050)	(324,630)	(324,615)	15
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	150,000	150,000	150,000	0
Transfers In	84,050	84,050	84,050	0
Total Other Financing Sources (Uses)	<u>234,050</u>	<u>234,050</u>	<u>234,050</u>	<u>0</u>
Net Change In Fund Balance	0	(90,580)	(90,565)	15
Fund Balance at Beginning of Year	3,891	3,891	3,891	0
Prior Year Encumbrances	177,929	177,929	177,929	0
Fund Balance at End of Year	<u>\$ 181,820</u>	<u>\$ 91,240</u>	<u>\$ 91,255</u>	<u>\$ 15</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Project Fund  
For the Year Ended December 31, 2008**

<b>CIP FUNDING RESERVE FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	57,500	57,500	57,500	0
Total Other Financing Sources (Uses)	57,500	57,500	57,500	0
Net Change In Fund Balance	57,500	57,500	57,500	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 57,500</u>	<u>\$ 57,500</u>	<u>\$ 57,500</u>	<u>\$ 0</u>



***Fiduciary Funds***

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

***Agency Funds***

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**Municipal Court Fund**

To account for funds that flow through the municipal court office.

**Law Library Fund**

To account for monies collected from traffic fines until remitted to other entities.

**Payroll Withholding Fund**

To account for withholding taxes until remitted to other entities.



**CITY OF NAPOLEON, OHIO**

***Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2008***

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
<b><u>Municipal Court</u></b>				
Assets:				
Cash and Cash Equivalents	\$55,171	\$1,611,634	(\$1,658,513)	\$8,292
Total Assets	<u>\$55,171</u>	<u>\$1,611,634</u>	<u>(\$1,658,513)</u>	<u>\$8,292</u>
Liabilities:				
Due to Others	\$55,171	\$1,611,634	(\$1,658,513)	\$8,292
Total Liabilities	<u>\$55,171</u>	<u>\$1,611,634</u>	<u>(\$1,658,513)</u>	<u>\$8,292</u>
<b><u>Law Library</u></b>				
Assets:				
Cash and Cash Equivalents	\$0	\$44,536	(\$44,536)	\$0
Total Assets	<u>\$0</u>	<u>\$44,536</u>	<u>(\$44,536)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$44,536	(\$44,536)	\$0
Total Liabilities	<u>\$0</u>	<u>\$44,536</u>	<u>(\$44,536)</u>	<u>\$0</u>
<b><u>Payroll Withholding</u></b>				
Assets:				
Cash and Cash Equivalents	\$12,292	\$25,592	(\$28,057)	\$9,827
Total Assets	<u>\$12,292</u>	<u>\$25,592</u>	<u>(\$28,057)</u>	<u>\$9,827</u>
Liabilities:				
Due to Others	\$12,292	\$25,592	(\$28,057)	\$9,827
Total Liabilities	<u>\$12,292</u>	<u>\$25,592</u>	<u>(\$28,057)</u>	<u>\$9,827</u>
<b><u>Totals - Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$67,463	\$1,681,762	(\$1,731,106)	\$18,119
Total Assets	<u>\$67,463</u>	<u>\$1,681,762</u>	<u>(\$1,731,106)</u>	<u>\$18,119</u>
Liabilities:				
Due to Others	\$67,463	\$1,681,762	(\$1,731,106)	\$18,119
Total Liabilities	<u>\$67,463</u>	<u>\$1,681,762</u>	<u>(\$1,731,106)</u>	<u>\$18,119</u>

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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**CITY OF NAPOLEON, OHIO**

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2008***

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Capital Assets:

Land	\$8,938,562
Construction in Progress	3,509,739
Buildings	3,512,799
Improvements	1,135,116
Machinery and Equipment	5,462,068
Infrastructure	<u>24,271,814</u>
Total Capital Assets	<u><u>\$46,830,098</u></u>

Investment in Capital Assets:

General Fund	\$955,570
Special Revenue Funds	2,523,698
Capital Projects Funds	42,221,814
Enterprise Funds	39,265
Internal Service Fund	730,251
Donated	<u>359,500</u>
Total Investment in Capital Assets	<u><u>\$46,830,098</u></u>

**CITY OF NAPOLEON, OHIO**

***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2008***

<u>Function and Activity</u>	<u>Land</u>	<u>Construction In Progress</u>	<u>Buildings</u>	<u>Improvements</u>
<u>General Government:</u>				
City Manager	\$0	\$0	\$0	\$0
Law Director	0	0	0	0
Finance	0	0	179,304	0
Tax	0	0	0	0
MIS	0	0	0	3,460
Engineering	0	6,041	1,978	2,087
Municipal Court	0	0	1,110,368	0
General Administration	1,016,482	0	0	0
Total	1,016,482	6,041	1,291,650	5,547
<u>Security of Persons and Property:</u>				
Police	32,729	0	112,500	6,390
Fire	6,514	0	398,474	86,239
Total	39,243	0	510,974	92,629
<u>Transportation:</u>				
Street	6,166,235	875,362	654,534	589,241
Maintenance	0	0	0	0
Total	6,166,235	875,362	654,534	589,241
<u>Leisure Time Activities:</u>				
Parks and Recreation	1,072,860	335,252	1,049,841	447,699
<u>Community Environment:</u>				
Inspection	0	0	0	0
Economic Development	404,040	2,291,026	0	0
Total	404,040	2,291,026	0	0
<u>Public Health and Welfare:</u>				
Cemetery	239,702	2,058	5,800	0
<u>Governmental IS:</u>				
City Garage	0	0	0	0
Total Capital Assets	\$8,938,562	\$3,509,739	\$3,512,799	\$1,135,116

**CITY OF NAPOLEON, OHIO**

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<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$138,190	\$0	\$138,190
35,085	0	35,085
209,908	0	389,212
41,323	0	41,323
94,551	0	98,011
153,495	0	163,601
122,985	0	1,233,353
17,143	0	1,033,625
<u>812,680</u>	<u>0</u>	<u>3,132,400</u>
606,520	0	758,139
<u>2,107,187</u>	<u>0</u>	<u>2,598,414</u>
<u>2,713,707</u>	<u>0</u>	<u>3,356,553</u>
1,108,642	24,271,814	33,665,828
10,911	0	10,911
<u>1,119,553</u>	<u>24,271,814</u>	<u>33,676,739</u>
640,582	0	3,546,234
34,311	0	34,311
0	0	2,695,066
<u>34,311</u>	<u>0</u>	<u>2,729,377</u>
97,852	0	345,412
43,383	0	43,383
<u>\$5,462,068</u>	<u>\$24,271,814</u>	<u>\$46,830,098</u>

**CITY OF NAPOLEON, OHIO**

***Capital Assets Used in the Operation of Governmental Funds  
Schedule Changes by Function and Activity  
For Year Ended December 31, 2008***

<u>Function and Activity</u>	<u>December 31, 2007</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2008</u>
<u>General Government:</u>					
City Manager	\$156,228	\$0	\$3,412	(\$21,450)	\$138,190
Law Director	11,171	0	23,914	0	35,085
Finance	378,022	0	11,190	0	389,212
Tax	51,021	0	0	(9,698)	41,323
MIS	50,661	0	47,350	0	98,011
Engineering	132,716	0	30,885	0	163,601
Municipal Court	435,138	0	1,112,868	(314,653)	1,233,353
General Administration	1,034,741	0	0	(1,116)	1,033,625
Total	2,249,698	0	1,229,619	(346,917)	3,132,400
<u>Security of Persons and Property:</u>					
Police	711,167		94,080	(47,108)	758,139
Fire	2,192,591	0	405,823	0	2,598,414
Total	2,903,758	0	499,903	(47,108)	3,356,553
<u>Transportation:</u>					
Street	30,750,583	2,176,896	839,316	(100,967)	33,665,828
Maintenance	10,911	0	0	0	10,911
Total	30,761,494	2,176,896	839,316	(100,967)	33,676,739
<u>Leisure Time Activities:</u>					
Parks and Recreation	3,494,549	0	51,685	0	3,546,234
<u>Community Environment:</u>					
Inspection	34,311	0	0	0	34,311
Economic Development	2,695,066	0	0	0	2,695,066
Total	2,729,377	0	0	0	2,729,377
<u>Public Health and Welfare:</u>					
Cemetery	338,951	0	11,453	(4,992)	345,412
<u>Governmental IS:</u>					
City Garage	43,383	0	0	0	43,383
Total Capital Assets	\$42,521,210	\$2,176,896	\$2,631,976	(\$499,984)	\$46,830,098

# *STATISTICAL SECTION*

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The District has three  
Elementary Schools.

West



Central

Brillhart







## *STATISTICAL TABLES*

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

### *Contents*

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<b>Financial Trends</b>	S 2 – S 13
These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the city’s ability to generate its most significant local revenue source, the income tax.	
<b>Debt Capacity</b>	S 18 – S 27
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 32 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

## *City of Napoleon, Ohio*

*Net Assets by Component  
Last Six Years  
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$21,317,327	\$21,021,667	\$22,705,762	\$24,314,801
Restricted	5,495,123	5,375,253	7,056,410	6,878,481
Unrestricted	1,855,778	2,934,897	2,246,227	2,235,629
Total Governmental Activities Net Assets	<u>\$28,668,228</u>	<u>\$29,331,817</u>	<u>\$32,008,399</u>	<u>\$33,428,911</u>
<b>Business-type Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$9,404,424	\$9,405,924	\$12,190,666	\$11,264,160
Unrestricted	16,854,748	17,309,137	16,110,442	17,996,725
Total Business-type Activities Net Assets	<u>\$26,259,172</u>	<u>\$26,715,061</u>	<u>\$28,301,108</u>	<u>\$29,260,885</u>
<b>Primary Government:</b>				
Invested in Capital Assets, Net of Related Debt	\$30,721,751	\$30,427,591	\$34,896,428	\$35,578,961
Restricted	5,495,123	5,375,253	7,056,410	6,878,481
Unrestricted	18,710,526	20,244,034	18,356,669	20,232,354
Total Primary Government Net Assets	<u>\$54,927,400</u>	<u>\$56,046,878</u>	<u>\$60,309,507</u>	<u>\$62,689,796</u>

Source: Finance Director's Office

*City of Napoleon, Ohio*

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<u>2007</u>	<u>2008</u>
\$24,814,158	\$28,323,805
5,668,640	3,625,081
3,267,539	2,815,897
<u>\$33,750,337</u>	<u>\$34,764,783</u>
\$13,254,500	\$15,258,691
17,723,570	16,121,443
<u>\$30,978,070</u>	<u>\$31,380,134</u>
\$38,068,658	\$43,582,496
5,668,640	3,625,081
20,991,109	18,937,340
<u>\$64,728,407</u>	<u>\$66,144,917</u>

## City of Napoleon, Ohio

*Changes in Net Assets  
Last Six Years  
(accrual basis of accounting)*

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$2,680,032	\$3,083,153	\$3,509,589	\$2,790,209
Public Health and Welfare Services	85,401	100,118	100,116	96,450
Leisure Time Activities	818,891	821,192	840,601	849,041
Community Environment	1,080,975	222,063	717,906	446,673
Transportation	1,459,500	1,813,717	1,292,990	1,031,319
General Government	903,636	885,066	779,647	1,021,880
Interest and Fiscal Charges	81,409	81,851	86,114	83,755
<i>Total Governmental Activities Expenses</i>	<u>7,109,844</u>	<u>7,007,160</u>	<u>7,326,963</u>	<u>6,319,327</u>
Business-type Activities:				
Electric	11,387,550	13,137,325	14,680,376	13,153,590
Water	1,536,309	2,066,067	1,831,263	1,769,784
Sewer	1,843,617	2,177,445	1,883,991	1,808,683
Sanitation	519,287	577,992	641,812	620,867
<i>Total Business-type Activities Expenses</i>	<u>15,286,763</u>	<u>17,958,829</u>	<u>19,037,442</u>	<u>17,352,924</u>
<i>Total Primary Government Expenses</i>	<u><u>\$22,396,607</u></u>	<u><u>\$24,965,989</u></u>	<u><u>\$26,364,405</u></u>	<u><u>\$23,672,251</u></u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$705,157	\$636,713	\$796,718	\$970,374
Public Health and Welfare Services	21,905	22,613	19,733	13,385
Leisure Time Activities	222,335	240,534	258,863	246,881
Community Environment	5,435	4,083	2,808	5,100
Transportation	802	7,657	3,950	8,336
General Government	35,210	73,338	50,873	83,485
Operating Grants and Contributions	668,714	2,198,081	885,954	1,045,250
Capital Grants and Contributions	83,160	94,553	3,361,224	357,291
<i>Total Governmental Activities Program Revenues</i>	<u>1,742,718</u>	<u>3,277,572</u>	<u>5,380,123</u>	<u>2,730,102</u>

*City of Napoleon, Ohio*

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<u>2007</u>	<u>2008</u>
\$3,424,326	\$3,979,748
137,358	106,214
885,586	933,722
725,183	486,196
1,364,559	872,400
1,067,981	678,405
100,392	121,860
<u>7,705,385</u>	<u>7,178,545</u>
12,864,738	12,489,602
2,043,701	2,175,036
2,247,335	2,648,013
661,575	677,146
<u>17,817,349</u>	<u>17,989,797</u>
<u>\$25,522,734</u>	<u>\$25,168,342</u>

\$1,066,435	\$1,027,828
23,600	18,463
244,598	255,949
6,895	3,758
6,581	9,985
144,827	126,883
1,067,046	634,910
258,787	797
<u>2,818,769</u>	<u>2,078,573</u>

(continued)

## City of Napoleon, Ohio

### Changes in Net Assets Last Six Years (accrual basis of accounting)

	2003	2004	2005	2006
<b>Business-type Activities:</b>				
Charges for Services				
Electric	11,318,729	13,307,816	14,548,024	13,199,524
Water	1,721,654	1,826,371	2,124,645	2,090,647
Sewer	1,883,250	1,959,987	2,346,604	2,298,509
Sanitation	523,869	549,848	616,127	630,019
Operating Grants and Contributions	0	0	0	0
Capital Grants and Contributions	75,000	0	672,235	0
<i>Total Business-type Activities Program Revenues</i>	15,522,502	17,644,022	20,307,635	18,218,699
<i>Total Primary Government Program Revenues</i>	17,265,220	20,921,594	25,687,758	20,948,801
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(5,367,126)	(3,729,588)	(1,946,840)	(3,589,225)
Business-type Activities	235,739	(314,807)	1,270,193	865,775
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$5,131,387)	(\$4,044,395)	(\$676,647)	(\$2,723,450)
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Property Taxes	\$389,763	\$405,565	\$403,855	\$481,259
Municipal Income Taxes	2,134,591	2,308,225	2,520,569	2,455,843
Other Local Taxes (kWh Tax)	540,096	558,804	585,033	586,070
Grants and Entitlements not Restricted to Specific Programs	1,028,057	602,094	369,573	710,157
Investment Earnings	153,241	195,858	239,399	334,547
Miscellaneous	318,967	322,631	540,580	324,313
Transfers	0	0	(31,000)	231,000
<i>Total Governmental Activities</i>	4,564,715	4,393,177	4,628,009	5,123,189
Business-type Activities:				
Investment Earnings	230,404	214,275	284,854	427,411
Transfers	0	0	31,000	(231,000)
<i>Total Business-type Activities</i>	230,404	214,275	315,854	196,411
<i>Total Primary Government</i>	\$4,795,119	\$4,607,452	\$4,943,863	\$5,319,600
<b>Change in Net Assets</b>				
Governmental Activities	(\$802,411)	\$663,589	\$2,681,169	\$1,533,964
Business-type Activities	466,143	(100,532)	1,586,047	1,062,186
<i>Total Primary Government Change in Net Assets</i>	(\$336,268)	\$563,057	\$4,267,216	\$2,596,150

Source: Finance Director's Office

*City of Napoleon, Ohio*

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2007	2008
12,876,770	13,330,787
2,301,840	2,438,644
3,059,283	3,427,831
629,809	638,020
0	0
276,363	311,544
19,144,065	20,146,826
21,962,834	22,225,399
(4,886,616)	(5,099,972)
1,326,716	2,157,029
(\$3,559,900)	(\$2,942,943)
\$662,906	\$494,106
2,503,814	2,255,314
555,353	536,676
208,113	5,953
598,440	403,619
459,416	202,010
220,000	2,260,946
5,208,042	6,158,624
610,469	461,775
(220,000)	(2,260,946)
390,469	(1,799,171)
\$5,598,511	\$4,359,453
\$321,426	\$1,058,652
1,717,185	357,858
\$2,038,611	\$1,416,510

## *City of Napoleon, Ohio*

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	1999	2000	2001	2002	2003
General Fund					
Reserved	\$36,808	\$62,531	\$36,611	\$15,083	\$59,976
Unreserved	3,291,676	2,894,632	2,907,754	2,573,339	2,166,503
<i>Total General Fund</i>	<u>3,328,484</u>	<u>2,957,163</u>	<u>2,944,365</u>	<u>2,588,422</u>	<u>2,226,479</u>
All Other Governmental Funds					
Reserved	399,943	620,117	1,775,561	1,707,883	900,349
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,695,388	1,550,267	1,377,200	1,460,408	1,730,554
Debt Service Funds	0	0	0	0	423,721
Capital Projects Funds	318,838	565,871	193,624	289,238	307,041
<i>Total All Other Governmental Funds</i>	<u>2,414,169</u>	<u>2,736,255</u>	<u>3,346,385</u>	<u>3,457,529</u>	<u>3,361,665</u>
<i>Total Governmental Funds</i>	<u><u>\$5,742,653</u></u>	<u><u>\$5,693,418</u></u>	<u><u>\$6,290,750</u></u>	<u><u>\$6,045,951</u></u>	<u><u>\$5,588,144</u></u>

Source: Finance Director's Office



*City of Napoleon, Ohio*

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<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$160,550	\$74,393	\$54,611	\$22,238	\$45,413
<u>1,889,815</u>	<u>2,317,704</u>	<u>2,059,287</u>	<u>2,230,909</u>	<u>1,888,658</u>
<u>2,050,365</u>	<u>2,392,097</u>	<u>2,113,898</u>	<u>2,253,147</u>	<u>1,934,071</u>
857,300	759,549	724,245	818,971	287,883
1,678,474	2,038,888	2,410,223	1,689,219	1,021,024
441,272	448,463	470,238	516,266	502,806
<u>773,460</u>	<u>312,492</u>	<u>390,741</u>	<u>106,351</u>	<u>545,746</u>
<u>3,750,506</u>	<u>3,559,392</u>	<u>3,995,447</u>	<u>3,130,807</u>	<u>2,357,459</u>
<u>\$5,800,871</u>	<u>\$5,951,489</u>	<u>\$6,109,345</u>	<u>\$5,383,954</u>	<u>\$4,291,530</u>

## *City of Napoleon, Ohio*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	1999	2000	2001	2002
<b>Revenues:</b>				
Taxes	\$3,018,876	\$2,991,556	\$2,851,943	\$3,337,819
Intergovernmental Revenues	1,445,317	1,584,727	1,265,699	1,277,546
Charges for Services	536,605	588,945	618,783	686,624
Licenses and Permits	50,966	52,682	52,815	66,533
Investment Earnings	399,448	488,251	480,730	317,932
Special Assessments	297,259	363,206	339,160	205,720
Fines and Forfeitures	271,662	293,545	410,473	480,217
All Other Revenue	392,799	147,795	183,442	270,778
<b>Total Revenue</b>	<u>6,412,932</u>	<u>6,510,707</u>	<u>6,203,045</u>	<u>6,643,169</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	1,686,473	2,451,923	2,132,567	2,334,971
Public Health and Welfare Services	62,354	66,118	79,675	80,577
Leisure Time Activities	665,529	710,193	786,130	770,783
Community Environment	390,281	653,905	180,763	599,187
Transportation	382,531	519,657	584,706	645,695
General Government	655,126	793,592	1,061,697	977,419
Capital Outlay	1,678,677	1,154,609	1,316,150	1,003,002
Debt Service:				
Principal Retirement	225,352	230,350	187,156	159,156
Interest and Fiscal Charges	139,318	125,942	99,019	87,631
<b>Total Expenditures</b>	<u>5,885,641</u>	<u>6,706,289</u>	<u>6,427,863</u>	<u>6,658,421</u>
Excess (Deficiency) of Revenues Over Expenditures	527,291	(195,582)	(224,818)	(15,252)

*City of Napoleon, Ohio*

2003	2004	2005	2006	2007	2008
\$3,057,298	\$3,253,269	\$3,481,493	\$3,530,340	\$3,518,822	\$3,245,315
1,842,915	1,728,312	3,246,136	2,156,790	2,187,335	1,891,032
597,894	627,492	659,064	768,875	660,349	732,494
121,639	114,276	89,952	70,448	64,289	64,957
189,435	188,501	233,988	270,293	646,848	421,070
279,314	246,059	224,108	223,796	113,080	105,288
380,875	299,738	342,082	382,767	363,862	381,139
218,791	247,579	302,543	312,405	440,028	388,066
<u>6,688,161</u>	<u>6,705,226</u>	<u>8,579,366</u>	<u>7,715,714</u>	<u>7,994,613</u>	<u>7,229,361</u>
2,475,239	2,821,246	3,269,915	2,616,306	3,163,034	3,946,531
87,882	89,627	88,465	90,918	102,920	98,955
756,745	755,563	764,355	783,864	845,965	875,791
1,071,531	229,297	716,342	797,857	796,478	483,116
617,653	727,926	585,866	526,918	673,933	604,199
833,966	857,184	696,044	887,028	1,023,651	1,114,009
1,107,011	1,386,011	2,175,773	1,826,376	2,075,703	901,518
169,156	180,357	890,357	215,357	111,357	111,550
83,845	77,153	93,633	86,526	101,500	122,968
<u>7,203,028</u>	<u>7,124,364</u>	<u>9,280,750</u>	<u>7,831,150</u>	<u>8,894,541</u>	<u>8,258,637</u>
(514,867)	(419,138)	(701,384)	(115,436)	(899,928)	(1,029,276)

(Continued)

## *City of Napoleon, Ohio*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	80,038
General Obligation Notes Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Special Assessment Bonds Issued	0	29,000	0	0
Ohio Public Works Commission Loan	0	0	0	0
Transfers In	2,124,220	2,584,928	2,410,322	1,906,222
Transfers Out	(2,089,220)	(2,466,006)	(1,673,019)	(2,214,433)
<b>Total Other Financing Sources (Uses)</b>	<u>35,000</u>	<u>147,922</u>	<u>737,303</u>	<u>(228,173)</u>
<b>Net Change in Fund Balance</b>	<u>\$562,291</u>	<u>(\$47,660)</u>	<u>\$512,485</u>	<u>(\$243,425)</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 6.40%	 6.15%	 5.13%	 3.90%

Source: Finance Director's Office

*City of Napoleon, Ohio*

2003	2004	2005	2006	2007	2008
0	28,500	288,567	127,000	21,991	202
0	690,000	0	0	0	0
0	0	690,000	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,948,930	1,791,249	2,184,086	2,730,521	2,357,900	2,210,781
(1,993,930)	(1,880,199)	(2,310,086)	(2,587,521)	(2,245,900)	(2,258,101)
(45,000)	629,550	852,567	270,000	133,991	(47,118)
(\$559,867)	\$210,412	\$151,183	\$154,564	(\$765,937)	(\$1,076,394)
4.14%	4.29%	15.37%	5.83%	3.41%	3.86%

## *City of Napoleon, Ohio*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	1999	2000	2001	2002
Income Tax Rate	1.20%	1.20%	1.20%	1.20%
Estimated Personal Income	\$219,621,095	\$227,638,740	\$233,537,034	\$232,726,368
Total Tax Collected	\$2,579,595	\$2,653,856	\$2,449,401	\$2,677,590
Income Tax Receipts				
Withholding	1,778,508	1,824,276	1,824,550	1,933,705
Percentage	68.95%	68.74%	74.49%	72.22%
Corporate	388,463	460,934	237,499	365,599
Percentage	15.06%	17.37%	9.70%	13.65%
Individuals	412,624	368,646	387,352	378,286
Percentage	16.00%	13.89%	15.81%	14.13%

Source: City Income Tax Department

*City of Napoleon, Ohio*

2003	2004	2005	2006	2007	2008
1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
\$247,150,632	\$253,412,328	\$262,320,336	\$274,526,916	\$283,360,380	\$283,360,380
\$2,475,787	\$2,675,075	\$2,846,956	\$2,977,788	\$2,917,159	\$2,808,030
1,930,447	1,982,186	2,119,461	2,140,405	2,138,258	2,140,997
77.97%	74.10%	74.45%	71.88%	73.30%	76.25%
185,927	320,101	322,555	409,001	326,668	269,755
7.51%	11.97%	11.33%	13.74%	11.20%	9.61%
359,413	372,788	404,940	428,382	452,233	397,278
14.52%	13.94%	14.22%	14.39%	15.50%	14.15%





## *City of Napoleon, Ohio*

### *Income Tax Collections Current Year and Nine Years Ago*

Calendar Year 2008				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,645	51.29%	\$18,177,450	10.98%
20,000 - 49,999	1,410	27.34%	46,569,075	28.14%
50,000 - 74,999	557	10.80%	33,923,363	20.50%
75,000 - 99,999	287	5.57%	24,726,146	14.94%
Over 100,000	258	5.00%	42,104,068	25.44%
Total	5,157	100.00%	\$165,500,102	100.00%

Calendar Year 1999				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,061	47.03%	\$15,258,143	11.46%
20,000 - 49,999	1,418	32.36%	47,278,550	35.51%
50,000 - 74,999	583	13.31%	35,076,404	26.35%
75,000 - 99,999	202	4.61%	17,237,798	12.95%
Over 100,000	118	2.69%	18,284,141	13.73%
Total	4,382	100.00%	\$133,135,037	100.00%

Source: Finance Director's Office

## *City of Napoleon, Ohio*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	1999	2000	2001
<b>Governmental Activities</b> <sup>(1)</sup>			
General Obligation Bonds Payable	\$0	\$0	\$0
Special Assessment Bonds Payable	1,799,000	1,610,000	1,435,194
Long-Term Notes Payable	0	0	0
Ohio Public Works Commission Loan Payable	222,312	209,962	197,612
<b>Business-type Activities</b> <sup>(1)</sup>			
Ohio Water Development Authority Loans Payable	\$3,689,988	\$3,455,930	\$3,202,104
Ohio Public Works Commission Loans Payable	0	70,002	66,318
Ohio Water and Sewer Rotary Commission Loans Payable	88,341	88,341	88,341
Water Pollution Control Loan Fund Loans Payable	0	0	0
General Obligation Bonds Payable	1,715,000	1,655,000	1,590,000
Special Assessment Bond Payable	0	115,000	111,806
Mortgage Revenue Bonds Payable	6,505,000	6,280,000	6,045,000
Total Primary Government	<u>\$14,019,641</u>	<u>\$13,484,235</u>	<u>\$12,736,375</u>
<b>Population</b> <sup>(2)</sup>			
City of Napoleon	9,215	9,318	9,318
Outstanding Debt Per Capita	\$1,521	\$1,447	\$1,367
<b>Income</b> <sup>(3)</sup>			
Personal (in thousands)	219,621	227,639	233,537
Percentage of Personal Income	6.38%	5.92%	5.45%

**Sources:**

(1) City Finance Director's Office

(2) US Bureau of Census, Population Division

(3) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

*City of Napoleon, Ohio*

2002	2003	2004	2005	2006	2007	2008
\$0	\$0	\$0	\$680,000	\$655,000	\$630,000	\$605,000
1,288,388	1,131,582	963,575	785,568	607,561	533,553	459,353
0	0	690,000	0	0	0	0
185,262	172,912	160,562	148,212	135,862	123,512	111,162
\$2,974,633	\$2,776,311	\$2,562,451	\$4,019,916	\$3,715,575	\$3,389,225	\$3,039,222
62,634	58,950	55,266	51,582	47,898	44,214	540,530
88,341	88,341	88,341	666,070	666,070	666,070	666,070
0	0	0	0	0	0	587,200
1,525,000	1,460,000	2,385,000	2,350,000	2,240,000	2,115,000	5,500,000
108,612	105,418	101,425	97,432	93,439	89,446	84,646
5,800,000	5,550,000	5,280,000	5,000,000	4,710,000	4,410,000	4,095,000
<u>\$12,032,870</u>	<u>\$11,343,514</u>	<u>\$12,286,620</u>	<u>\$13,798,780</u>	<u>\$12,871,405</u>	<u>\$12,001,020</u>	<u>\$15,688,183</u>
9,318	9,318	9,318	9,318	9,318	9,318	9,318
\$1,291	\$1,217	\$1,319	\$1,481	\$1,381	\$1,288	\$1,684
232,726	247,151	253,412	262,320	274,527	283,360	283,360
5.17%	4.59%	4.85%	5.26%	4.69%	4.24%	5.54%

## *City of Napoleon, Ohio*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	1999	2000	2001	2002
<b>Population</b> (1)	9,215	9,318	9,318	9,318
<b>Assessed Value</b> (2)	\$141,833,256	\$138,828,427	\$141,252,773	\$148,399,344
<b>General Bonded Debt</b> (3)				
General Obligation Bonds	\$1,715,000	\$1,655,000	\$1,590,000	\$1,525,000
<b>Resources Available to Pay Principal</b> (4)	\$0	\$0	\$0	\$0
<b>Net General Bonded Debt</b>	\$1,715,000	\$1,655,000	\$1,590,000	\$1,525,000
<b>Ratio of Net Bonded Debt to Assessed Value</b>	1.21%	1.19%	1.13%	1.03%
<b>Net Bonded Debt per Capita</b>	\$186.11	\$177.61	\$170.64	\$163.66

**Source:**

(1) U.S. Bureau of Census of Population

(2) Henry County Auditor

(3) Includes all general obligation bonded debt supported by property taxes.

(4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

*City of Napoleon, Ohio*

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2003	2004	2005	2006	2007	2008
9,318	9,318	9,318	9,318	9,318	9,318
\$150,797,521	\$153,282,264	\$162,145,824	\$157,767,430	\$150,513,440	\$152,128,200
\$1,460,000	\$2,385,000	\$3,030,000	\$2,895,000	\$2,745,000	\$6,105,000
\$0	\$0	\$19,791	\$26,227	\$43,211	\$9,737
\$1,460,000	\$2,385,000	\$3,010,209	\$2,868,773	\$2,701,789	\$6,095,263
0.97%	1.56%	1.86%	1.82%	1.80%	4.01%
\$156.69	\$255.96	\$323.05	\$307.87	\$289.95	\$654.14



**City of Napoleon, Ohio**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2008*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Napoleon</u>	<u>Amount Applicable to the City of Napoleon</u>
<b>Direct:</b>			
City of Napoleon	\$605,000	100.00%	\$605,000
<b>Overlapping:</b>			
Napoleon City School District	2,340,923	54.03%	1,264,801
Liberty Center School District	99,455	5.51%	5,480
Henry County	631,501	29.83%	188,377
		Subtotal	1,458,658
		Total	<u>\$2,063,658</u>

Source: Henry County

## City of Napoleon, Ohio

### Debt Limitations Last Ten Years

Collection Year	1999	2000	2001	2002
<b>Total Debt</b>				
Net Assessed Valuation	\$141,833,256	\$138,828,427	\$141,252,773	\$148,399,344
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	14,892,492	14,576,985	14,831,541	15,581,931
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$14,892,492</u>	<u>\$14,576,985</u>	<u>\$14,831,541</u>	<u>\$15,581,931</u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$141,833,256	\$138,828,427	\$141,252,773	\$148,399,344
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	7,800,829	7,635,563	7,768,903	8,161,964
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$7,800,829</u>	<u>\$7,635,563</u>	<u>\$7,768,903</u>	<u>\$8,161,964</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.  
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: Finance Director's Office



*City of Napoleon, Ohio*

2003	2004	2005	2006	2007	2008
\$150,797,521	\$153,282,264	\$162,145,824	\$157,767,430	\$150,513,440	\$152,128,200
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
15,833,740	16,094,638	17,025,312	16,565,580	15,803,911	15,973,461
0	0	680,000	655,000	630,000	605,000
0	0	(19,791)	(26,227)	(43,211)	(9,737)
0	0	660,209	628,773	586,789	595,263
<u>\$15,833,740</u>	<u>\$16,094,638</u>	<u>\$16,365,103</u>	<u>\$15,936,807</u>	<u>\$15,217,122</u>	<u>\$15,378,198</u>
\$150,797,521	\$153,282,264	\$162,145,824	\$157,767,430	\$150,513,440	\$152,128,200
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
8,293,864	8,430,525	8,918,020	8,677,209	8,278,239	8,367,051
0	0	680,000	655,000	630,000	605,000
0	0	(19,791)	(26,227)	(43,211)	(9,737)
0	0	660,209	628,773	586,789	595,263
<u>\$8,293,864</u>	<u>\$8,430,525</u>	<u>\$8,257,811</u>	<u>\$8,048,436</u>	<u>\$7,691,450</u>	<u>\$7,771,788</u>

## City of Napoleon, Ohio

### Pledged Revenue Coverage Last Ten Years

	1999	2000	2001	2002
<b>Sewer System Bonds (1 a)</b>				
Gross Revenues (2)	\$1,498,570	\$1,761,805	\$2,028,949	\$1,905,831
Direct Operating Expenses (3)	546,998	708,254	802,347	1,123,268
Net Revenue Available for Debt Service	951,572	1,053,551	1,226,602	782,563
Annual Debt Service Requirement (4)	253,793	272,265	272,608	272,667
Coverage	3.75	3.87	4.50	2.87
<b>Electric System Bonds (1 b)</b>				
Gross Revenues (2)	\$11,057,218	\$11,208,088	\$11,873,698	\$11,379,589
Direct Operating Expenses (3)	10,041,853	9,396,161	10,214,482	11,350,288
Net Revenue Available for Debt Service	1,015,365	1,811,927	1,659,216	29,301
Annual Debt Service Requirement (4)	234,586	256,710	257,255	257,120
Coverage	4.33	7.06	6.45	0.11
<b>Electric System Amp-Ohio (1 b)</b>				
Gross Revenues (5)	N/A	N/A	\$11,541,607	\$11,244,419
Direct Operating Expenses (3)	N/A	N/A	9,458,129	10,593,975
Net Revenue Available for Debt Service	N/A	N/A	2,083,478	650,444
Annual Debt Service Requirement (4)	N/A	N/A	756,313	756,313
Coverage	N/A	N/A	2.75	0.86

(1) The Mortgage Revenue Bonds were issued as follows:

(a) The Sewer system Mortgage Revenue Bonds were issued in 1998, in the amount of \$3,480,000.

(b) The Electric system Mortgage Revenue Bonds were issued in 1998, in the amount of \$3,245,000.

(2) Gross revenues include operating revenues plus interest income.

(3) Direct operating expenses include operating expenses less depreciation.

(4) Annual debt service requirements include principal and interest on revenue bonds only.

(5) Gross revenues do not include interest income. This is operating revenue only according to Amp-Ohio debt covenant.

Source: Finance Director's Office

*City of Napoleon, Ohio*

2003	2004	2005	2006	2007	2008
\$1,950,287	\$2,026,358	\$2,436,476	\$2,414,785	\$3,250,149	\$3,589,269
921,891	1,459,737	1,153,972	1,109,623	1,545,755	1,929,369
1,028,396	566,621	1,282,504	1,305,162	1,704,394	1,659,900
272,437	276,913	275,892	273,244	272,985	276,088
3.77	2.05	4.65	4.78	6.24	6.01
\$11,271,553	\$12,842,711	\$14,878,004	\$13,175,363	\$13,138,486	\$13,400,514
10,865,183	12,524,754	14,055,686	12,544,217	12,220,066	11,858,934
406,370	317,957	822,318	631,146	918,420	1,541,580
252,500	257,400	256,810	254,512	254,777	253,325
1.61	1.24	3.20	2.48	3.60	6.09
\$11,158,614	\$12,739,632	\$14,744,866	\$12,996,003	\$12,872,163	\$13,182,141
10,101,397	11,724,425	13,235,112	11,768,899	11,444,835	11,858,934
1,057,217	1,015,207	1,509,754	1,227,104	1,427,328	1,323,207
763,786	800,329	820,574	775,318	775,231	775,938
1.38	1.27	1.84	1.58	1.84	1.71

# *City of Napoleon, Ohio*

## *Demographic and Economic Statistics Last Ten Years*

Calendar Year	1999	2000	2001	2002	2003
<b>Population</b> (1)					
City of Napoleon	9,215	9,318	9,318	9,318	9,318
Henry County	29,870	29,210	29,310	29,310	29,310
<b>Income</b> (2) (a)					
Total Personal (in thousands)	219,621	227,639	233,537	232,726	247,151
Per Capita	23,833	24,430	25,063	24,976	26,524
<b>Unemployment Rate</b> (3)					
Federal	4.5%	4.2%	3.8%	4.8%	5.8%
State	4.3%	4.3%	3.7%	4.3%	5.7%
Henry County	5.6%	4.8%	5.1%	5.3%	5.8%
<b>Civilian Work Force Estimates</b> (3)					
State	5,749,000	5,900,400	5,857,000	5,828,000	5,915,000
Henry County	N/A	15,200	15,200	15,400	15,900

### **Sources:**

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2007 for the presentation of 2008 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

*City of Napoleon, Ohio*

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2004	2005	2006	2007	2008
9,318	9,318	9,318	9,318	9,318
29,310	29,310	29,310	29,310	29,310
253,412	262,320	274,527	283,360	283,360
27,196	28,152	29,462	30,410	30,410
6.0%	5.5%	5.0%	4.6%	5.8%
6.1%	6.0%	5.9%	5.6%	6.6%
6.4%	6.2%	5.9%	6.3%	8.0%
5,875,300	5,900,400	5,971,500	5,976,500	5,986,400
16,100	16,100	16,100	15,900	15,900



## *City of Napoleon, Ohio*

### *Principal Employers Current Year and Nine Years Ago*

Employer	Nature of Business	2008		
		Number of Employees	Rank	Percentage of Total Employment
Campbell Soup Company	Canned Food Processing	403	1	3.39%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	251	2	2.11%
Napoleon City School District	Education	469	3	3.95%
Henry County Hospital	Health Care	282	4	2.38%
Henry County	County Government	355	5	2.99%
City of Napoleon	Local Government	207	6	1.74%
Automatic Feed Company	Steel Handling Equipment	114	7	0.96%
Wal-Mart Stores	Retail	387	8	3.26%
The Lutheran Home	Long-term Health Care	271	9	2.28%
Oldcastle Precast	Manufacturing	173	10	1.46%
Total		<u>2,912</u>		
Total Employment within the City		<u><u>11,871</u></u>		
Employer	Nature of Business	1999		
		Number of Employees	Rank	Percentage of Total Employment
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	446	1	4.08%
Henry County	County Government	380	2	3.48%
Napoleon City School District	Education	250	3	2.29%
City of Napoleon	Local Government	202	4	1.85%
LDM Technologies	Manufacturing	150	5	1.37%
Automatic Feed Company	Steel Handling Equipment	146	6	1.34%
The Lutheran Home	Long-term Health Care	135	7	1.24%
Wal-Mart Stores	Retail	116	8	1.06%
Carson Industries	Manufacturing	102	9	0.93%
Northcrest Nursing Home	Health Care and Rehabilitation	100	10	0.91%
Total		<u>2,027</u>		
Total Employment within the City		<u><u>10,931</u></u>		

Sources: City of Napoleon Income Tax Department  
(Total Employment # based on W2's received from employers)

## *City of Napoleon*

### *Full Time Equivalent Employees by Function Last Ten Years*

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<b>Governmental Activities</b>					
General Government					
Finance	12.00	10.00	10.00	10.00	10.00
Legal/Court	8.00	7.00	7.00	8.00	10.00
Administration	7.00	9.00	8.00	8.00	8.00
Maintenance	4.00	4.00	4.00	4.00	4.00
Security of Persons and Property					
Police	23.00	23.00	22.00	21.00	21.00
Fire	7.00	7.00	7.00	8.00	8.00
Transportation					
Street	8.00	8.00	8.00	8.00	7.00
Leisure Time Activities					
Recreation/Seniors	6.00	6.00	6.00	6.00	6.00
Community Environment					
Service - Cemetery	1.00	1.00	1.00	1.00	1.00
<b>Business-Type Activities</b>					
Utilities - Electric	15.00	15.00	15.00	15.00	17.00
Water	10.00	10.00	10.00	10.00	10.00
Sewer	4.00	4.00	4.00	5.00	6.00
Solid Waste	3.00	3.00	3.00	3.00	3.00
<i>Total Employees</i>	<u>108.00</u>	<u>107.00</u>	<u>105.00</u>	<u>107.00</u>	<u>111.00</u>

**Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee**

Source: Finance Director's Office



*City of Napoleon*

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<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
10.00	12.00	10.00	10.00	9.00
9.00	9.00	9.00	9.00	9.00
9.00	8.00	8.00	10.00	10.00
4.00	4.00	4.00	4.00	4.00
25.00	24.00	22.00	21.00	22.00
15.00	14.00	8.00	8.00	8.00
7.00	6.00	6.00	7.00	7.00
6.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00
16.00	15.00	14.00	15.00	15.00
10.00	10.00	10.00	10.00	10.00
6.00	6.00	6.00	6.00	6.00
3.00	3.00	3.00	3.00	3.00
<u>121.00</u>	<u>117.00</u>	<u>106.00</u>	<u>109.00</u>	<u>109.00</u>

## *City of Napoleon*

### *Operating Indicators by Function Last Ten Years*

	1999	2000	2001	2002
<b>Governmental Activities</b>				
General Government				
Licenses and Permits				
Number of Building Permits	441	464	515	509
Number of Commercial Permits	101	106	113	134
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	833	860	879	863
Number of Parking Tickets	180	103	208	186
Number of Law Violations: Criminal/Juvenile Citations	2,357	2,759	2,843	2,431
Fire				
Number of Fire Calls Answered	248	174	110	163
Number of EMS Runs	744	799	802	860
Number of Inspections	50	200	10	10
Transportation				
Street				
Facilities and Services: Miles of Streets	72	72	72	72
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	3,500	3,500	3,500	3,500
Daily Average Consumption (gallons)	1.5M	1.5M	1.3M	1.3M
Maximum Daily Capacity of Treatment (gallons)	4.5M	4.5M	4.5M	4.5M
Sewer				
Number of Service Connections	3,500	3,500	3,500	3,500
Daily Average Sewage Treatment (gallons)	1.8M	1.8M	1.8M	1.8M
Maximum Daily Capacity of Treatment (gallons)	2.5M	2.5M	2.5M	2.5M

Source: Finance Director's Office

*City of Napoleon*

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2003	2004	2005	2006	2007	2008
626	517	540	379	382	387
81	116	93	85	67	28
800	867	1,200	1,122	990	927
104	226	134	108	97	184
2,359	1,631	1,193	1,225	1,129	1,022
125	232	190	131	233	173
769	870	950	898	903	866
10	43	43	28	12	66
72	72	72	72	72	72
3,500	3,500	3,634	3,634	3,679	3,679
1.3M	1.3M	1.3M	1.3M	1.3M	1.3M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M
3,500	3,500	3,493	3,493	3,679	3,679
1.8M	1.8M	1.8M	1.8M	1.8M	1.8M
2.5M	2.5M	2.5M	2.5M	2.5M	2.5M

# City of Napoleon

## Capital Asset Statistics by Function Last Ten Years

	1999	2000	2001	2002	2003
<b>Governmental Activities</b>					
General Government					
Area (square miles)	6	6	6	7	7
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	6	6	7	7	7
Fire					
Stations	1	1	1	1	1
Vehicles	8	8	8	8	8
Transportation					
Street					
Vehicles	7	8	8	8	8
Leisure Time Activities					
Recreation/Seniors					
Land (acres)	225	225	225	225	225
Parks	9	9	9	9	9
Swimming Pools	1	1	1	1	1
Tennis Courts	2	2	2	2	2
Baseball/Softball Diamonds	5	5	5	5	5
Golf Courses	1	1	1	1	1
<b>Business-Type Activities</b>					
Utilities					
Water					
Waterlines (Miles)	58	58	58	58	58
Number of Purification Plants	1	1	1	1	1
Number of Hydrants	327	327	327	327	327
Number of Water Towers	1	1	1	1	1
Sewer					
Sewerlines (Miles)	45	45	45	45	45
Number of Treatment Plants	1	1	1	1	1
Storm Water Drainage					
Miles of Storm Sewers	30	30	30	30	30

Source: Finance Director's Office

*City of Napoleon*

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<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
7	7	7	7	7
2	2	1	1	1
8	8	9	9	9
2	2	1	1	1
9	10	10	10	10
9	9	9	9	9
225	225	225	225	225
9	9	9	9	9
1	1	1	1	1
2	2	2	2	2
7	7	7	7	7
1	1	1	1	1
58	58	58	58	58
1	1	1	1	1
599	599	599	599	599
1	1	2	2	2
45	45	45	45	45
1	1	1	1	1
30	30	30	30	30



The District is also served by three parochial schools.



St. Paul's

St. Augustine



St. John's









**Mary Taylor, CPA**  
Auditor of State

**CITY OF NAPOLEON**

**HENRY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 7, 2009**