

**CITY OF NAPOLEON  
HENRY COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2012**

***James G. Zupka, CPA, Inc.***

**Certified Public Accountants**





# Dave Yost • Auditor of State

City Council  
City of Napoleon  
255 West 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, 2012 through December 31, 2012. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

September 17, 2013

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**CITY OF NAPOLEON  
HENRY COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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TABLE OF CONTENTS

	<u>PAGE</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Status of Prior Citations and Recommendations	3

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

To the Members of City Council  
City of Napoleon, Ohio

We have audited, in accordance with the 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, 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 (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Napoleon, Ohio's basic financial statements, and have issued our report thereon dated May 23, 2013, wherein we noted that the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Napoleon, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City of Napoleon, Ohio's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Napoleon, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Napoleon, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

May 23, 2013

**CITY OF NAPOLEON, OHIO  
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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The prior audit report, as of December 31, 2011, 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, 2012



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2012

*Prepared by the Finance Department*

Gregory J. Heath  
Director of Finance



TABLE OF CONTENTS

CITY OF NAPOLEON  
HENRY COUNTY, OHIO

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**I** INTRODUCTORY SECTION

**A** Letter of Transmittal ..... v  
**B** List of Principal Officials ..... xvii  
**C** City Organizational Chart ..... xviii  
**D** Certificate of Achievement for Excellence in Financial Reporting..... xix

**II** FINANCIAL SECTION

**A** Independent Accountants' Report ..... 1  
**B** Management's Discussion and Analysis..... 5  
**C** Basic Financial Statements:  
    Government-wide Financial Statements:  
        Statement of Net Position ..... 17  
        Statement of Activities ..... 18  
    Fund Financial Statements:  
        *Governmental Funds:*  
            Balance Sheet ..... 20  
            Reconciliation of Total Governmental Fund Balances to Net Position of  
            Governmental Activities ..... 22  
            Statement of Revenues, Expenditures and Changes in Fund Balances ..... 24  
            Reconciliation of the Statement of Revenues, Expenditures and Changes  
            in Fund Balances to the Statement of Activities..... 26  
            Statement of Revenues, Expenditures and Changes in Fund Balance -  
            Budget and Actual (Non-GAAP Budgetary Basis):  
                General Fund ..... 27  
        *Proprietary Funds:*  
            Statement of Net Position ..... 28  
            Statement of Revenues, Expenses and Changes in Fund Net Position ..... 32  
            Statement of Cash Flows ..... 34  
        *Fiduciary Funds:*  
            Statement of Assets and Liabilities..... 38  
Notes to the Basic Financial Statements..... 39

**D Combining and Individual Fund Statements and Schedules:**

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	103
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	104
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	112

Individual Schedules of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

<i>General Fund</i> .....	118
<i>Debt Service Fund:</i>	
Special Assessment Bond Retirement Fund.....	122
<i>Capital Projects Fund:</i>	
Capital Improvement Fund.....	123

Nonmajor Governmental Funds:

*Special Revenue Funds:*

Street Construction, Maintenance and Repair Fund.....	125
State Highway Improvement Fund.....	126
Motor Vehicle License Tax Fund.....	127
EMS Transport Service Fund .....	128
Recreation Fund .....	129
Special Events Fund .....	130
Economic Development Fund .....	132
Downtown Revitalization Grant Fund.....	133
Hotel/Motel Tax Fund .....	134
Fire Loss Claims Fund .....	135
Community Housing Improvement Program (CHIP) Income Fund .....	136
Community Development Block Grant (CDBG) Income Fund.....	137
Indigent Drivers Alcohol Treatment Fund .....	138

Nonmajor Governmental Funds: (Continued)

*Special Revenue Funds:*

Law Enforcement and Education Fund .....	139
Court Computerization Fund .....	140
Law Enforcement Trust Fund.....	141
Mandatory Drug Fine Fund .....	142
Fire Equipment Fund.....	143
Municipal Probation Service Fund .....	144
Probation Officer Grant Fund.....	145
Court Improvement Fund .....	146
Handicap Parking Fines Fund.....	147
Police Pension Fund .....	148
Fire Pension Fund.....	149
Cemetery Fund .....	150
Law Enforcement OT Grant Fund.....	151
Certified Police Training Fund .....	152
Indigent Drives Interlock/Alcohol Fund.....	153

*Debt Service Fund:*

General Bond Retirement Fund.....	154
-----------------------------------	-----

*Capital Projects Funds:*

Capital Improvement Project (CIP) Funding Reserve Fund.....	155
---	-----

Fiduciary Funds – Agency Funds:

Combining Statement of Changes in Assets and Liabilities.....	157
---	-----

**III**

**STATISTICAL SECTION**

Net position by Component - Last Ten Years ..... S 2  
Changes in Net position - Last Ten Years..... S 4  
Fund Balances, Governmental Funds - Last Ten Years ..... S 8  
Changes in Fund Balances, Governmental Funds - Last Ten Years ..... S 10  
Income Tax Revenues by Source, Governmental Funds - Last Ten Years ..... S 14  
Income Tax Collections - Current Year and Nine Years Ago..... S 17  
Ratio of Outstanding Debt By Type - Last Ten Years ..... S 18  
Ratios of General Bonded Debt Outstanding - Last Ten Years..... S 20  
Computation of Direct and Overlapping Debt Attributable to  
Governmental Activities - Current Year ..... S 23  
Debt Limitations - Last Ten Years ..... S 24  
Pledged Revenue Coverage - Last Ten Years ..... S 26  
Demographic and Economic Statistics - Last Ten Years ..... S 28  
Principal Employers - Current Year and Nine Years Ago ..... S 31  
Full Time Equivalent Employees by Function - Last Ten Years ..... S 32  
Operating Indicators by Function - Last Ten Years ..... S 34  
Capital Asset Statistics by Function - Last Ten Years ..... S 36



***INTRODUCTORY SECTION***  
***COMMUNITY PARADES IN NAPOLEON - CHRISTMAS PARADE***



***PHOTO COURTESY OF JOEL MILLER***





# CITY OF NAPOLEON, OHIO

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June 14, 2013

## Introduction

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

We are pleased to present the Seventeenth (17<sup>th</sup>) **Comprehensive Annual Financial Report** (CAFR) of the City of Napoleon, Ohio (City), for the year ended December 31, 2012. 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. This Annual Report was filed with the Auditor of State on or before May 31, 2013. 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 for the fiscal year ended December 31, 2012.

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.

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.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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The City's financial statements have been audited by an Independent Public Accountant (IPA), James G Zupka, CPA, Inc., of Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. The IPA issued an unmodified 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, 2012. 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 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 the Black Swamp passed the "*Maumee River*" as named by the local Native American tribes. 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 primarily of German descent. 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 important relationship with agriculture continues through to this day. 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.

**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 given to the township by a group of Frenchmen who inhabited the area at that time. 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*".

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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The 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 crossing 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 provides passenger and freight air services, and is located about 30 miles to the northeast.

**Form of Government**

By 1950, the population of the Village of Napoleon exceeded 5,000 people 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 has been amended several times, and 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; and all proposed changes were defeated. The City Charter remains unchanged from the prior 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 under the Ohio Constitution. The City may exercise all powers of local self-government (known as *Home Rule*) 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, approves contracts, fixes compensation of City officials and employees, sets rates and policy’s relating to City services, including; proposing income and property tax levies (voted levies), setting utility rates, approving appropriations and borrowing money, regulating businesses and trades, and all other related municipal services.

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; Council establishes all department positions. By Charter, the



***Letter of Transmittal  
For the Year Ended December 31, 2012***

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City Manager, the Finance Director and the 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 individuals to the various 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: 1) water treatment and distribution; 2) sewer wastewater collection and treatment; 3) electric distribution for residential, commercial and industrial customers; and 4) 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 storm water abatement charge that is included in the sewer enterprise fund. Storm water funds are designated for the separation of the storm water systems from the sanitary sewer systems.

The City's enterprise activities are not subject to rate review by the Public Utilities Commission of Ohio or any similar regulatory body. However, by Charter, Council appoints a citizen's board called the Board of Public Affairs (BOPA) to review and make recommendations to Council on all enterprise activity including all rates, policies and procedures. The 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. Final responsibility for enterprise rate changes lies solely with the Council.

The City is 1 of 130 public entity members (from seven states) in American Municipal Power, Inc. (AMP), previously known as American Municipal Power-Ohio (AMP-Ohio). AMP is a non-profit corporation organized in Ohio in 1971 for the purpose of owning, operating electric facilities, providing for the generation, transmission and distribution of electric power to its members. In addition, AMP purchases wholesale electric power and sells it to members at rates based on purchase price plus a small service fee. AMP also develops alternative power sources, reviews 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; in addition, the City is contractually obligated for power in various "Take-or-Pay" contracts. This includes the AMPGS project (a coal plant), that was never built, originally intended to replace the decommissioned Gorsuch Station generating plant (a coal plant). The City does owe on incurred costs to the AMPGS project. More recent "Take-or-Pay" contracts include the Prairie State project (a coal plant), the Fremont Energy project (a gas powered generating plant); the Napoleon Solar project (a solar panel energy field), Combined Hydroelectric (Cannelton, Smithland and Willow Island) and the Meldahl Hydroelectric projects (run of the river hydroelectric power). Detailed descriptions of the City's obligation to joint ventures and other contracted power contracts are listed in the Notes to the Financial Statements. Currently the City has a closed electric system and does not offer outside power sources to its customers from other power providers.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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The City has a contract with Henry County for the operation of a County/City Community Improvement Corporation (CIC) for the purpose of Economic Development. Mutual aid contracts for fire and emergency medical services are between the City and certain Townships surrounding the City, and the Henry County South Joint Ambulance District. 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 of six (6%) percent 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, emergency medical and fire protection services, parks and recreation, planning and zoning, street maintenance and various other general 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, 2012***

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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 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 ending December 31<sup>st</sup>. 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 demonstrated signs of growth in 2012, following both State of Ohio and National economic trends, especially in the first three quarters of 2012. In the fourth quarter of 2012, and continuing into early 2013, the local economy has slowed its pace. In certain sectors, especially in manufacturing, economic retraction has stabilized with certain local area economic activity trending higher. Comparing municipal income taxes for 2012 to 2011 overall combined total income tax collections were up by +5.8%. Overall Individual returns were down; however, Business profit taxes and Withholding taxes all trended higher in 2012. Actual income tax revenues collected in 2012 at the one and a half (1.5%) percent rate was \$3,653,543, up +\$199,842 in 2012 over 2011 of \$3,453,701. In 2013, the taxable income to the date of this letter is continuing to trend higher compared to the same period for 2012. Income tax receipts, including withholdings, have the potential to be negatively impacted, with possible 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 may be restricted or reduced by implementation of various approved tax deferred 125 type plans, and other possible State imposed mandates and controls that could be placed on the income tax source. Currently, State Law limits the City tax to be applied only against Box 5 of the W-2 that represents Medicare wages and not Gross wages.



***Letter of Transmittal  
For the Year Ended December 31, 2012***

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In May, 2009, the Citizens of Napoleon voted on and approved an *additional permanent income tax of 0.3%* for General Operations and Capital Improvements of the City, with a July 1, 2009 effective date. When added to the prior 1.0% Council approved rate, plus the 0.2% voted Recreation Levy, this increased the income tax rate to a total of 1.5%. In May, 2010, the Citizens of Napoleon voted on and approved a permanent income tax renewal of the Recreation Levy of 0.2%, with the net rate remaining at 1.5%. The total income tax rate of 1.5% is now permanent and is not subject to periodic voted renewals.

Local housing growth and general home values continued to be generally flat in 2012, both following State and National trends. Local area new housing starts did see some increased activity, and the turn-over of pre-existing homes picked up slightly through mid-2012, this trend slowed in later 2012 and into the first quarter 2013. Continued lowered mortgage rates, and incentive programs offered through the State and Federal Governments, will hopefully produce increased activity in this area. Overall local home foreclosures were down when compared to the previous years. Building Permits for residential in 2012 was 117 with a value of \$1,992,659 as compared to 2011 of 222 with a value of \$1,464,685; and, commercial improvements in 2012 was 14 with a value of \$1,786,139 as compared to 2011 of 18 with a value of \$2,977,430.

With improvements to the domestic automotive manufacturing and their related industries, the unemployment rate in Henry County was lower in 2012 at 7.5% as of December 31, 2012, versus 8.9% for December 31, 2011 (not seasonally adjusted). This rate has increased through March 31, 2013 to 8.9%. At the end of 2012, the local area unemployment rate is higher compared to the State of Ohio rate of 6.7% and the National rate of 7.8%. While specific data is unavailable from the reporting sources for the City, it is estimated that the City's unemployment rate falls somewhere between the State of Ohio rate and the rate for Henry County. Using the rates through December 31, 2012, it is estimated the rate for the City would fall between 6.7% and 7.5%, or about 7.1%.

The City did experience a loss in population from 2000 to 2010, down 569 from the 2000 census number of 9,318 to the 2010 census number of 8,749. Henry County as a whole also lost population of from 2000 to 2010, down 1,095 from the 2000 census number of 29,310 to the 2010 census number of 28,215.

**Business**

The City has experienced both loss and gain from businesses located inside and outside the City limits in 2012. Some recent losses of general, retail or food businesses in 2012 located inside or close to the City include: Henry County Development Co., Stimmels Inc., Lefty's Pizza, Plummer Spray Equipment, Inc., H & H Repair, Horse Power Sales, Standard Plumbing and Heating, TC Marketing, Inc., Speed Queen Laundromat LLC and D&R Computers.

On the positive side, there were some new businesses added in 2012, these include: Wesche & Harmon, LTD, Ruralogic, Inc., Go Green 4 Power LLC, T-Mobile PCS Holding LLC, Cut Rate Tobacco, Blackburn Ministries, Damman Energy LLC and Isofoton North America, Inc.

**CITY OF NAPOLEON, OHIO**

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***Letter of Transmittal  
For the Year Ended December 31, 2012***

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The local automotive companies that survived the downturn have regained a substantial portion of their business. These companies have also worked to diversify their product offerings so they are not as dependent on the automotive industry as they were prior to the great recession of 2008 – 2009. The following are the private and public employers that have the largest work forces and are located inside or outside (adjacent to) the City:

<u>Major Employers (Inside City Limits)</u>	<u>Nature of Activity or Business</u>
<i>Inside City Limits:</i>	
Automatic Feed Company	Automotive Tool and Die Machine Shop
B & B Molded Plastics	Structural Foam Plastic Molding
City of Napoleon Offices	Governmental Services to the City
Cloverleaf Cold Storage	Long Term Cold Storage and Warehousing
Golden Living Center (Northcrest)	Rehabilitation Center & Long-term Care Facility
Henry County Hospital	Hospital Services and Care Facility
Henry County Offices	Governmental Services to the County
Koester Corporation	Industrial Control Systems
Lutheran Home	Rehabilitation Center & Long-term Care Facility
MBM	Warehousing and Trucking Services
Napoleon Area City School District	Education – Elementary thru High School
Old Castle Precast (Formerly-Carson)	Structural Foam Plastic Molding
Tenneco Automotive (Pullman Corporation)	Rubber and Metal Shock Attenuation Parts
Wal-Mart Stores	Retail Sales
<u>Major Employers (Outside City Limits)</u>	<u>Nature of Activity or Business</u>
<i>Outside City Limits:</i>	
Alex Products (Ridgeville Corners)	Automotive Parts and Solar Energy Panel Parts
Campbell Soup Supply Company, LLC	Canned Soups, Beverages, Other Food Products
Filling Home of Mercy	Developmental Disabilities Care & Services
Gerken Materials	Road Construction and Materials
Railtech Boutet	Rail Repair Equipment and Supplies
Silgan Can Company	Produces Cans for the Food Market

It should be noted, all the companies listed in the table under “**Business**” section above were in business in 2010 and 2011, and are still in business as of the date of this report. This is a great testament to the talent, work ethic and resourcefulness of these companies during trying times.

Excluding employers outside the City limits, the listed industries and service providers’ employ an estimated 2,500 persons in both full and part-time positions. Campbell Soup Supply Co. and Silgan Can Company are both located adjacent to, but outside City limits. Campbell’s is the largest single employer in Henry County, and is estimated to employ 1,550 persons, both full time and part time; and Silgan Can employees an approximate 200 persons, both full time and part time.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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***The following is provided by Mr. Robert McColley, J.D., Director of Henry County Community Improvement Corporation (CIC), as to both current and potential future area economic development.***

**Economic Development**

During 2012, Henry County and the City of Napoleon experienced massive upgrades in their transportation and logistics capacity. These upgrades have already demonstrated value to local companies already utilizing the transportation assets and will continue to provide value for years to come.

In early Fall of 2012, the final construction phases of the U.S. Route 24 (a four lane limited access highway known as the Fort to Port Project) were completed, which runs from Toledo, Ohio, through Henry County, including Napoleon, all the way to Fort Wayne, Indiana. It also directly connects with numerous interstate highways, including Interstates 475 and 75 in Ohio and Interstates 469 and 69 in Indiana. Naturally, this provides a transportation and logistics benefit never before seen in Napoleon or Henry County, which will allow local businesses to transport goods seamlessly to various distribution centers throughout the region. Confidence is high that U.S. Route 24 can be a major asset for Napoleon and Henry County in future expansion of existing businesses and in attracting potential new businesses to our communities.

In late 2012, Pioneer Railcorp of Peoria, Illinois purchased the Maumee & Western Railroad that runs from Woodburn, Indiana to Liberty Center, Ohio. The railroad is now known as the Napoleon, Defiance & Western Railroad (ND&W). Before the purchase, the railroad was in desperate need of significant improvements and new management. It is clear that Pioneer Railcorp's mission is to run an efficient, reliable, and fully functioning short line railroad for our local businesses. Pioneer Railcorp is committed to making the necessary improvements to accomplish this goal, which is demonstrated by the thousands of new railroad ties have already been installed. Once the railroad improvements are complete, it will provide easy transport of goods from our local manufacturers and warehouses to various mainline rail distribution points. The ND&W is already connected to the CSX Mainline running through Southern Henry County and to CSX Intermodal Hub in North Baltimore, Ohio for national and international distribution. Within the next few years, Pioneer Railcorp also hopes to connect with the Norfolk Southern Mainline running just south of Henry County and to the Norfolk Southern Intermodal Hub in Bellevue, Ohio. Like U.S. Route 24, the improvement of the ND&W short line railroad could be an economic boon for Henry County.

The companies immediately standing to benefit the most from these transportation upgrades include Campbell Soup Supply Company, LLC and Cloverleaf Cold Storage, as an international food manufacturer and regional food storage company, respectively. Both companies are major employers in and around Napoleon and both companies rely heavily on efficient transportation of goods. The upgrades of US 24 and the ND&W will allow both companies to improve their operations through the reduction in their transportation costs.

Additionally, downtown Napoleon is beginning to see an uptick in interest from prospective business owners. Development in this area continues to be slow, however, in late spring 2013, Brick N' Brew Pub will open a bar and restaurant in downtown Napoleon that will likely bring consumers from neighboring communities. This could lead to further development of the downtown area.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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**Major City Accomplishments**

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

- Completed major street and other infrastructure improvements.
- Completed the cleanup and conversion of an old landfill into a 3.54 MW solar generating site.
- Upgraded major equipment in many of the departments, including a new garbage truck.
- Upgraded various department computers, software, phones and added fiber optic extensions.
- Continued the upgrade of the City's electrical substations and distribution system.
- Completed major sewer separations on the sanitary sewer and storm water systems at various locations in the City to meet the EPA's LTCP.
- Acquired property for the construction of a new Reverse Osmosis Water Treatment Plant.
- Upgraded the operation of the 2.5 million gallon equalization (EQ) basin detention storm water basin control project (completed in 2010) with a second state of the art infrared treatment process.
- Completion and opening of the SR-24 Fort to Port project.

**Potential Future Initiatives**

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 the Zoning Code and implement the approved City Master Plan.
- Continued development of industrial and commercial sites for expanded and new industries.
- On-going road improvements and other infrastructure street repairs, including Scott St. upgrades.
- Upgrade of water lines to improve water flow rates and reliability to all customers.
- Expansion of electric, water and sewer lines to new development areas in the City as needed.
- Elimination of sanitary sewer and combined sewer overflows through specific projects.
- Continue a study by the State of Ohio for a second river bridge crossing over the Maumee River.
- Continue major equipment and utility infrastructure upgrades and replacements.
- Continue to develop plans and engineering on a multi-governmental new membrane technology Reverse Osmosis Water Treatment Plant.

**Department Accomplishments**

A Performance Audit was completed in 2012 on most City departmental operations by the Ohio State Auditor's Office. The purpose of the Audit was to identify operational changes that will enhance the efficiency and revenue effectiveness of those departments. The recommended changes are under review and those determined to be effective will be implemented in 2013.

Departments continue to do annual reviews of their operations for cost savings and to identify new potential revenue sources. Continuing education, safety (OSHA training), and skill training programs remain a priority for all departments. The City continues the ongoing process of updating department policies and procedures for risk management, and to reflect changes to City code. The City's Healthcare Cost Committee continues to actively re-evaluate City health programs and costs.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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***AWARDS AND ACKNOWLEDGEMENTS***

**Independent Audit**

Included in this report is an unmodified audit opinion rendered on the City's financial statements for the year ended December 31, 2012, 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 enterprise 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.

The City received a Certificate of Achievement for the fiscal year ended December 31, 2011. We believe this, our seventeenth (17<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 CIC and the audit staff of the IPA, James G Zupka, CPA, Inc., and the Audit Division of the State Auditor's Office of Ohio.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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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.

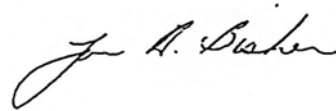
A special thank you is extended to the Members of City Council, the Mayor and the City Departments for the support and trust shown to the City Administration and the Finance Department and for allocating the resources and time for the development of this report, which demonstrates the City's commitment 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, 2012**

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**Elected Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Ronald Behm	Mayor	12/31/15	1	A
John Helberg	President of Council	12/31/15	12	A
Jim Hershberger	Council	12/31/13	5.5	A
Jeff Lankenau	Council	12/31/13	4.5	A
Patrick McColley	Council	12/31/15	1	A
Glenn Miller	Council	12/31/13	14.75	A
Jason Massel	Council	12/31/13	.25	A
Christopher Ridley	Council	12/31/15	1	A
Travis Sheaffer	Council	12/31/13	18	A
Amy Rosebrook	Municipal Judge	12/31/17	1.5	A

**Appointed Officials**

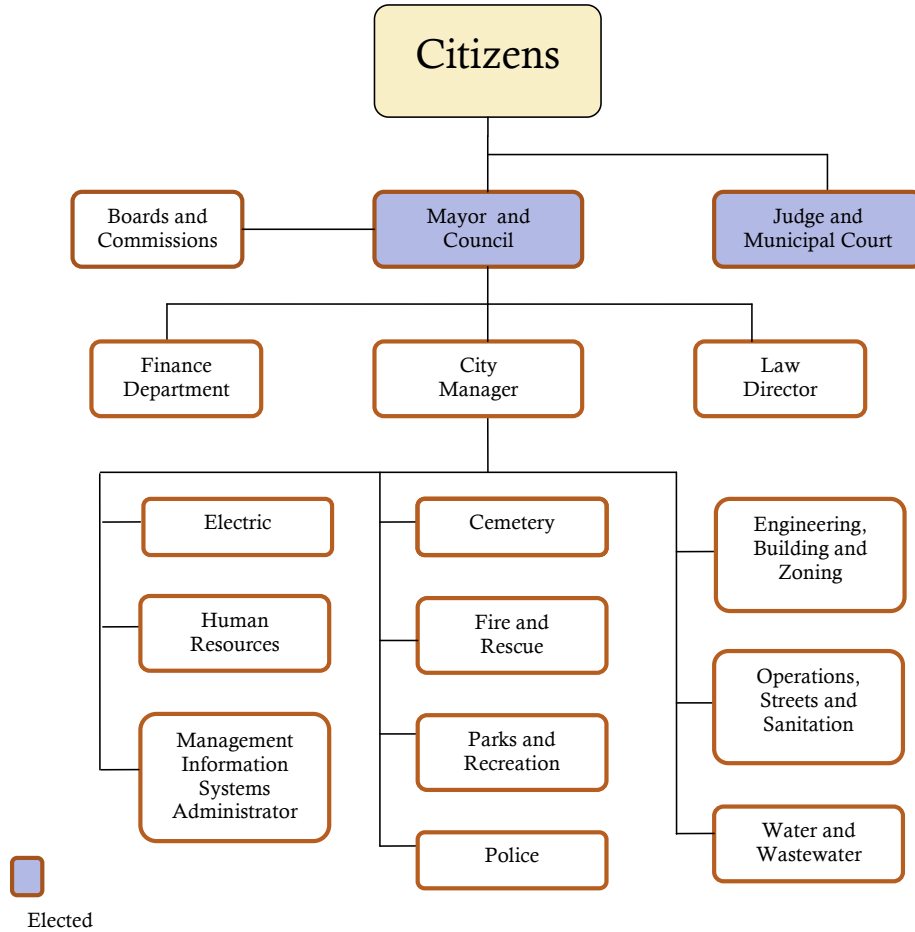
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Jon Bisher	City Manager	Indefinite	14	A
Gregory Heath	Director of Finance	Indefinite	17	A
Betty Marihugh	Clerk of Courts	Indefinite	29	A
David Grahn	Law Director	2/15/12	18	A
Trevor Hayberger	Law Director	Indefinite	.75	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, 2012**

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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
Privacy Committee	Preservation Commission	Health Care Cost Commission



*Government Finance Officers Association of the United States and Canada  
Certificate of Achievement for Excellence in Financial Reporting*

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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, 2011

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.



*Christopher P. Morrell*

President

*Jeffrey R. Emer*

Executive Director



# *FINANCIAL SECTION*

## *TOMATO FESTIVAL PARADE*



*PHOTO COURTESY OF JLK PHOTOGRAPHY, JOHN KUSER*



**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

**INDEPENDENT AUDITOR'S REPORT**

To the Members of City Council  
City of Napoleon, Ohio

The Honorable David Yost  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

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 (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As described in Note 5 to the financial statements, during 2012 the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Napoleon, Ohio's internal control over financial reporting and compliance.



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

May 23, 2013





***Management's Discussion and Analysis  
For the Year Ended December 31, 2012***

***Unaudited***

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The management discussion and analysis (MD&A) 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, 2012. 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 2012 are as follows:

- In total, net position increased \$2,251,067, a 3.1% increase from 2011. The net position of governmental activities decreased \$468,332, a small decrease from 2011; and the net position of business-type activities increased \$2,719,399, representing a 7.04% increase from 2011. Please see additional Note on this item on the Changes in Net position Table listed later in the MD&A.
- Total revenues exceeded \$30 million. \$5.1 million was general revenues, or 17% of the total revenues; and \$25.3 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 83% of the total revenues.
- The City had \$7.6 million in program expenses related to governmental activities; only \$2.3 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) of \$4.7 million and excess cash reserves were adequate to provide for the balance on these programs.
- Among major funds, the general fund had \$5.4 million in revenues and \$3.8 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 \$94,345.
- Net position for the proprietary funds increased by \$2,721,513. The increase is a result of higher revenues in electric, water, sewer and refuse; with an increase in operating expenses for electric and water, and a reduction of operating expenses in refuse. This number includes capital contributions in the form of capital assets for all proprietary funds.

**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 Position includes all of the government's assets, deferred outflows, liabilities and deferred inflows. 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 position and how they have changed. Net position (the difference between the City's assets, deferred outflows, liabilities and deferred inflows) are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position 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 Position 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, 2012**

**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 position between 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$6,710,001	\$7,002,866	\$23,656,484	\$20,511,738	\$30,366,485	\$27,514,604
Capital assets, Net	31,359,478	31,682,111	39,449,996	39,732,961	70,809,474	71,415,072
Total assets	38,069,479	38,684,977	63,106,480	60,244,699	101,175,959	98,929,676
Long-term debt outstanding	2,193,304	2,302,190	21,444,133	23,036,244	23,637,437	25,338,434
Other liabilities	399,729	440,693	3,023,718	1,289,225	3,423,447	1,729,918
Total liabilities	2,593,033	2,742,883	24,467,851	24,325,469	27,060,884	27,068,352
Property Tax Levy for Next Fiscal Year	418,262	415,578	0	0	418,262	415,578
Net position						
Net Investment in Capital Assets	29,912,554	30,103,480	22,401,640	21,224,567	52,314,194	51,328,047
Restricted	2,461,068	3,885,950	0	0	2,461,068	3,885,950
Unrestricted	2,684,562	1,537,086	16,236,989	14,694,663	18,921,551	16,231,749
Total net position	\$35,058,184	\$35,526,516	\$38,638,629	\$35,919,230	\$73,696,813	\$71,445,746

This space intentionally left blank.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

Changes in Net position – The following table shows the changes in net position for the fiscal year 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,383,500	\$1,363,825	\$22,647,157	\$22,371,953	\$24,030,657	\$23,735,778
Operating Grants and Contributions	830,875	1,323,169	0	0	830,875	1,323,169
Capital Grants and Contributions	111,784	104,301	412,650	113,431	524,434	217,732
General revenues:						
Property Taxes	369,498	382,639	0	0	369,498	382,639
Income Taxes	3,265,008	2,826,623	0	0	3,265,008	2,826,623
Other Local Taxes	524,942	522,615	0	0	524,942	522,615
Shared Revenues	509,026	691,333	0	0	509,026	691,333
Investment Earnings	67,633	91,360	158,704	155,535	226,337	246,895
Miscellaneous	165,688	139,873	0	0	165,688	139,873
Total revenues	7,227,954	7,445,738	23,218,511	22,640,919	30,446,465	30,086,657
Program Expenses:						
Security of Persons and Property	3,461,564	3,318,795	0	0	3,461,564	3,318,795
Public Health and Welfare Services	109,157	123,641	0	0	109,157	123,641
Leisure Time Activities	920,814	868,775	0	0	920,814	868,775
Community Environment	381,223	1,263,518	0	0	381,223	1,263,518
Transportation	1,316,777	760,223	0	0	1,316,777	760,223
General Government	1,329,567	1,086,864	0	0	1,329,567	1,086,864
Interest and Fiscal Charges	63,709	96,494	0	0	63,709	96,494
Electric	0	0	14,533,499	14,714,910	14,533,499	14,714,910
Water	0	0	2,621,913	3,229,358	2,621,913	3,229,358
Sewer	0	0	2,663,795	2,921,313	2,663,795	2,921,313
Sanitation	0	0	793,380	733,632	793,380	733,632
Total expenses	7,582,811	7,518,310	20,612,587	21,599,213	28,195,398	29,117,523
Change in Net Position Before Transfers	(354,857)	(72,572)	2,605,924	1,041,706	2,251,067	969,134
Transfers (1)	(113,475)	(118,388)	113,475	118,388	0	0
Total Change in Net Position	(468,332)	(190,960)	2,719,399	1,160,094	2,251,067	969,134
Beginning Net Position	35,526,516	35,717,476	35,919,230	34,759,136	71,445,746	70,476,612
Ending Net Position	\$35,058,184	\$35,526,516	\$38,638,629	\$35,919,230	\$73,696,813	\$71,445,746

Note: (1) During 2011, net transfers were made from the proprietary funds to the general capital assets in the amount of \$1,373.

***Governmental Activities***

Net position of the City's *governmental activities* shows a decrease of \$468,332 in 2012 from 2011. In 2012, the City experienced a net decrease in total revenues for governmental activities from 2011, primarily in operating grants. Program expenses, including major grant related and capital expenses, increased in total for 2012 as compared to 2011. Economic factors impacting general trends to revenues stabilized in 2012, but continue to remain a concern and will require continued monitoring.

*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 Ohio Revised Code of 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 property tax values change. Economic changes from 2008 through 2012 in the housing sector continue to impact home valuations into 2012. With reduced valuations the corresponding collections of property tax collected on the un-voted 2.90 mill allocation for the City has been reduced.

In addition, this source of revenue has been negatively impacted with changes made by the State of Ohio General Assembly; whom has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and the State may continue to make similar revisions. The County Auditor maintains and collects the inside millage. The City is aware of these changes to valuations and has made adjustments to its general revenue estimates, with corresponding adjustments to its program expenses, to account for these reduced revenues from this source.

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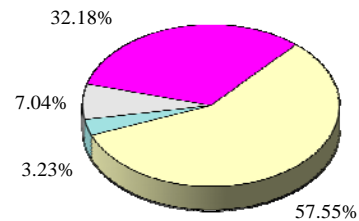
**Management’s Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

In 2012, the City had a permanent income tax rate of 1.5%. Prior to July 1, 2009, the rate was 1.2% (1% for General Operations and Capital Improvements, and 0.2% Recreation Levy). On May 5, 2009, the Citizens of Napoleon voted on and approved an *additional permanent income tax of 0.3%* for General Operations and Capital Improvements of the City, with a July 1, 2009 effective date. When added to the prior 1.2% rate, this increased the total income tax rate to 1.5%. Starting July 1, 2009, the rate adjusted up to 1.5% 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 addition, on May 4, 2010, the Citizens of Napoleon voted on and approved a permanent income tax renewal of the Recreation Levy of 0.2%, with the net tax rate remaining at 1.5%. With this approval, the income tax rate of 1.5% was made permanent and is now not subject to periodic voted renewals. In 2012, the municipal income taxes reflect an increase in revenues of 1.5% over 2011. This is due to a more stable local economy.

Property taxes and income taxes made up 5% and 45% respectively of revenues for governmental activities for the City in fiscal year 2012. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 57.55% of total revenues from general tax revenues:

Revenue Sources	2012	Percent of Total
General Shared Revenues	\$509,026	7.04%
Program Revenues	2,326,159	32.18%
General Tax Revenues	4,159,448	57.55%
General Other	233,321	3.23%
Total Revenue	<u>\$7,227,954</u>	<u>100.00%</u>



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**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

**Business-Type Activities**

In 2012, the total net position of all business-type activities increased by \$2,719,399. The operating incomes for the business-type activities were \$880,461 for electric, \$803,736 for water, \$995,237 for sewer, and \$65,415 for sanitation. In all business-type activities operating revenues in 2012 exceeded 2011, and was primarily due to rate increases. Overall billable dollars for electric, water, sewer and refuse increased in 2012 as compared to 2011, even though actual recorded usage was down in both water and sewer.

User rates in the enterprise funds are evaluated annually by management with rate adjustments recommended by City administration to the Board of Public Affairs and the City Council (legislative body) for review and 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 GOVERNMENTAL FUNDS**

The City's governmental funds reported a combined fund balance of \$5,070,973, which is a decrease of \$45,174 from last year's balance of \$5,116,147. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$1,857,562	\$1,951,907	(\$94,345)
Special Assessment Bond Retirement	573,466	550,427	23,039
Capital Improvement	449,249	692,081	(242,832)
Other Governmental	2,190,696	1,921,732	268,964
Total	<u>\$5,070,973</u>	<u>\$5,116,147</u>	<u>(\$45,174)</u>

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:

	2012 Revenues	2011 Revenues	Increase (Decrease)
Taxes (Income, Property and Other)	\$4,056,153	\$3,628,496	\$427,657
Intergovernmental Revenue	425,772	542,646	(116,874)
Charges for Services	248,549	281,638	(33,089)
Licenses and Permits	76,513	68,203	8,310
Investment Earnings	40,588	63,732	(23,144)
Fines and Forfeitures	217,225	248,556	(31,331)
Special Assessments	471	236	235
All Other Revenue	378,140	347,215	30,925
Total	<u>\$5,443,411</u>	<u>\$5,180,722</u>	<u>\$262,689</u>

***Management's Discussion and Analysis  
For the Year Ended December 31, 2012***

***Unaudited***

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General Fund revenues in 2012 increased by 5% compared to revenues in fiscal year 2011. The most significant factor contributing to this increase was in Income Taxes. Decreases occurred in four categories of revenue; intergovernmental revenues, charges for services, investment earnings and fines and forfeitures.

	2012	2011	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,634,893	\$2,489,073	\$145,820
Public Health and Welfare Services	98,178	110,917	(12,739)
Community Environment	145,093	453,996	(308,903)
General Government	943,516	908,695	34,821
Total	<u>\$3,821,680</u>	<u>\$3,962,681</u>	<u>(\$141,001)</u>

General Fund expenditures decreased overall by \$141,001, or about 3.5%, when compared to the prior year of 2011. The largest decrease was in Community Environment of \$308,903. This was mostly attributed to the decrease in professional service contracts. General Government increased by \$34,821. General Government expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities, and this off-set decreased \$95,083 in 2012 as compared to 2011. In addition, reimbursement off-sets are included for the kilowatt hour tax monies collected in the Electric Fund, and directed back to the General Fund pursuant to Ohio law. In all funds, including business-type activities and governmental activities, individual salary and wages, retirement contributions, health and life insurance premiums, and other benefits for the City's employees decreased in 2012 as compared to 2011.

Expenditures in the Special Assessment Bond Retirement Fund and Other Governmental Funds decreased in 2012 as compared to 2011. This was mostly related to a decrease in debt service payments from 2011 to 2012 and a decrease in contractual services to the City.

The biggest contributing factor to the decrease in fund balance for the Capital Improvement fund was the increase in street projects in the City from 2011 to 2012.

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 (known as Cash Basis). The most significant budgeted fund is the General Fund. During the course of fiscal year 2012 the City amended its General Fund budget, along with other funds, various times on an as needed basis.

In the General Fund, the final budget basis for revenue was \$5.8 million, including transfers in. This was a \$192,742 increase over the original conservative budget estimates of \$5.6 million. The General Fund had an adequate revenue stream and fund balance reserves to cover its expenditures in 2012.



**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2012 the City had \$70,809,474 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$31,359,478 was related to governmental activities and \$39,449,996 to the business-type activities. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$11,610,707	\$11,598,507	\$12,200
Construction in Progress	798,655	670,933	127,722
Improvements	1,942,427	1,805,566	136,861
Buildings	3,575,153	3,575,153	0
Machinery and Equipment	6,058,137	6,044,234	13,903
Infrastructure	27,082,740	26,922,552	160,188
Less: Accumulated Depreciation	(19,708,341)	(18,934,834)	(773,507)
Totals	\$31,359,478	\$31,682,111	(\$322,633)

	Business-Type Activities		Increase (Decrease)
	2012	2011	
Land	\$349,695	\$349,695	\$0
Construction in Progress	973,361	3,341,516	(2,368,155)
Buildings	9,448,516	7,030,855	2,417,661
Improvements	45,095,971	44,604,642	491,329
Machinery and Equipment	6,760,272	6,615,940	144,332
Less: Accumulated Depreciation	(23,177,819)	(22,209,687)	(968,132)
Totals	\$39,449,996	\$39,732,961	(\$282,965)

In the governmental activities, increases were the greatest in Construction in Progress, Improvements and Infrastructure; for business-type activities, increases were greatest in Buildings, Improvements and Machinery and Equipment. This reflects both major equipment purchases and major infrastructure upgrades primarily with continuing projects associated with meeting the City's Long Term Control Plan with the EPA. Additional information on the City's capital assets can be found in Note 10.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

**Debt**

At December 31, 2012, the City had \$13.4 million in bonds outstanding, \$738,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2012 and 2011:

	2012	2011
Governmental Activities:		
Special Assessment Bonds	\$186,954	\$243,553
General Obligation Bonds	1,180,000	1,250,000
OPWC Loans Payable	61,753	74,104
Capital Lease	18,217	0
Compensated Absences	746,380	734,533
Total Governmental Activities	<u>2,193,304</u>	<u>2,302,190</u>
Business-Type Activities:		
General Obligation Bonds	\$1,470,000	\$1,610,000
Mortgage Revenue Bonds	10,545,000	9,885,000
Special Assessment Bonds	63,046	69,446
Long-Term Notes	0	1,200,000
WPCLF Loans Payable	6,862,426	7,251,586
OWDA Loans Payable	1,365,382	1,828,963
OPWC Loans Payable	425,791	454,475
OSWRC Deferred Loan Payable	310,945	310,945
Payable to Joint Venture	107,412	149,215
Compensated Absences	294,131	276,614
Total Business-Type Activities	<u>21,444,133</u>	<u>23,036,244</u>
Totals	<u><u>\$23,637,437</u></u>	<u><u>\$25,338,434</u></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, 2012, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 15.

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

The City purposefully builds into its budgets conservative revenue estimates with offsetting reductions or limited increases in base operating costs. Budgetary revenue estimates for the General Fund, and other funds, typically projects no growth, or potential reductions as necessary, in the various revenue sources for each budgeted fund. Original budgeted expenditures for the General Fund, and other funds, are typically *projected to exceed revenues*. Reductions, as necessary, are then made to budgeted expenditures to keep the funds in balance as required by State Law. The City utilizes projected fund balance reserves for any negative differences in revenues to expenditures to keep the budget balanced. The original 2012 General Fund budgeted revenues were conservatively projected below the final actual revenues; and the budgeted expenditures were projected above the final actual expenditures. Comparing the General Fund 2012 original estimated level for revenues to the actual receipts there was a 3.3% increase in actual final receipts for the year. Comparing the General fund 2012 original budgeted expenditures to actual expenditures there was a 5.4% decrease in actual final expenditures for the year. The purpose of the lower estimate to actual for revenues, and the higher estimate to actual for expenditures, is to keep year ending fund reserves at sustainable levels. This process helps to buffer any potential down turns, or slow growth, in local economic conditions, such as what has recently occurred in fiscal years 2008 through 2012.

The General Fund, and other funds, reduced permanent full time personnel to the final 2012 approved budget. Certain department 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.

City policy is to continue to pursue new potential revenue sources, while reviewing the possibility of increasing existing sources. A close monitoring of current and projected 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 downturned starting in the third (3<sup>rd</sup>) quarter of 2008 and continued into 2009. Conditions stabilized in the fourth (4<sup>th</sup>) quarter of 2009, with some recovery and small growth in 2010 and continuing into 2011. In 2012 conditions remained stable, but showed little overall growth. The 2012 Budget included a number of budgetary actions to account for changes in economic conditions, including those caused by reductions of shared governmental revenues from the State of Ohio, and additional unfunded mandates placed on the City by both the State and Federal Governments. Budgetary reviews and adjustments are made quarterly throughout the year, as recommended by Management and approved by City Council.

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 Attn: Department of Finance 255 West Riverview Avenue P.O. Box 151 Napoleon, Ohio 43545-0151
Phone Request:	Phone (419) 599-1235 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 Position  
December 31, 2012**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 4,191,671	\$ 16,830,111	\$ 21,021,782
Receivables:			
Property Taxes	468,466	0	468,466
Municipal Income Taxes	745,427	0	745,427
Accounts	503,847	4,043,805	4,547,652
Intergovernmental	390,960	141,598	532,558
Interest	10,914	17,266	28,180
Special Assessments	201,968	303,036	505,004
Internal Balances	(7,486)	7,486	0
Inventory of Supplies at Cost	204,234	1,187,089	1,391,323
Capital Assets:			
Capital Assets Not Being Depreciated	12,409,362	1,323,056	13,732,418
Capital Assets Being Depreciated, Net	18,950,116	38,126,940	57,077,056
Investment in Joint Venture	0	1,126,093	1,126,093
<b>Total Assets</b>	<b>38,069,479</b>	<b>63,106,480</b>	<b>101,175,959</b>
<b>Liabilities:</b>			
Accounts Payable	90,532	1,064,301	1,154,833
Accrued Wages and Benefits	302,329	108,023	410,352
Accrued Interest Payable	6,868	51,394	58,262
General Obligation Notes Payable	0	1,800,000	1,800,000
Long-Term Liabilities:			
Due Within One Year	442,815	1,278,619	1,721,434
Due in More Than One Year	1,750,489	20,165,514	21,916,003
<b>Total Liabilities</b>	<b>2,593,033</b>	<b>24,467,851</b>	<b>27,060,884</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	418,262	0	418,262
<b>Net Position:</b>			
Net Investment in Capital Assets	29,912,554	22,401,640	52,314,194
Restricted For:			
Debt Service	768,982	0	768,982
Street Construction, Maintenance and Repair	824,092	0	824,092
Fire Equipment	438,825	0	438,825
Court Improvement	202,020	0	202,020
Other Purposes	227,149	0	227,149
Unrestricted	2,684,562	16,236,989	18,921,551
<b>Total Net Position</b>	<b>\$ 35,058,184</b>	<b>\$ 38,638,629</b>	<b>\$ 73,696,813</b>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2012**

	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	\$ 3,461,564	\$ 1,032,637	\$ 10,332	\$ 17,322
Public Health and Welfare Services	109,157	16,388	0	0
Leisure Time Activities	920,814	215,192	0	0
Community Environment	381,223	4,798	288,018	0
Transportation	1,316,777	11,267	527,025	94,462
General Government	1,329,567	103,218	5,500	0
Interest and Fiscal Charges	63,709	0	0	0
<b>Total Governmental Activities</b>	<b>7,582,811</b>	<b>1,383,500</b>	<b>830,875</b>	<b>111,784</b>
<b>Business-Type Activities:</b>				
Electric	14,533,499	15,185,969	0	3,671
Water	2,621,913	3,154,088	0	27,365
Sewer	2,663,795	3,445,027	0	385,285
Sanitation	793,380	858,402	0	0
<b>Total Business-Type Activities</b>	<b>20,612,587</b>	<b>22,643,486</b>	<b>0</b>	<b>416,321</b>
<b>Totals</b>	<b>\$ 28,195,398</b>	<b>\$ 24,026,986</b>	<b>\$ 830,875</b>	<b>\$ 528,105</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 Position
  
- Net Position Beginning of Year
- Net Position 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 Position

Governmental Activities	Business-Type Activities	Total
\$ (2,401,273)	\$ 0	\$ (2,401,273)
(92,769)	0	(92,769)
(705,622)	0	(705,622)
(88,407)	0	(88,407)
(684,023)	0	(684,023)
(1,220,849)	0	(1,220,849)
(63,709)	0	(63,709)
<u>(5,256,652)</u>	<u>0</u>	<u>(5,256,652)</u>
0	656,141	656,141
0	559,540	559,540
0	1,166,517	1,166,517
0	65,022	65,022
<u>0</u>	<u>2,447,220</u>	<u>2,447,220</u>
<u>(5,256,652)</u>	<u>2,447,220</u>	<u>(2,809,432)</u>
369,498	0	369,498
3,265,008	0	3,265,008
524,942	0	524,942
509,026	0	509,026
67,633	158,704	226,337
165,688	0	165,688
(113,475)	113,475	0
<u>4,788,320</u>	<u>272,179</u>	<u>5,060,499</u>
(468,332)	2,719,399	2,251,067
<u>35,526,516</u>	<u>35,919,230</u>	<u>71,445,746</u>
<u>\$ 35,058,184</u>	<u>\$ 38,638,629</u>	<u>\$ 73,696,813</u>

**CITY OF NAPOLEON, OHIO**

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**Balance Sheet  
Governmental Funds  
December 31, 2012**

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	General	Special Assessment Bond Retirement	Capital Improvement
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,234,554	\$ 573,077	\$ 459,909
Receivables:			
Property Taxes	329,282	0	0
Municipal Income Taxes	745,427	0	0
Accounts	90,084	0	0
Intergovernmental	86,974	0	0
Interest	8,299	805	0
Special Assessments	0	201,968	0
Inventory of Supplies, at Cost	1,825	0	0
<b>Total Assets</b>	<u>\$ 2,496,445</u>	<u>\$ 775,850</u>	<u>\$ 459,909</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 43,090	\$ 0	\$ 10,660
Accrued Wages and Benefits Payable	190,802	0	0
<b>Total Liabilities</b>	<u>233,892</u>	<u>0</u>	<u>10,660</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	116,534	202,384	0
Property Tax for Next Fiscal Year	288,457	0	0
<b>Total Deferred Inflows of Resources</b>	<u>404,991</u>	<u>202,384</u>	<u>0</u>
<b>Fund Balances:</b>			
Nonspendable	7,456	0	0
Restricted	0	573,466	0
Committed	67,783	0	449,249
Assigned	67,913	0	0
Unassigned	1,714,410	0	0
<b>Total Fund Balances</b>	<u>1,857,562</u>	<u>573,466</u>	<u>449,249</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 2,496,445</u>	<u>\$ 775,850</u>	<u>\$ 459,909</u>

See accompanying notes to the basic financial statements



**CITY OF NAPOLEON, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 1,923,852	\$ 4,191,392
139,184	468,466
0	745,427
397,389	487,473
303,986	390,960
1,810	10,914
0	201,968
195,635	197,460
<u>\$ 2,961,856</u>	<u>\$ 6,694,060</u>
\$ 35,321	\$ 89,071
105,594	296,396
<u>140,915</u>	<u>385,467</u>
500,440	819,358
129,805	418,262
<u>630,245</u>	<u>1,237,620</u>
195,635	203,091
1,695,637	2,269,103
350,977	868,009
22,214	90,127
<u>(73,767)</u>	<u>1,640,643</u>
<u>2,190,696</u>	<u>5,070,973</u>
<u>\$ 2,961,856</u>	<u>\$ 6,694,060</u>

***Reconciliation Of Total Governmental Fund Balances  
To Net Position Of Governmental Activities  
December 31, 2012***

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<b>Total Governmental Fund Balances</b>	\$ 5,070,973
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	31,349,544
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	819,358
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.	10,750
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,192,441)</u>
<b><i>Net Position of Governmental Activities</i></b>	<u><u>\$ 35,058,184</u></u>

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, 2012**

	General	Special Assessment Bond Retirement	Capital Improvement
<b>Revenues:</b>			
Property Taxes	\$ 252,044	\$ 0	\$ 0
Municipal Income Tax	3,279,167	0	0
Other Local Taxes (kWh Tax)	524,942	0	0
Intergovernmental Revenues	425,772	0	2,756
Charges for Services	248,549	0	0
Licenses and Permits	76,513	0	0
Investment Earnings	40,588	11,049	0
Special Assessments	471	82,246	1,815
Fines and Forfeitures	217,225	0	0
All Other Revenue	378,140	2,575	12,804
<b>Total Revenue</b>	<b>5,443,411</b>	<b>95,870</b>	<b>17,375</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	2,634,893	0	0
Public Health and Welfare Services	98,178	0	0
Leisure Time Activities	0	0	0
Community Environment	145,093	0	0
Transportation	0	0	0
General Government	943,516	2,819	0
Capital Outlay	0	0	1,095,962
Debt Service:			
Principal Retirement	0	68,951	0
Interest and Fiscal Charges	0	13,421	0
<b>Total Expenditures</b>	<b>3,821,680</b>	<b>85,191</b>	<b>1,095,962</b>
Excess (Deficiency) of Revenues Over Expenditures	1,621,731	10,679	(1,078,587)
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	19,300	0	0
Transfers In	48,133	12,360	1,104,305
Transfers Out	(1,812,546)	0	(268,550)
Inception of Capital Lease	28,818	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,716,295)</b>	<b>12,360</b>	<b>835,755</b>
Net Change in Fund Balances	(94,564)	23,039	(242,832)
<b>Fund Balances at Beginning of Year</b>	<b>1,951,907</b>	<b>550,427</b>	<b>692,081</b>
Increase in Inventory Reserve	219	0	0
<b>Fund Balances End of Year</b>	<b>\$ 1,857,562</b>	<b>\$ 573,466</b>	<b>\$ 449,249</b>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 114,806	\$ 366,850
0	3,279,167
0	524,942
997,904	1,426,432
557,377	805,926
0	76,513
17,322	68,959
0	84,532
113,797	331,022
60,123	453,642
<u>1,861,329</u>	<u>7,417,985</u>
581,778	3,216,671
0	98,178
809,897	809,897
233,354	378,447
530,317	530,317
62,769	1,009,104
0	1,095,962
70,000	138,951
51,173	64,594
<u>2,339,288</u>	<u>7,342,121</u>
(477,959)	75,864
0	19,300
758,316	1,923,114
(86,493)	(2,167,589)
0	28,818
<u>671,823</u>	<u>(196,357)</u>
193,864	(120,493)
1,921,732	5,116,147
75,100	75,319
<u>\$ 2,190,696</u>	<u>\$ 5,070,973</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, 2012***

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (120,493)
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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 depreciation exceeded capital outlay in the current period.	(30,445)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.	(40,547)
Capital assets transferred to Business-Type Activities	(250,602)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(209,331)
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, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	120,734
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	885
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.	64,960
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.	(3,493)
<b><i>Change in Net Position of Governmental Activities</i></b>	<u><u>\$ (468,332)</u></u>

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 264,480	\$ 252,040	\$ 252,044	\$ 4
Municipal Income Tax	3,175,000	3,535,660	3,535,690	30
Other Local Taxes	513,600	524,942	524,942	0
Intergovernmental Revenue	329,260	443,330	443,358	28
Charges for Services	263,120	260,350	260,370	20
Licenses and Permits	55,800	76,490	76,513	23
Investment Earnings	70,000	78,670	78,675	5
Special Assessments	0	470	471	1
Fines and Forfeitures	263,000	225,810	225,827	17
All Other Revenues	378,597	341,087	341,098	11
Total Revenues	<u>5,312,857</u>	<u>5,738,849</u>	<u>5,738,988</u>	<u>139</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,785,204	2,639,874	2,636,865	3,009
Public Health and Welfare Services	113,051	99,941	99,823	118
Community Environment	130,135	117,342	117,250	92
General Government	1,333,239	1,194,860	1,182,298	12,562
Total Expenditures	<u>4,361,629</u>	<u>4,052,017</u>	<u>4,036,236</u>	<u>15,781</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	951,228	1,686,832	1,702,752	15,920
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	19,290	19,300	10
Transfers In	359,209	106,669	106,680	11
Transfers Out	(1,813,670)	(1,824,560)	(1,824,546)	14
Total Other Financing Sources (Uses):	<u>(1,454,461)</u>	<u>(1,698,601)</u>	<u>(1,698,566)</u>	<u>35</u>
Net Change In Fund Balance	(503,233)	(11,769)	4,186	15,955
Fund Balance at Beginning of Year	1,070,071	1,070,071	1,070,071	0
Prior Year Encumbrances	61,004	61,004	61,004	0
Fund Balance at End of Year	<u>\$ 627,842</u>	<u>\$ 1,119,306</u>	<u>\$ 1,135,261</u>	<u>\$ 15,955</u>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 7,620,910	\$ 2,852,518	\$ 5,805,195
Receivables:			
Accounts	2,535,873	754,416	597,528
Intergovernmental	0	0	141,598
Interest	6,828	3,590	6,073
Special Assessments	0	33,760	269,276
Inventory of Supplies at Cost	981,399	139,686	66,004
<i>Total Current Assets</i>	<u>11,145,010</u>	<u>3,783,970</u>	<u>6,885,674</u>
<i>Non Current Assets:</i>			
Capital Assets, Net	11,108,735	8,988,264	18,750,822
Investment in Joint Venture	1,126,093	0	0
<i>Total Non Current Assets</i>	<u>12,234,828</u>	<u>8,988,264</u>	<u>18,750,822</u>
<b>Total Assets</b>	<u>23,379,838</u>	<u>12,772,234</u>	<u>25,636,496</u>
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	963,797	28,328	54,041
Accrued Wages and Benefits	46,857	29,658	20,344
General Obligation Notes Payable	0	1,800,000	0
Compensated Absences Payable - Current	60,137	34,576	24,423
Accrued Interest Payable	0	26,505	24,889
General Obligation Bonds - Current	0	145,000	0
Special Assessment Bonds - Current	0	0	6,400
Mortgage Revenue Bonds - Current	0	158,400	316,600
Ohio Public Works Commission Loan - Current	0	0	28,685
Ohio Water Development Authority Loans - Current	0	45,595	62,682
Water Pollution Control Loans - Current	0	0	386,435
<i>Total Current Liabilities</i>	<u>1,070,791</u>	<u>2,268,062</u>	<u>924,499</u>



**CITY OF NAPOLEON, OHIO**

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Sanitation	Total	Internal Service Funds
\$ 551,488	\$ 16,830,111	\$ 279
155,988	4,043,805	16,374
0	141,598	0
775	17,266	0
0	303,036	0
0	1,187,089	6,774
708,251	22,522,905	23,427
602,175	39,449,996	9,934
0	1,126,093	0
602,175	40,576,089	9,934
1,310,426	63,098,994	33,361
18,135	1,064,301	1,461
11,164	108,023	5,933
0	1,800,000	0
9,686	128,822	4,120
0	51,394	0
0	145,000	0
0	6,400	0
0	475,000	0
0	28,685	0
0	108,277	0
0	386,435	0
38,985	4,302,337	11,514

(Continued)

**CITY OF NAPOLEON, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	65,013	45,114	46,963
General Obligation Bonds Payable	0	1,325,000	0
Special Assessment Bonds Payable	0	0	56,646
Mortgage Revenue Bonds Payable	0	3,848,600	6,221,400
OWDA Loans Payable	0	295,416	961,689
OPWC Loans Payable	0	0	397,106
Ohio Sewer & Water Rotary Commission Deferred Loan Payable	0	68,061	242,884
Water Pollution Control Loans Payable	0	0	6,475,991
Payable to Joint Venture	107,412	0	0
<i>Total Long-Term Liabilities</i>	<u>172,425</u>	<u>5,582,191</u>	<u>14,402,679</u>
<b>Total Liabilities</b>	<u>1,243,216</u>	<u>7,850,253</u>	<u>15,327,178</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	11,108,735	3,866,030	6,824,700
Unrestricted	11,027,887	1,055,951	3,484,618
<b>Total Net Position</b>	<u>\$ 22,136,622</u>	<u>\$ 4,921,981</u>	<u>\$ 10,309,318</u>

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

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Sanitation	Total	Internal Service Funds
8,219	165,309	3,611
0	1,325,000	0
0	56,646	0
0	10,070,000	0
0	1,257,105	0
0	397,106	0
0	310,945	0
0	6,475,991	0
0	107,412	0
<u>8,219</u>	<u>20,165,514</u>	<u>3,611</u>
<u>47,204</u>	<u>24,467,851</u>	<u>15,125</u>
602,175	22,401,640	9,934
<u>661,047</u>	<u>16,229,503</u>	<u>8,302</u>
<u>\$ 1,263,222</u>	<u>\$ 38,631,143</u>	<u>\$ 18,236</u>
	<u>7,486</u>	
	<u>\$ 38,638,629</u>	

**CITY OF NAPOLEON, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<b>Operating Revenues:</b>			
Charges for Services	\$ 15,283,400	\$ 2,785,367	\$ 3,416,389
Other Charges for Services	15,899	368,721	28,638
<b>Total Operating Revenues</b>	<b>15,299,299</b>	<b>3,154,088</b>	<b>3,445,027</b>
<b>Operating Expenses:</b>			
Personal Services	1,096,778	728,101	540,008
Contractual Services	986,599	598,404	682,838
Purchased Power	11,655,463	0	0
Materials and Supplies	216,388	570,744	552,182
Utilities	46,526	171,572	111,319
Depreciation	417,084	281,531	563,443
<b>Total Operating Expenses</b>	<b>14,418,838</b>	<b>2,350,352</b>	<b>2,449,790</b>
Operating Income (Loss)	880,461	803,736	995,237
<b>Nonoperating Revenue (Expenses):</b>			
Investment Earnings	62,099	20,815	68,029
Interest Expense	0	(270,875)	(214,308)
Loss on Sale of Capital Assets	(203,182)	0	0
Other Local Taxes (kWh Tax)	118,408	0	0
Loss on Investment in Joint Venture	(28,556)	0	0
Other Nonoperating Expense (kWh Paid to State)	(113,323)	0	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(164,554)</b>	<b>(250,060)</b>	<b>(146,279)</b>
Income (Loss) Before Transfers and Contributions	715,907	553,676	848,958
Transfers In	0	1,008	204,327
Transfers Out	0	(86,577)	(5,283)
Capital Contributions	3,671	27,365	385,285
Change in Net Position	719,578	495,472	1,433,287
Net Position Beginning of Year	21,417,044	4,426,509	8,876,031
Net Position End of Year	\$ 22,136,622	\$ 4,921,981	\$ 10,309,318

Change in Net Position - Total Enterprise Funds

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

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Sanitation	Total	Internal Service Funds
\$ 851,439	\$ 22,336,595	\$ 130,762
6,963	420,221	3,494
<u>858,402</u>	<u>22,756,816</u>	<u>134,256</u>
228,780	2,593,667	142,274
366,829	2,634,670	0
0	11,655,463	0
129,767	1,469,081	126,969
1,954	331,371	581
65,657	1,327,715	1,039
<u>792,987</u>	<u>20,011,967</u>	<u>270,863</u>
65,415	2,744,849	(136,607)
7,761	158,704	0
0	(485,183)	0
0	(203,182)	0
0	118,408	0
0	(28,556)	0
0	(113,323)	0
<u>7,761</u>	<u>(553,132)</u>	<u>0</u>
73,176	2,191,717	(136,607)
0	205,335	131,000
0	(91,860)	0
0	416,321	0
73,176	2,721,513	(5,607)
1,190,046	35,909,630	23,843
<u>\$ 1,263,222</u>	<u>\$ 38,631,143</u>	<u>\$ 18,236</u>
	\$ 2,721,513	
	(2,114)	
	<u>\$ 2,719,399</u>	

**CITY OF NAPOLEON, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$15,381,727	\$2,792,273	\$3,551,157
Cash Payments for Goods and Services	(12,900,942)	(1,329,496)	(1,357,693)
Cash Payments to Employees	(1,091,357)	(712,076)	(567,595)
Net Cash Provided (Used) by Operating Activities	1,389,428	750,701	1,625,869
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	1,008	204,327
Transfers Out to Other Funds	0	(86,577)	(5,283)
Receipts of Other Local Taxes	118,408	0	0
kWh Tax Paid to State	(113,323)	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	5,085	(85,569)	199,044
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(508,364)	(70,889)	(244,265)
Capital Contributions	0	24,121	0
General Obligation Notes Issued	0	1,800,000	1,992,000
Mortgage Revenue Bonds Issued	0	187,000	913,000
Principal Paid on General Obligation Notes	0	(204,000)	(2,988,000)
Principal Paid on Special Assessment Bond	0	0	(6,400)
Principal Paid on General Obligation Bonds	0	(140,000)	0
Principal Paid on Mortgage Revenue Bonds	0	(145,000)	(295,000)
Principal Paid on Ohio Public Works Commission Loan	0	0	(28,684)
Principal Paid on Ohio Water Development Authority Loans	0	(42,687)	(420,894)
Principal Paid on Water Pollution Control Loan Fund Loan	0	0	(389,160)
Interest Paid on All Debt	0	(279,618)	(288,556)
Net Cash Provided (Used) for Capital and Related Financing Activities	(508,364)	1,128,927	(1,755,959)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	63,443	18,567	71,170
Net Cash Provided by Investing Activities	63,443	18,567	71,170
Net Increase (Decrease) in Cash and Cash Equivalents	949,592	1,812,626	140,124
Cash and Cash Equivalents at Beginning of Year	6,671,318	1,039,892	5,665,071
Cash and Cash Equivalents at End of Year	\$7,620,910	\$2,852,518	\$5,805,195

**CITY OF NAPOLEON, OHIO**

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Sanitation	Totals	Governmental Activities Internal Service Funds
\$856,066	\$22,581,223	\$121,242
(495,753)	(16,083,884)	(127,183)
(222,147)	(2,593,175)	(140,418)
138,166	3,904,164	(146,359)
0	205,335	131,000
0	(91,860)	0
0	118,408	0
0	(113,323)	0
0	118,560	131,000
(135,739)	(959,257)	0
0	24,121	0
0	3,792,000	0
0	1,100,000	0
0	(3,192,000)	0
0	(6,400)	0
0	(140,000)	0
0	(440,000)	0
0	(28,684)	0
0	(463,581)	0
0	(389,160)	0
0	(568,174)	0
(135,739)	(1,271,135)	0
7,958	161,138	0
7,958	161,138	0
10,385	2,912,727	(15,359)
541,103	13,917,384	15,638
\$551,488	\$16,830,111	\$279

(Continued)

**CITY OF NAPOLEON, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2012**

	Business-Type Activities Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$880,461	\$803,736	\$995,237
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	417,084	281,531	563,443
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(3,529)	(359,728)	(53,370)
Decrease in Special Assessments Receivable	0	3,225	159,500
Decrease (Increase) in Inventory	83,390	10,709	(3,189)
Increase (Decrease) in Accounts Payable	6,601	(4,797)	(8,165)
Increase (Decrease) in Accrued			
Wages and Benefits	3,915	(3,621)	(19,120)
Increase (Decrease) in			
Compensated Absences	1,506	19,646	(8,467)
Total Adjustments	<u>508,967</u>	<u>(53,035)</u>	<u>630,632</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,389,428</u>	<u>\$750,701</u>	<u>\$1,625,869</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2012, the Sewer Fund and the Sanitation Fund had outstanding liabilities of \$36,134 and \$2,539, respectively, for the purchase of certain capital assets.

In addition, the Electric Fund, Water Fund and the Sewer Fund had capital assets purchased from various other sources in the amounts of \$3,671, \$3,244 and \$385,285, respectively.

See accompanying notes to the basic financial statements



**CITY OF NAPOLEON, OHIO**

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<u>Sanitation</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$65,415	\$2,744,849	(\$136,607)
65,657	1,327,715	1,039
(2,336)	(418,963)	(13,014)
0	162,725	0
0	90,910	2,768
2,797	(3,564)	(2,401)
1,801	(17,025)	367
<u>4,832</u>	<u>17,517</u>	<u>1,489</u>
<u>72,751</u>	<u>1,159,315</u>	<u>(9,752)</u>
<u>\$138,166</u>	<u>\$3,904,164</u>	<u>(\$146,359)</u>

***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2012***

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	<u>\$ 30,912</u>
<b>Total Assets</b>	<u>30,912</u>
<b>Liabilities:</b>	
Due to Others	<u>30,912</u>
<b>Total Liabilities</b>	<u>\$ 30,912</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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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, 2012 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 18 "Joint Ventures and Jointly Governed Organizations."

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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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 18 "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 18 "Joint Ventures and Jointly Governed Organizations."

*Prairie State Energy Campus (the "PSEC Ownership Interest")* - The City is a participant with sixty-eight subdivisions within the State of Ohio in a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC was created for that purpose. See Note 18 "Joint Ventures and Jointly Governed Organizations."

*AMP Fremont Energy Center (AFEC)* - The City is a participant in a non-binding memorandum of understanding (MOU) with FirstEnergy Corp. regarding the Fremont Energy Center ("AFEC"). AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. See Note 18 "Joint Ventures and Jointly Governed Organizations."

*Combined Hydroelectric Projects* - The City is a participant with seventy-nine subdivisions within the State of Ohio in a distributive generation project using three hydroelectric projects. The Combined Hydroelectric Projects was created for that purpose. See Note 18 "Joint Ventures and Jointly Governed Organizations."

*Meldahl Hydroelectric Project (the "Meldahl Project")* - The City is a participant with forty-seven subdivisions within the State of Ohio in a distributive generation project using a three unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers and of related equipment and associated transmission facilities. See Note 18 "Joint Ventures and Jointly Governed Organizations."

*AMP, Inc. Solar Project 1* - The City is a participant with three subdivisions within the State of Ohio in a 3.54 MW solar energy generation field on a brownfield area, including on top of an old land fill, in Napoleon, Ohio. The AMP, Inc. Solar Project 1 was created for that purpose. See Note 18 "Joint Ventures and Jointly Governed Organizations."

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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

**A. Reporting Entity (Continued)**

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 18 "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 18 "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, 2012***

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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.

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

***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, 2012***

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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 position and changes in net position. 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 position 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, 2012***

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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 position. The statement of changes in fund net position 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, 2012***

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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, 2012 but are not intended to finance 2012 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 7 "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, 2012***

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

**E. Deferred Inflows/Outflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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

**F. 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, 2012***

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

**F. 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 2012.

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 2012, 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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

**F. Budgetary Process (Continued)**

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 in the fund balances for governmental funds in the accompanying basic financial statements.

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.

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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

**F. Budgetary Process (Continued)**

**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)	(\$94,564)
Increase (Decrease):	
Accrued Revenues at December 31, 2012 received during 2013	(855,075)
Accrued Revenues at December 31, 2011 received during 2012	928,551
Accrued Expenditures at December 31, 2012 paid during 2013	233,892
Accrued Expenditures at December 31, 2011 paid during 2012	(246,887)
2011 Adjustment to Fair Value	51,661
2012 Adjustment to Fair Value	(11,951)
Outstanding Encumbrances	(87,341)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	85,900
Budget Basis	<u>\$4,186</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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

**G. 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 6, "Cash, Cash Equivalents and Investments." Investment earnings of \$38,118 earned by other funds were credited to the general fund as required by local statute.

**H. 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 6, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2012. 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, 2012.

**I. 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, 2012***

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

**J. 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 position, 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 position and in the respective funds.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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

**J. Capital Assets and Depreciation (Continued)**

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

**K. Long-Term Debt**

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

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund Water Fund
Mortgage Revenue Bonds	Sewer Fund, Water Fund
Special Assessment Bonds	Special Assessment Bond Retirement Fund
with Governmental Commitment	Sewer Fund
Capital Lease	General Fund
Ohio Public Works	Special Assessment Bond Retirement Fund
Commission Loans	Sewer Fund
OWDA Loans	Water Fund, Sewer Fund
OSWRC Loans	Sewer Fund, Water Fund
WPCLF Loans	Sewer Fund
Payable to Joint Venture	Electric 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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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

**L. 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.

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 "Matured Compensated Absences Payable." In the government wide statement of net position, "Matured 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.

**M. Net Position**

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment 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 position 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 position are available.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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

**N. Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

*Nonspendable* – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

*Restricted* – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

*Assigned* – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

*Unassigned* – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

**O. Pensions**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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

**P. 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.

**Q. 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.

**R. 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.

**S. 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 2012.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 2 – 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 position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental funds as reported in the government-wide statement of net position. 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	\$35,257
Delinquent Property Tax Revenue	29,651
Shared Revenues	222,491
Interest Revenues	5,637
Charges for Services	324,354
Special Assessment Revenue	201,968
	<hr/>
	\$819,358

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

Special Assessment Bonds Payable	(\$186,954)
General Obligation Bonds Payable	(1,180,000)
OPWC Loans Payable	(61,753)
Capital Lease Payable	(18,217)
Accrued Interest on Long-Term Debt	(6,868)
Compensated Absences Payable	(738,649)
	<hr/>
	(\$2,192,441)

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**NOTE 2 – 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 position 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 depreciation exceeded capital outlay in the current period:*

Capital Outlay	\$1,126,525
Depreciation Expense	(1,156,970)
	<u>(\$30,445)</u>

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Income Tax Revenue	(\$14,159)
Increase in Delinquent Property Tax	2,648
Decrease in Shared Revenue	(81,960)
Decrease in Interest Revenue	(1,326)
Decrease in Charges for Services	(21,887)
Decrease in Special Assessment Revenue	(92,647)
	<u>(\$209,331)</u>

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

Increase in Compensated Absences Payable	(\$10,359)
Increase in supplies inventory	75,319
	<u>\$64,960</u>

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**Fund Deficits** - The fund deficits at December 31, 2012 of \$45,887 in the Police Pension Fund and \$27,880 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 deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

**CITY OF NAPOLEON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 4 – FUND BALANCE CLASSIFICATION**

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Special Assessment Bond Retirement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies Inventory	\$1,825	\$0	\$0	\$195,635	\$197,460
Unclaimed Monies	5,631	0	0	0	5,631
Total Nonspendable	<u>7,456</u>	<u>0</u>	<u>0</u>	<u>195,635</u>	<u>203,091</u>
Restricted:					
Special Assessment Debt Service Payments	0	573,466	0	0	573,466
Street Construction and Maintenance	0	0	0	209,994	209,994
State Highway Improvements	0	0	0	26,848	26,848
Motor Vehicle License Tax	0	0	0	465,607	465,607
Cemetery	0	0	0	70,906	70,906
Downtown Revitalization	0	0	0	5,000	5,000
Hotel/Motel	0	0	0	3,732	3,732
Fire Equipment	0	0	0	438,508	438,508
CHIP Income	0	0	0	45,042	45,042
CDBG Grant	0	0	0	40,593	40,593
Indigent Drivers Alcohol Treatment	0	0	0	54,987	54,987
Law Enforcement and Education	0	0	0	4,416	4,416
Law Enforcement	0	0	0	1,703	1,703
Court Computerization	0	0	0	38,575	38,575
Mandatory Drug Fine	0	0	0	17,295	17,295
Municipal Probation Service	0	0	0	13,511	13,511
Law Enforcement Grant	0	0	0	15,671	15,671
Probation Officer Grant	0	0	0	14,498	14,498
Court Improvement	0	0	0	202,020	202,020
Handicap Parking	0	0	0	1,100	1,100
Certified Police Training	0	0	0	3,280	3,280
Indigent Drivers Interlock/Alcohol	0	0	0	22,351	22,351
Total Restricted	<u>0</u>	<u>573,466</u>	<u>0</u>	<u>1,695,637</u>	<u>2,269,103</u>
Committed:					
Special Events	5,503	0	0	0	5,503
Economic Development	53,044	0	0	0	53,044
Employee Benefits	9,236	0	0	0	9,236
EMS Transport Service	0	0	0	143,695	143,695
Recreation	0	0	0	71,032	71,032
Capital Improvement	0	0	449,249	0	449,249
CIP	0	0	0	136,250	136,250
Total Committed	<u>67,783</u>	<u>0</u>	<u>449,249</u>	<u>350,977</u>	<u>868,009</u>
Assigned Encumbrances	67,913	0	0	0	67,913
Assigned for Debt Service	0	0	0	22,214	22,214
Unassigned	1,714,410	0	0	(73,767)	1,640,643
Total Fund Balances	<u>\$1,857,562</u>	<u>\$573,466</u>	<u>\$449,249</u>	<u>\$2,190,696</u>	<u>\$5,070,973</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2012 the City implemented GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*,” GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

**NOTE 6 - 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;



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

- 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.

**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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

At year end the carrying amount of the City's deposits was \$14,530,414, including \$2,500 of cash on hand. \$8,079,763 of the City's bank balance of \$15,071,939 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, 2012 are summarized below:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
Commercial Paper	\$1,999,638	AAA <sup>1</sup> / Aaa <sup>2</sup>	\$1,999,638	\$0
T-BILL	1,506,914	AAA <sup>1</sup> / Aaa <sup>2</sup>	1,506,914	0
FFCB	1,999,900	AAA <sup>1</sup> / Aaa <sup>2</sup>	0	1,999,900
FHLB	765,199	AAA <sup>1</sup> / Aaa <sup>2</sup>	765,199	0
Municipal Note	246,034	AAA <sup>1</sup> / Aaa <sup>2</sup>	246,034	0
STAR Ohio	4,595	AAAm <sup>1</sup>	4,595	0
Total Investments	<u>\$6,522,280</u>		<u>\$4,522,380</u>	<u>\$1,999,900</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.

*Credit Risk* – The City's investments in T-Bill, 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments** (Continued)

*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 Commercial Paper, T-Bills, FFCB, FHLB and Municipal Note securities in the amounts of \$1,999,638, \$1,506,914, \$1,999,900, \$765,199 and \$246,034 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. The City has invested 31% of its investments in Commercial Paper, 23% in T-Bills, 31% in FFCB, 11% in FHLB, 3% in Municipal Notes and less than 1% in STAR Ohio.

**NOTE 7 - 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 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, 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 2011 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, 2012***

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**NOTE 7 - TAXES (Continued)**

**A. Property Taxes (Continued)**

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, 2012 was \$2.90 per \$1,000 of assessed value. The assessed value upon which the 2012 receipts were based was \$143,316,660. This amount constitutes \$142,656,000 in real property assessed value and \$660,660 in public utility 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.

**B. Income Tax**

The City levies a tax of 1.5% 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 1.5% 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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2012 consisted of taxes, interest, accounts receivable, special assessments and intergovernmental receivables arising from shared revenues.

**NOTE 9 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2012:

Transfers In:	Transfers Out:					
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Water Fund	Sewer Fund	Total
General Fund	\$0	\$0	\$48,133	\$0	\$0	\$48,133
Special Assessment Bond Retirement Fund	0	0	12,360	0	0	12,360
Capital Improvement Fund	1,100,030	0	0	0	4,275	1,104,305
Nonmajor Governmental Funds	581,516	150,800	26,000	0	0	758,316
Water Fund	0	0	0	0	1,008	1,008
Sewer Fund	0	117,750	0	86,577	0	204,327
Internal Service Fund	131,000	0	0	0	0	131,000
Total	<u>\$1,812,546</u>	<u>\$268,550</u>	<u>\$86,493</u>	<u>\$86,577</u>	<u>\$5,283</u>	<u>\$2,259,449</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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 10 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2012:

*Historical Cost:*

Class	December 31, 2011	Transfers	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>					
Land	\$11,598,507	\$0	\$12,200	\$0	\$11,610,707
Construction in Progress	670,933	(246,931)	443,273	(68,620)	798,655
Subtotal	12,269,440	(246,931)	455,473	(68,620)	12,409,362
<i>Capital assets being depreciated:</i>					
Improvements	1,805,566	0	146,381	(9,520)	1,942,427
Buildings	3,575,153	0	0	0	3,575,153
Machinery and Equipment	6,044,234	(4,075)	376,140	(358,162)	6,058,137
Infrastructure	26,922,552	0	217,151	(56,963)	27,082,740
Subtotal	38,347,505	(4,075)	739,672	(424,645)	38,658,457
Total Cost	\$50,616,945	(\$251,006)	\$1,195,145	(\$493,265)	\$51,067,819

*Accumulated Depreciation:*

Class	December 31, 2011	Transfers	Additions	Deletions	December 31, 2012
Improvements	(\$419,035)	\$0	(\$40,520)	\$0	(\$459,555)
Buildings	(2,225,933)	0	(66,537)	0	(2,292,470)
Machinery and Equipment	(3,800,294)	404	(278,540)	332,993	(3,745,437)
Infrastructure	(12,489,572)	0	(772,412)	51,105	(13,210,879)
Total Depreciation	(\$18,934,834)	\$404	(\$1,158,009) *	\$384,098	(\$19,708,341)
<i>Net Value:</i>	\$31,682,111				\$31,359,478

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

Security of Persons and Property	\$163,457
Public Health and Welfare Services	5,277
Leisure Time Activities	69,348
Community Environment	392
Transportation	828,894
General Government	89,602
Total Depreciation Expense recorded within the Governmental Activities	1,156,970
Amount of Depreciation Expense recorded in the Internal Service Fund	1,039
Total Depreciation Expense	\$1,158,009

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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

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

Summary by Category at December 31, 2012:

*Historical Cost:*

Class	December 31, 2011	Transfers	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>					
Land	\$349,695	\$0	\$0	\$0	\$349,695
Construction in Progress	3,341,516	246,931	118,601	(2,733,687)	973,361
Subtotal	3,691,211	246,931	118,601	(2,733,687)	1,323,056
<i>Capital assets being depreciated:</i>					
Buildings	7,030,855	0	2,417,661	0	9,448,516
Improvements	44,604,642	0	715,394	(224,065)	45,095,971
Machinery and Equipment	6,615,940	4,075	479,361	(339,104)	6,760,272
Subtotal	58,251,437	4,075	3,612,416	(563,169)	61,304,759
Total Cost	\$61,942,648	\$251,006	\$3,731,017	(\$3,296,856)	\$62,627,815

*Accumulated Depreciation:*

Class	December 31, 2011	Transfers	Additions	Deletions	December 31, 2012
Buildings	(\$4,374,819)	\$0	(\$243,821)	\$0	(\$4,618,640)
Improvements	(12,434,611)	0	(886,993)	20,883	(13,300,721)
Machinery and Equipment	(5,400,257)	(404)	(196,901)	339,104	(5,258,458)
Total Depreciation	(\$22,209,687)	(\$404)	(\$1,327,715)	\$359,987	(\$23,177,819)
<i>Net Value:</i>	\$39,732,961				\$39,449,996

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 11 – 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 visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 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 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

calendar year 2012. 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, 2012, 2011, and 2010 were \$480,093, \$462,691 and \$378,809, respectively, or 92.4% of the required contributions for 2012 and 100% of the required contributions for 2011 and 2010.

**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 2012, 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, 2012, 2011, and 2010 were \$147,960, \$108,011 and \$107,866 for police and \$112,876, \$82,285 and \$71,370 for firefighters, respectively, or 74% and 77.6%, respectively of the required contributions for 2012 and 100% of the required contributions for 2011 and 2010.

**NOTE 12 - 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)**

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

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.

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 visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 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 2012, 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. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)**

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

The City's contributions for health care to the OPERS for the years ending December 31, 2012, 2011, and 2010 were \$137,169, \$185,077 and \$236,998, respectively, or 92.4% of the required contributions for 2012 and 100% of the required contributions for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. Ohio Police and Fire Pension Fund ("OP&F") (Continued)**

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 2012, 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, 2012, 2011, and 2010 were \$51,217, \$57,182 and \$57,106 for police and \$31,746, \$32,198 and \$27,927 for firefighters, respectively, or 74% and 77.6% respectively, of the required contributions for 2012 and 100% of the required contributions for 2011 and 2010.

**NOTE 13 – 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, 2012, the City's accumulated, unpaid compensated absences amounted to \$1,040,511, of which \$746,380 is recorded as a liability of the Governmental Activities and \$294,131 is recorded as a liability of the Business-Type Activities.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 14 - 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.

	<u>Issue Date</u>	<u>Balance December 31, 2011</u>	<u>Issued</u>	<u>(Retired)</u>	<u>Balance December 31, 2012</u>
Enterprise Funds Note Payable:					
2.00% Water Plant Renovation	7/24/12	\$0	\$1,800,000	\$0	\$1,800,000

**CITY OF NAPOLEON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 15 - LONG-TERM DEBT**

Long-term debt of the City at December 31, 2012 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2011	Additions	(Reductions)	Balance December 31, 2012	Amount Due Within One Year
<b>Business-Type Activities:</b>								
<b>General Obligation Bonds:</b>								
2005	3.00% - 5.00%	Waterworks System Improvements	2019	\$870,000	\$0	(\$95,000)	\$775,000	\$100,000
2004	2.50% - 5.12%	Capital Facilities Improvement	2024	740,000	0	(45,000)	695,000	45,000
Total General Obligation Bonds				1,610,000	0	(140,000)	1,470,000	145,000
<b>Mortgage Revenue Bonds:</b>								
2008	3.50% - 4.50%	Water System Improvements	2028	3,135,000	0	(130,000)	3,005,000	140,000
2010	4.60%	Water - Woodlawn Avenue Reconstruction	2040	298,800	0	(5,400)	293,400	5,400
2010	4.60%	Water - West Washington Avenue Reconstruction	2040	531,200	0	(9,600)	521,600	9,600
2012	4.00%	Water - Clairmont Avenue Reconstruction	2042	0	187,000	0	187,000	3,400
2010	4.60%	Sewer System Improvement	2040	1,804,650	0	(132,500)	1,672,150	135,150
2010	4.60%	Sewer - Woodlawn Avenue Reconstruction	2040	1,600,350	0	(117,500)	1,482,850	119,850
2010	7.50%	Sewer - West Washington Avenue Reconstruction	2040	2,515,000	0	(45,000)	2,470,000	45,000
2012	4.00%	Sewer - Clairmont Avenue Reconstruction	2042	0	913,000	0	913,000	16,600
Total Mortgage Revenue Bonds				9,885,000	1,100,000	(440,000)	10,545,000	475,000
<b>Special Assessment Bond:</b>								
(with Governmental Commitment)								
2000	5.00%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	69,446	0	(6,400)	63,046	6,400
<b>Long-Term Notes Payable:</b>								
2011	8.50%	Water - Clairmont Ave./Haely I & I		204,000	0	(204,000)	0	0
2011	8.50%	Sewer - Clairmont Ave./Haely I & I		996,000	0	(996,000)	0	0
2012	8.50%	Sewer - Clairmont Ave./Haely I & I		0	996,000	(996,000)	0	0
2012	8.50%	Sewer - Clairmont Ave./Haely I & I		0	996,000	(996,000)	0	0
Total Long-Term Notes Payable				1,200,000	1,992,000	(3,192,000)	0	0
<b>Ohio Sewer and Water Rotary Commission Deferred Loans:</b>								
1998		OSWRC - Palmer Ditch Project		48,060	0	0	48,060	0
2005		OSWRC - North Pointe Water and SewerProject		262,885	0	0	262,885	0
Total OSWRC Loans				310,945	0	0	310,945	0
<b>Ohio Public Works Commission Loans (OPWC):</b>								
2000		Railroad Street Sewer Separation	2020	29,475	0	(3,684)	25,791	3,685
2008		Woodlawn Avenue Improvements	2020	425,000	0	(25,000)	400,000	25,000
Total Ohio Public Works Commission Loans				454,475	0	(28,684)	425,791	28,685
<b>Ohio Water Development Authority Loans (OWDA):</b>								
1990	7.840%	OWDA - Project #1772	2013	360,936	0	(360,936)	0	0
1992	9.185%	OWDA - Malinta Waterline	2016	154,181	0	(29,996)	124,185	32,327
2005	4.490%	OWDA - Sewer System Improvements	2025	1,084,329	0	(59,958)	1,024,371	62,682
2005	4.490%	OWDA - NP Waterline Improvements	2025	229,517	0	(12,691)	216,826	13,268
Total Ohio Water Development Authority Loans				1,828,963	0	(463,581)	1,365,382	108,277
<b>Water Pollution Control Loan Fund Loans (WPCLF):</b>								
2008		Southside I & I Reduction Study	2013	57,999	0	(38,570)	19,429	19,429
2008		EQ Basin Storm Water Retention	2031	7,193,587	0	(350,590)	6,842,997	367,006
Total Water Pollution Control Loan Fund Loans				7,251,586	0	(389,160)	6,862,426	386,435
Payable to Joint Venture				149,215	0	(41,803)	107,412	0
Compensated Absences				276,614	294,131	(276,614)	294,131	128,822
Total Business-Type Long-Term Debt				\$23,036,244	\$3,386,131	(\$4,978,242)	\$21,444,133	\$1,278,619

**CITY OF NAPOLEON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 15 - LONG-TERM DEBT (Continued)**

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2011	Additions	(Reductions)	Balance December 31, 2012	Amount Due Within One Year
Governmental Activities:								
Special Assessment Bonds:								
1992	5.70-6.10%	Street Improvements	2012	\$20,000	\$0	(\$20,000)	\$0	\$0
1993	5.40%	Street Improvements	2013	21,000	0	(10,000)	11,000	10,000
1996	5.90%	Street Improvements	2016	70,000	0	(10,000)	60,000	10,000
1998	4.50-5.125%	Street Improvements	2018	80,000	0	(10,000)	70,000	10,000
1998	4.50-5.125%	Street Improvements	2018	35,000	0	(5,000)	30,000	5,000
2000	5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	17,554	0	(1,600)	15,954	1,600
Total Special Assessment Bonds (with Governmental Commitment)				243,554	0	(56,600)	186,954	36,600
General Obligation Bonds:								
2005	3.00% - 5.00%	Northcrest Drive	2025	295,000	0	(15,000)	280,000	15,000
2005	3.00% - 5.00%	SR 424 Resurfacing	2025	235,000	0	(15,000)	220,000	15,000
2010	4.50%	Courthouse Renovations	2025	720,000	0	(40,000)	680,000	45,000
Total General Obligation Bonds				1,250,000	0	(70,000)	1,180,000	75,000
Ohio Public Works Commission Loan:								
1998		Unimproved Street Program	2017	74,104	0	(12,351)	61,753	12,351
Capital Lease				0	28,818	(10,601)	18,217	10,601
Compensated Absences				734,532	746,381	(734,533)	746,380	308,263
Total Governmental Activities Long-Term Debt				\$2,302,190	\$775,199	(\$884,085)	\$2,193,304	\$442,815

The principal amount of the City's special assessment debt outstanding at December 31, 2012, \$250,000, 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 \$573,466 in the Special Assessment Bond Retirement Fund at December 31, 2012 is restricted for the retirement of outstanding special assessment bonds. The Sewer Fund will be collecting special assessments to retire the enterprise funds' special assessment debt.

**Water Pollution Control Loan Fund Loans** - During 2008, the City entered into two loan agreements with the Water Pollution Control Loan Fund (WPCLF). These loans were related to sewer and storm water improvements. The loan balance decreased by \$389,160 during 2012 to a year end balance of \$6,862,426.

**Ohio Water Development Authority Loans** - The City entered into three loan agreements with Ohio Water Development Authority (OWDA). The first was on June 28, 1990 to finance the Southside Sewer Improvement (loan number 1772). The other two were 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 15 - LONG-TERM DEBT (Continued)**

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.

**2004 General Obligation Bonds** - During 2004, the City issued \$1,000,000 worth of Capital Facilities Improvement bonds for work done on the Wauseon Reservoir Raw Waterline Project. These bonds have a variable interest rate ranging from 2.5% in 2004 to 5.12% in 2024, the year of maturity for the bonds.

**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 position.

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:

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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:

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



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 15 - 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 \$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:

<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>
2013	30,000	3.50%
2014	30,000	3.75%
2015	35,000	3.75%

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**NOTE 15 - LONG-TERM DEBT (Continued)**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 15 - LONG-TERM DEBT (Continued)**

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.

**2008 Mortgage Revenue Bonds** - During 2008, the City issued \$3,505,000 worth of Water System Improvement bonds for work done on the City's water tower and improvements to various water lines. These bonds have a variable interest rate ranging from 3.5% in 2008 to 4.5% in 2028, the year of maturity for the bonds. These bonds will be retired from the City's Water Fund through user charges.

**2010 Mortgage Revenue Bonds** - During 2010, the City issued \$7,230,000 worth of Sewer and Water Mortgage Revenue bonds for work done on the City's sewer lines and reconstruction projects for Woodlawn Avenue and West Washington Avenue. These bonds have interest rates ranging from 4.6% to 7.5%. A portion of the proceeds was used to pay off the principal balances of existing mortgage revenue bonds and notes that had previously been issued for work done on these projects and other improvements made to the City's Water, Sewer and Electric infrastructure. These bonds are scheduled to mature in 2040 and will be retired from the City's Water and Sewer Funds through user charges.

**Ohio Public Works Commission Loans** - The City entered into three loan agreements with Ohio Public Works Commission (OPWC). The first was on July 1, 1998, in the amount of \$247,015, to finance the Hobson/Reynolds Street Improvements. The second was on July 1, 2000, in the amount of \$73,686, to finance the Railroad Street Sewer Separation Project and the third was on January 16, 2008, in the amount of \$500,000, to finance the Woodlawn Avenue Improvement Project. All of the OPWC loans carry a 0% interest rate.

**2010 General Obligation Bond** - During 2010, the City issued a \$760,000 General Obligation Bond for work done on the City's courthouse. This bond had an interest rate of 4.5% and is scheduled to mature in 2025.

**2011 Bond Anticipation Notes** - During 2011, the City issued \$1,200,000 worth of Sewer and Water bond anticipation notes for work done on the City's water lines and sewer lines on Clairmont Avenue. These notes have an interest rate of 8.5%. These notes were retired from the City's Water and Sewer Funds through user charges.

**2012 Bond Anticipation Notes** - During 2012, the City issued \$1,800,000 worth of Water bond anticipation notes for work done on the City's water plant. These notes have an interest rate of 2.0%. These notes will be retired from the City's Water Fund through user charges.

**2012 Bond Anticipation Notes** - During 2012, the City issued \$1,992,000 worth of Sewer bond anticipation notes for work done on the City's sewer lines. These notes had an interest rate of 8.5%. These notes were retired from the City's Sewer Fund through bond proceeds and user charges during 2012.

**2012 Mortgage Revenue Bonds** - During 2012, the City issued \$1,100,000 worth of Sewer and Water Mortgage Revenue bonds for work done on the City's water and sewer lines and reconstruction projects for Clairmont Avenue. These bonds have an interest rate of 4.0%. A portion of the proceeds was used to pay off the principal balances of existing notes that had previously been issued for work done on this project and other improvements made to the City's Water and Sewer infrastructure. These bonds are scheduled to mature in 2042 and will be retired from the City's Water and Sewer Funds through user charges.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 15 - 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, 2012 follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$220,000	\$115,620	\$475,000	\$506,219	\$43,000	\$13,843
2014	220,000	108,256	485,000	478,184	39,000	11,135
2015	235,000	100,606	500,000	463,434	39,000	8,964
2016	240,000	92,106	510,000	447,296	40,000	6,793
2017	255,000	82,444	540,000	429,096	30,000	4,564
2018-2022	1,010,000	245,636	1,910,000	1,870,216	59,000	4,903
2023-2027	470,000	39,526	2,015,000	1,445,223	0	0
2028-2032	0	0	1,405,000	978,358	0	0
2033-2037	0	0	1,495,000	604,888	0	0
2038-2042	0	0	1,210,000	150,190	0	0
Totals	<u>\$2,650,000</u>	<u>\$784,194</u>	<u>\$10,545,000</u>	<u>\$7,373,104</u>	<u>\$250,000</u>	<u>\$50,202</u>

Years	OWDA Loans		OPWC Loans		WPCLF Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$108,277	\$64,535	\$41,036	\$0	\$386,435	\$71,897
2014	114,235	58,576	41,035	0	374,401	68,084
2015	140,021	53,776	41,035	0	378,154	64,331
2016	86,771	44,065	41,035	0	381,946	60,540
2017	90,711	40,125	41,035	0	368,519	54,174
2018-2022	519,203	134,976	132,358	0	1,898,762	214,708
2023-2027	306,164	20,925	125,010	0	1,995,865	117,607
2028-2030	0	0	25,000	0	1,078,344	21,900
Totals	<u>\$1,365,382</u>	<u>\$416,978</u>	<u>\$487,544</u>	<u>\$0</u>	<u>\$6,862,426</u>	<u>\$673,241</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 deferrals were made when the property no longer meets the exemption criteria.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 16 - CAPITAL LEASE**

The City leases computer software under a capital lease. The original cost of the software was \$28,818 and the related liability is reported in the Government-Wide Statement of Net Position.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2012:

<u>Year Ending December 31,</u>	<u>Capital Lease</u>
2013	\$10,601
2014	2,539
2015	2,539
2016	<u>2,538</u>
Minimum Lease Payments	18,217
Less amount representing interest at the City's incremental borrowing rate of interest	<u>0</u>
Present value of minimum lease payments	<u><u>\$18,217</u></u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 17 - 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). In December 2012, the City switched from the BORMA group to coverage provided by the Public Entities Pool of Ohio (aka – PEP). 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 boiler and machinery, automobile liability, automobile physical damage, general liability, crime and property, and public officials insurance coverage 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, 2012, the pool has cash reserves of 341,664, which in the opinion of management is adequate for any claims currently pending against the pool. During 2012, the City paid \$110,790 into the pool for total premiums for the property and casualty coverage received.

For the period 12/01/2011 through 11/30/2012, the amount of risk retained within the pool is \$150,000 per occurrence for property, \$25,000 per occurrence for crime, and \$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 \$92,014,000, 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 12/01/2012 through 11/30/2013, the amount of risk retained within the pool is \$50,000 per occurrence for property, \$25,000 per occurrence for crime, and \$50,000 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 \$92,014,000, 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, 2012***

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**NOTE 17 - 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 12/01/2011 through 11/30/2012 up to \$1,650,000 maximum per year; and Stop Loss for period 12/01/2012 through 11/30/2013 up to \$1,700,000 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 2012, the pool included the following Ohio Cities and Villages as members: Archbold, Bowling Green, Bucyrus, Carey, Clyde, Corrections Center of Northwest Ohio, Defiance, Fayette, Hicksville, Napoleon, Oberlin, Oregon, Pepper Pike, Sandusky, Sandusky County Engineers, Sandusky County Health Department, Upper 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, 2012, the pool had total reported assets of \$3,183,648.

Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool. The 2012 premiums paid by the City of Napoleon into the employee benefits pool were a monthly cost of \$1,012.23 for family coverage and \$356.28 for single coverage. The life insurance monthly premium was \$3.60 for \$20,000 in coverage, and \$5.40 for \$30,000 in coverage. Coverage levels were determined by bargaining agreements or personnel code. During 2012, the City paid \$1,010,987 into the pool for health benefits coverage, and \$5,922 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 \$175,000 per individual for 2012 with excess coverage provided by Sun Life Financial.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 17 - 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. PEP Property and Casualty Pool**

The PEP Property and Casualty Pool provides boiler and machinery, automobile liability, automobile physical damage, general liability, crime and property, and public officials insurance coverage up to specific limits. There are currently 455 members in the PEP Pool. 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. During 2012, the City paid \$102,664 into the pool for total premiums for the property and casualty coverage for 12/01/2012 – 11/30/2013.

**Casualty Insurance**

For occurrences prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000 and provides up to \$1,750,000 per claim.

For occurrences on or after January 1, 2006, PEP retains casualty risk up to \$350,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contribution to APEEP. APEEP reinsures claim exceeding \$350,000 and provides up to \$2,650,000 per claim.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, General Reinsurance Corporation.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 17 - RISK MANAGEMENT (Continued)**

**C. PEP Property and Casualty Pool (Continued)**

**Property Insurance**

Prior to January 1, 2009, Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit.

On or after January 1, 2009, Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$150,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop loss is reached by payment of losses between \$150,000 and \$500,000, Travelers will reinsure specific losses exceeding \$150,000 up to their \$600,000,000 per occurrence limit.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member.

**D. 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 2012, the City paid \$152,141 into the pool for total Workers Compensation premiums.

**E. 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 2012, the City paid \$12,740 to the Ohio Department of Job and Family Services for unemployment benefit claims.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 18 - 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 position will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP 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. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2012, the outstanding debt was \$20,030,648. 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 \$51,554 at December 31, 2012. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**NOTE 18 - 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, 2012 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>
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, 2012***

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**NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

The City of Napoleon is a Financing Participant with an ownership percentage of 7.35%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing 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.

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 position 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, 2012 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP 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.

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 \$718,239 at December 31, 2012. Complete financial statements for OMEGA JV5 may be obtained from AMP 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.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

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, 2012 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, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. 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, 2012 was \$107,412 (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 \$356,300 at December 31, 2012. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**NOTE 18 - 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, 2012 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:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Service</b>
2013	\$ 37,445	\$ 4,855	\$ 42,300
2014	38,958	3,342	42,300
2015	40,533	1,768	42,301
2016	13,699	274	13,973
Total Gross Liability	130,635	10,239	140,874
Less: Amounts Held in Reserve	(23,223)		
Net Obligation	\$ 107,412		

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**D. Prairie State Energy Campus (68 Members)**

On December 20, 2007, AMP acquired 368,000kW or an effective 23.26% undivided ownership interest (the “*PSEC Ownership Interest*”) in the Prairie State Energy Campus (“PSEC”), a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (“*AMP 368 LLC*”). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007.

The City of Napoleon has executed a take-or-pay power sales contract with AMP for 4,976 kW or 1.35% kW of capacity and associated energy from the Prairie State facility.

On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

AMP’s share of the total Project costs, including AMP’s share of PSEC capital improvements through 2016, resulted in the issuance by AMP of approximately \$1696.8 billion of debt of which the City of Napoleon’s share is approximately \$22,906,800. These estimated costs include (i) AMP’s costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project

AMP will sell the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the “*Prairie State Power Sales Contract*”) with 68 Members (the “*Prairie State Participants*”). The Prairie State Power Sales Contract is, in all material respects, comparable to the Power Sales Contract for the Project. The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**E. AMP Fremont Energy Center (AFEC)**

On February 3, 2011 American Municipal Power, Inc. (AMP) entered into a non-binding memorandum of understanding (MOU) with FirstEnergy Corp. regarding the Fremont Energy Center ("AFEC"). AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. The closing date to purchase was July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, to repay the \$600,000,000 principal amount of an interim loan that financed the acquisition of the AMP Fremont Energy Center ("AFEC") and development costs and completion of construction and commissioning of AFEC; (ii) to make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures allocable to AMP's 90.69% undivided ownership interest in AFEC; (iii) to fund deposits to certain reserve accounts; and (iv) to pay the costs of issuance of the Series 2012 Bonds.

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of the AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.

The City of Napoleon has executed a take-or-pay power sales contract with AMP for 6,650 kW or 1.48% of capacity and associated energy from the AFEC facility. The City's share of the permanent financing is approximately \$7,809,016.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**F. Combined Hydroelectric Projects (79 Members)**

AMP is currently developing three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “*Combined Hydroelectric Projects*”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects entails the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers’ dams and includes associated transmission facilities. The Combined Hydroelectric Projects, including associated transmission facilities, will be constructed and operated by AMP. AMP holds the licenses from FERC for the Combined Hydroelectric Projects. AMP received the last of the material permits needed to begin construction on the Cannelton hydroelectric facility and Smithland hydroelectric facility, respectively in 2009. Ground breaking ceremonies were held for Cannelton on August 25, 2009 and for Smithland on September 1, 2010. AMP received the last of the material permits for the Willow Island hydroelectric facility in the last quarter of 2010 and ground breaking ceremonies took place on July 21, 2011.

The City of Napoleon has executed a take-or-pay power sales contract with AMP for 3,498 kW or 1.68% of capacity and associated energy from the hydro facilities.

All major contracts for the projects which include the turbines, the powerhouse construction, the powerhouse gates, the powerhouse cranes, and the transformers have been awarded for the Cannelton, Smithland, and Willow Island facilities. And property right-of-way acquisitions for the transmission lines have been completed for all three projects.

As of June 1, 2012, AMP is projecting that the Combined Hydroelectric Projects are expected to enter into commercial operation as follows: Cannelton in the second quarter of 2014; Willow Island in the fourth quarter of 2014; and Smithland in the second quarter of 2015.

To provide financing for the Combined Hydroelectric Projects, in 2009 and 2010 AMP has issued in seven series \$2,045,425,000 of its Combined Hydroelectric Projects Revenue Bonds (the “*Combined Hydroelectric Bonds*”), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds) of which the City of Napoleon are is approximately \$34,363,140. The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**G. Meldahl Hydroelectric Project (48 Members) and Greenup (47 Members)**

AMP is currently constructing a three unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers and of related equipment and associated transmission facilities (the “*Meldahl Project*”). When the Meldahl Project enters commercial operation, it is projected to have a generating capacity of approximately 105 MW. The City of Hamilton, Ohio, a Member of AMP and a participant in the Meldahl Project, and AMP hold, as co-licensees, the Federal Energy Regulatory Commission license necessary to construct and operate the Meldahl Project. Pursuant to the various agreements between Hamilton and AMP, the Meldahl Project will be owned by Meldahl, LLC, a single member, Delaware not-for-profit limited liability company (“*Meldahl, LLC*”), and will be operated by Hamilton. AMP, acting as agent of Meldahl LLC, is financing the development, acquisition, construction and equipping of the Meldahl Project. In order to finance the construction of the Meldahl Project and related costs, in 2010 and 2011 AMP issued six series of its Meldahl Hydroelectric Project Revenue Bonds (the “*Meldahl Bonds*”) in the amount of \$685,100,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members.

The City of Napoleon has executed a take-or-pay power sales contract with AMP for 504 kW or 0.48% of capacity and associated energy from the hydro facility. The city’s share of the debt is approximately \$3,288,480.

All major contracts for the project which include the turbine, the powerhouse construction, the powerhouse gate, the powerhouse crane, and the transformer have been awarded for the Meldahl facility. And the property right-of-way acquisitions for the transmission line have been completed for this project.

As of June 1, 2012, AMP estimates the Meldahl Project will enter commercial operation in the second quarter of 2014.

The referenced agreements with Hamilton respecting the Meldahl Project also provided that Hamilton would sell to AMP a 48.6% undivided ownership interest in the Greenup Hydroelectric Facility (“*Greenup*”), a 70.2 MW run-of-the river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River, in commercial operation since 1988. The sale is contingent upon the placement of the Meldahl Project into commercial operation. Based on the estimated commercial operation date for the Meldahl Project, AMP currently estimates that it will issue bonds to finance its undivided ownership interest in Greenup in the second or third quarter of 2014. AMP’s Greenup bonds will be secured by a separate power sales contract that has been executed by the same Members (all except Hamilton which will retain title to the remaining 51.4% ownership interest in Greenup) that executed the Meldahl power sales contract. Hamilton will continue to operate Greenup.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**H. AMP, Inc. Solar Project 1 (3 Members)**

In 2012 AMP constructed a 3.54 MW solar energy generation field on a brownfield area, including on top of an old land fill, in Napoleon, Ohio.

The project consisted of 17,160 solar panels covering 20.74 acres. Construction started in April 2012 and the facility went online in late August 2012. AMP financed the project on its revolving line of credit at \$9,600,000. The balance as of December 31, 2012, including accrued interest, is \$9,609,764. There are three (3) member project participants. Those participants are the City of Napoleon, Ohio (1,040 kw), the City of St. Mary's, Ohio (2,300 kw) and the Village of Waynesfield, Ohio (200 kw).

The City of Napoleon has executed a take-or-pay power sales contract with AMP for 1,040 kW or 29.38% of capacity and associated energy from the solar facility. The city's share of the debt is approximately \$2,823,349.

**I. 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 \$29,000 to the CIC during 2012. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

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

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.

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 2012, the City paid administrative fees of \$44,892 to MVPO.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 19 - CONTINGENCIES**

**A. American Municipal Power Generating Station Project (AMPGS)**

On November 1, 2007, the City executed a take-or pay contract with American Municipal Power (AMP) as member participant in the American Municipal Power Generating Station Project (AMPGS) with an original share allocation of 12,000 kW, or about 1.56%. The City later agreed to an additional allocation of 10,000 kW for a total allocation of 22,000 kW. The project was to be a 940 MW base load coal fired plant with clean-coal technology and the plant was scheduled to go on-line in 2014. The estimated cost of the project was \$3 billion. However, the project's estimated capital costs increased by 37% and the engineer, procure and construction contractor could not guarantee that the costs would not continue to escalate. Therefore, the project as a coal fired plant was terminated on November 24, 2009 by its member participants and they directed AMP to study alternate uses for the site.

As of December 31, 2012 the total stranded costs for the project amounts to \$126,147,042. As a member participant, the City is contractually obligated to pay a pro rata share of any costs incurred for the project, based on its membership percentage. AMP has provided the City with an exposure of \$0 to \$2,033,527 as its share of potential stranded cost obligations. In addition, because the City is a participant in the AMP Fremont Energy Center Project (AFEC) it has received a \$696,229 *credit* that may be used to reduce its share of AMPGS potential stranded costs.

Furthermore, recoveries are available that would reduce the liability of the members. One such recovery is any dollar amount recovered through the pending lawsuit AMP has brought against the engineer, procure and construction contractor. Second, there are significant assets of land and permits associated with the AMPGS site which AMP is holding for future use. When those assets are sold or otherwise utilized, the resulting amounts would be used to reduce any remaining obligations of the participants, pro rata share. The current value of these assets has not been ascertained.

It is the opinion of management and their legal counsel that the above amount is a contingent liability with an estimated maximum exposure, not an estimate of what management believes to be a reasonable estimate of a final amount. In addition, AMP and the City are unable to estimate the ultimate liability due to the current factors and a pending law suit. Therefore, the City has not booked a liability or expense as of December 31, 2012. Booking an operating expense of \$2,033,527 in 2012 would have caused the City to violate its debt covenants on the Joint Venture Projects (2/5/6).

If future events require the City to pay these stranded costs, then they will be paid from an adder to the purchased power costs paid by customers, or with accumulated earnings expensed in a manner that would not cause the City to violate its debt covenants and without adjusting rates to its customers.

**B. Litigation**

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.

*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. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

**Economic Development Fund**

To account for federal and state grants which are designated for community and environmental improvements. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

**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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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

To account for Community Development Block 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.

**Indigent Drivers Interlock/Alcohol Fund**

To account for revenues from fines as established by the State to pay for alcohol monitoring programs for indigent people.

***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.

**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, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,765,388	\$ 22,214	\$ 136,250	\$ 1,923,852
Receivables:				
Taxes	139,184	0	0	139,184
Accounts	397,389	0	0	397,389
Intergovernmental	303,986	0	0	303,986
Interest	1,810	0	0	1,810
Inventory of Supplies, at Cost	195,635	0	0	195,635
<b>Total Assets</b>	<u>\$ 2,803,392</u>	<u>\$ 22,214</u>	<u>\$ 136,250</u>	<u>\$ 2,961,856</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 35,321	\$ 0	\$ 0	\$ 35,321
Accrued Wages and Benefits Payable	105,594	0	0	105,594
<b>Total Liabilities</b>	<u>140,915</u>	<u>0</u>	<u>0</u>	<u>140,915</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	500,440	0	0	500,440
Property Tax for Next Fiscal Year	129,805	0	0	129,805
<b>Total Deferred Inflows of Resources</b>	<u>630,245</u>	<u>0</u>	<u>0</u>	<u>630,245</u>
<b>Fund Balances:</b>				
Nonspendable	195,635	0	0	195,635
Restricted	1,695,637	0	0	1,695,637
Committed	214,727	0	136,250	350,977
Assigned	0	22,214	0	22,214
Unassigned	(73,767)	0	0	(73,767)
<b>Total Fund Balances</b>	<u>2,032,232</u>	<u>22,214</u>	<u>136,250</u>	<u>2,190,696</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 2,803,392</u>	<u>\$ 22,214</u>	<u>\$ 136,250</u>	<u>\$ 2,961,856</u>

**CITY OF NAPOLEON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 114,806	\$ 0	\$ 0	\$ 114,806
Intergovernmental Revenues	997,904	0	0	997,904
Charges for Services	557,377	0	0	557,377
Investment Earnings	17,322	0	0	17,322
Fines and Forfeitures	113,797	0	0	113,797
All Other Revenue	45,514	14,609	0	60,123
<b>Total Revenue</b>	<u>1,846,720</u>	<u>14,609</u>	<u>0</u>	<u>1,861,329</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	581,778	0	0	581,778
Leisure Time Activities	809,897	0	0	809,897
Community Environment	233,354	0	0	233,354
Transportation	530,317	0	0	530,317
General Government	62,769	0	0	62,769
Debt Service:				
Principal Retirement	40,000	30,000	0	70,000
Interest and Fiscal Charges	24,450	26,723	0	51,173
<b>Total Expenditures</b>	<u>2,282,565</u>	<u>56,723</u>	<u>0</u>	<u>2,339,288</u>
Excess (Deficiency) of Revenues Over Expenditures	(435,845)	(42,114)	0	(477,959)
<b>Other Financing Sources (Uses):</b>				
Transfers In	653,516	54,800	50,000	758,316
Transfers Out	(86,493)	0	0	(86,493)
<b>Total Other Financing Sources (Uses)</b>	<u>567,023</u>	<u>54,800</u>	<u>50,000</u>	<u>671,823</u>
Net Change In Fund Balance	131,178	12,686	50,000	193,864
<b>Fund Balances at Beginning of Year</b>	1,825,954	9,528	86,250	1,921,732
Increase in Inventory Reserve	75,100	0	0	75,100
<b>Fund Balances End of Year</b>	<u>\$ 2,032,232</u>	<u>\$ 22,214</u>	<u>\$ 136,250</u>	<u>\$ 2,190,696</u>



**CITY OF NAPOLEON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012**

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 158,861	\$ 21,965	\$ 454,668	\$ 109,828
Receivables:				
Taxes	0	0	0	0
Accounts	3,573	0	0	376,654
Intergovernmental	180,099	14,604	31,893	0
Interest	223	31	637	0
Inventory of Supplies, at Cost	187,033	0	0	0
<b>Total Assets</b>	<b>\$ 529,789</b>	<b>\$ 36,600</b>	<b>\$ 487,198</b>	<b>\$ 486,482</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 1,563	\$ 0	\$ 0	\$ 18,433
Accrued Wages and Benefits Payable	11,018	0	0	0
<b>Total Liabilities</b>	<b>12,581</b>	<b>0</b>	<b>0</b>	<b>18,433</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	120,181	9,752	21,591	324,354
Property Tax for Next Fiscal Year	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>120,181</b>	<b>9,752</b>	<b>21,591</b>	<b>324,354</b>
<b>Fund Balances:</b>				
Nonspendable	187,033	0	0	0
Restricted	209,994	26,848	465,607	0
Committed	0	0	0	143,695
Unassigned	0	0	0	0
<b>Total Fund Balances</b>	<b>397,027</b>	<b>26,848</b>	<b>465,607</b>	<b>143,695</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 529,789</b>	<b>\$ 36,600</b>	<b>\$ 487,198</b>	<b>\$ 486,482</b>

**CITY OF NAPOLEON, OHIO**

Recreation	Downtown Revitalization Grant	Hotel/Motel Tax	CHIP Income	CDBG Income	Indigent Drivers Alcohol Treatment
\$ 93,176	\$ 5,000	\$ 0	\$ 1,280	\$ 40,593	\$ 54,575
0	0	0	0	0	0
1,691	0	7,464	0	0	375
0	0	0	50,181	0	0
130	0	0	0	0	76
8,602	0	0	0	0	0
<u>\$ 103,599</u>	<u>\$ 5,000</u>	<u>\$ 7,464</u>	<u>\$ 51,461</u>	<u>\$ 40,593</u>	<u>\$ 55,026</u>
\$ 5,174	\$ 0	\$ 3,732	\$ 6,419	\$ 0	\$ 0
18,724	0	0	0	0	0
<u>23,898</u>	<u>0</u>	<u>3,732</u>	<u>6,419</u>	<u>0</u>	<u>0</u>
67	0	0	0	0	39
0	0	0	0	0	0
<u>67</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>39</u>
8,602	0	0	0	0	0
0	5,000	3,732	45,042	40,593	54,987
71,032	0	0	0	0	0
0	0	0	0	0	0
<u>79,634</u>	<u>5,000</u>	<u>3,732</u>	<u>45,042</u>	<u>40,593</u>	<u>54,987</u>
<u>\$ 103,599</u>	<u>\$ 5,000</u>	<u>\$ 7,464</u>	<u>\$ 51,461</u>	<u>\$ 40,593</u>	<u>\$ 55,026</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012**

	Law Enforcement and Education	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 4,374	\$ 36,694	\$ 1,703	\$ 17,283
Receivables:				
Taxes	0	0	0	0
Accounts	39	1,856	0	0
Intergovernmental	0	0	0	0
Interest	6	51	0	25
Inventory of Supplies, at Cost	0	0	0	0
<b>Total Assets</b>	<u>\$ 4,419</u>	<u>\$ 38,601</u>	<u>\$ 1,703</u>	<u>\$ 17,308</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	3	26	0	13
Property Tax for Next Fiscal Year	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<u>3</u>	<u>26</u>	<u>0</u>	<u>13</u>
<b>Fund Balances:</b>				
Nonspendable	0	0	0	0
Restricted	4,416	38,575	1,703	17,295
Committed	0	0	0	0
Unassigned	0	0	0	0
<b>Total Fund Balances</b>	<u>4,416</u>	<u>38,575</u>	<u>1,703</u>	<u>17,295</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 4,419</u>	<u>\$ 38,601</u>	<u>\$ 1,703</u>	<u>\$ 17,308</u>



**CITY OF NAPOLEON, OHIO**

<u>Fire Equipment</u>	<u>Municipal Probation Service</u>	<u>Probation Officer Grant</u>	<u>Court Improvement</u>	<u>Handicap Parking Fines</u>	<u>Police Pension</u>
\$ 438,211	\$ 12,487	\$ 4,083	\$ 197,956	\$ 1,100	\$ 0
0	0	0	0	0	92,792
0	1,016	0	4,064	0	0
0	0	24,645	0	0	1,709
614	17	0	0	0	0
0	0	0	0	0	0
<u>\$ 438,825</u>	<u>\$ 13,520</u>	<u>\$ 28,728</u>	<u>\$ 202,020</u>	<u>\$ 1,100</u>	<u>\$ 94,501</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	1,908	0	0	46,007
<u>0</u>	<u>0</u>	<u>1,908</u>	<u>0</u>	<u>0</u>	<u>46,007</u>
317	9	12,322	0	0	7,844
0	0	0	0	0	86,537
<u>317</u>	<u>9</u>	<u>12,322</u>	<u>0</u>	<u>0</u>	<u>94,381</u>
0	0	0	0	0	0
438,508	13,511	14,498	202,020	1,100	0
0	0	0	0	0	0
0	0	0	0	0	(45,887)
<u>438,508</u>	<u>13,511</u>	<u>14,498</u>	<u>202,020</u>	<u>1,100</u>	<u>(45,887)</u>
<u>\$ 438,825</u>	<u>\$ 13,520</u>	<u>\$ 28,728</u>	<u>\$ 202,020</u>	<u>\$ 1,100</u>	<u>\$ 94,501</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012**

	Fire Pension	Cemetery	Law Enforcement OT Grant	Certified Police Training
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 0	\$ 70,906	\$ 15,671	\$ 3,280
Receivables:				
Taxes	46,392	0	0	0
Accounts	0	0	0	0
Intergovernmental	855	0	0	0
Interest	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
<b>Total Assets</b>	<u>\$ 47,247</u>	<u>\$ 70,906</u>	<u>\$ 15,671</u>	<u>\$ 3,280</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	27,937	0	0	0
<b>Total Liabilities</b>	<u>27,937</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	3,922	0	0	0
Property Tax for Next Fiscal Year	43,268	0	0	0
<b>Total Deferred Inflows of Resources</b>	<u>47,190</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>				
Nonspendable	0	0	0	0
Restricted	0	70,906	15,671	3,280
Committed	0	0	0	0
Unassigned	(27,880)	0	0	0
<b>Total Fund Balances</b>	<u>(27,880)</u>	<u>70,906</u>	<u>15,671</u>	<u>3,280</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 47,247</u>	<u>\$ 70,906</u>	<u>\$ 15,671</u>	<u>\$ 3,280</u>

**CITY OF NAPOLEON, OHIO**

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<u>Indigent Drivers Interlock/Alcohol</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 21,694	\$ 1,765,388
0	139,184
657	397,389
0	303,986
0	1,810
0	195,635
<u>\$ 22,351</u>	<u>\$ 2,803,392</u>
\$ 0	\$ 35,321
0	105,594
<u>0</u>	<u>140,915</u>
0	500,440
0	129,805
<u>0</u>	<u>630,245</u>
0	195,635
22,351	1,695,637
0	214,727
0	(73,767)
<u>22,351</u>	<u>2,032,232</u>
<u>\$ 22,351</u>	<u>\$ 2,803,392</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, 2012***

	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	388,360	31,488	107,558	4,500
Charges for Services	9,354	0	0	353,137
Investment Earnings	1,819	386	6,589	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	1,913	0	0	0
<b>Total Revenue</b>	<b>401,446</b>	<b>31,874</b>	<b>114,147</b>	<b>357,637</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	337,655
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	351,671	31,918	146,728	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>351,671</b>	<b>31,918</b>	<b>146,728</b>	<b>337,655</b>
Excess (Deficiency) of Revenues				
Over Expenditures	49,775	(44)	(32,581)	19,982
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	(12,360)	(26,000)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>(12,360)</b>	<b>(26,000)</b>
Net Change In Fund Balance	49,775	(44)	(44,941)	(6,018)
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>271,263</b>	<b>26,892</b>	<b>510,548</b>	<b>149,713</b>
Increase (Decrease) in Inventory Reserve	75,989	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 397,027</b>	<b>\$ 26,848</b>	<b>\$ 465,607</b>	<b>\$ 143,695</b>

**CITY OF NAPOLEON, OHIO**

<u>Recreation</u>	<u>Downtown Revitalization Grant</u>	<u>Hotel/Motel Tax</u>	<u>Fire Loss Claims</u>	<u>CHIP Income</u>	<u>CDBG Income</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	101,376	99,391	0	179,352	10,048
172,088	0	0	0	0	0
1,586	0	0	0	0	0
0	0	0	0	0	0
42,944	0	0	0	0	0
<u>216,618</u>	<u>101,376</u>	<u>99,391</u>	<u>0</u>	<u>179,352</u>	<u>10,048</u>
0	0	0	0	0	0
809,897	0	0	0	0	0
0	96,376	0	0	134,310	0
0	0	0	0	0	0
0	0	48,909	13,860	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>809,897</u>	<u>96,376</u>	<u>48,909</u>	<u>13,860</u>	<u>134,310</u>	<u>0</u>
(593,279)	5,000	50,482	(13,860)	45,042	10,048
581,516	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>(48,133)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>581,516</u>	<u>0</u>	<u>(48,133)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(11,763)	5,000	2,349	(13,860)	45,042	10,048
92,286	0	1,383	13,860	0	30,545
<u>(889)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 79,634</u>	<u>\$ 5,000</u>	<u>\$ 3,732</u>	<u>\$ 0</u>	<u>\$ 45,042</u>	<u>\$ 40,593</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, 2012***

	Indigent Drivers Alcohol Treatment	Law Enforcement and Education	Court Computerization	Law Enforcement Trust
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	642	69	461	24
Fines and Forfeitures	12,611	1,639	19,229	0
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<b>13,253</b>	<b>1,708</b>	<b>19,690</b>	<b>24</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	1,325	2,362	14,746	0
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:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>1,325</b>	<b>2,362</b>	<b>14,746</b>	<b>0</b>
Excess (Deficiency) of Revenues Over Expenditures	11,928	(654)	4,944	24
<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	11,928	(654)	4,944	24
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>43,059</b>	<b>5,070</b>	<b>33,631</b>	<b>1,679</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 54,987</b>	<b>\$ 4,416</b>	<b>\$ 38,575</b>	<b>\$ 1,703</b>

**CITY OF NAPOLEON, OHIO**

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Mandatory Drug Fine	Fire Equipment	Municipal Probation Service	Probation Officer Grant	Court Improvement	Handicap Parking Fines
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	5,831	0	49,290	0	0
0	18,000	0	0	0	0
237	5,369	140	0	0	0
1,767	0	14,078	0	59,285	0
0	0	0	0	0	0
<u>2,004</u>	<u>29,200</u>	<u>14,218</u>	<u>49,290</u>	<u>59,285</u>	<u>0</u>
1,419	37,517	10,125	49,320	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	40,000	0
0	0	0	0	24,450	0
<u>1,419</u>	<u>37,517</u>	<u>10,125</u>	<u>49,320</u>	<u>64,450</u>	<u>0</u>
585	(8,317)	4,093	(30)	(5,165)	0
0	72,000	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>72,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
585	63,683	4,093	(30)	(5,165)	0
16,710	374,825	9,418	14,528	207,185	1,100
0	0	0	0	0	0
<u>\$ 17,295</u>	<u>\$ 438,508</u>	<u>\$ 13,511</u>	<u>\$ 14,498</u>	<u>\$ 202,020</u>	<u>\$ 1,100</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, 2012***

	Police Pension	Fire Pension	Cemetery	Law Enforcement OT Grant
<b>Revenues:</b>				
Property Taxes	\$ 76,149	\$ 38,657	\$ 0	\$ 0
Intergovernmental Revenues	11,731	8,979	0	0
Charges for Services	0	0	4,798	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<u>87,880</u>	<u>47,636</u>	<u>4,798</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	84,263	43,046	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	2,668	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<u>84,263</u>	<u>43,046</u>	<u>2,668</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	3,617	4,590	2,130	0
<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>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	3,617	4,590	2,130	0
<b>Fund Balances (Deficit) at Beginning of Year</b>	(49,504)	(32,470)	68,776	15,671
Increase (Decrease) in Inventory Reserve	0	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ (45,887)</u>	<u>\$ (27,880)</u>	<u>\$ 70,906</u>	<u>\$ 15,671</u>



**CITY OF NAPOLEON, OHIO**

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Certified Police Training	Indigent Drivers Interlock/Alcohol	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 114,806
0	0	997,904
0	0	557,377
0	0	17,322
0	5,188	113,797
0	657	45,514
<u>0</u>	<u>5,845</u>	<u>1,846,720</u>
0	0	581,778
0	0	809,897
0	0	233,354
0	0	530,317
0	0	62,769
0	0	40,000
<u>0</u>	<u>0</u>	<u>24,450</u>
<u>0</u>	<u>0</u>	<u>2,282,565</u>
0	5,845	(435,845)
0	0	653,516
<u>0</u>	<u>0</u>	<u>(86,493)</u>
<u>0</u>	<u>0</u>	<u>567,023</u>
0	5,845	131,178
3,280	16,506	1,825,954
<u>0</u>	<u>0</u>	<u>75,100</u>
<u>\$ 3,280</u>	<u>\$ 22,351</u>	<u>\$ 2,032,232</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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 264,480	\$ 252,040	\$ 252,044	\$ 4
Municipal Income Taxes	3,175,000	3,535,660	3,535,690	30
Other Local Taxes	513,600	524,942	524,942	0
Intergovernmental Revenues	329,260	443,330	443,358	28
Charges for Services	263,120	260,350	260,370	20
Licenses and Permits	55,800	76,490	76,513	23
Investment Earnings	70,000	78,670	78,675	5
Special Assessments	0	470	471	1
Fines and Forfeitures	263,000	225,810	225,827	17
All Other Revenues	378,597	341,087	341,098	11
Total Revenues	<u>5,312,857</u>	<u>5,738,849</u>	<u>5,738,988</u>	<u>139</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	1,568,640	1,563,920	1,563,862	58
Materials and Supplies	96,450	68,560	68,513	47
Contractual Services	134,681	106,081	105,768	313
Other Expenditures	6,800	5,100	5,097	3
Total Police	<u>1,806,571</u>	<u>1,743,661</u>	<u>1,743,240</u>	<u>421</u>
Fire:				
Personal Services	803,657	781,887	781,810	77
Materials and Supplies	52,900	37,130	37,081	49
Contractual Services	122,076	77,196	74,734	2,462
Total Fire	<u>978,633</u>	<u>896,213</u>	<u>893,625</u>	<u>2,588</u>
Total Security of Persons and Property	<u>2,785,204</u>	<u>2,639,874</u>	<u>2,636,865</u>	<u>3,009</u>
Public Health and Welfare Services:				
Cemetery:				
Personal Services	83,040	78,030	77,989	41
Materials and Supplies	14,301	10,751	10,732	19
Contractual Services	15,710	11,160	11,102	58
Total Public Health and Welfare Services	<u>113,051</u>	<u>99,941</u>	<u>99,823</u>	<u>118</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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	107,040	105,660	105,627	33
Materials and Supplies	2,780	1,630	1,611	19
Contractual Services	19,665	9,912	9,883	29
Other Expenditures	650	140	129	11
Total Community Environment	130,135	117,342	117,250	92
General Government:				
City Council:				
Personal Services	17,348	16,832	16,778	54
Materials and Supplies	300	140	133	7
Contractual Services	804	559	546	13
Other Expenditures	400	980	973	7
Total City Council	18,852	18,511	18,430	81
Mayor:				
Personal Services	1,885	1,564	1,528	36
Materials and Supplies	200	140	135	5
Contractual Services	1,670	1,190	1,173	17
Other Expenditures	50	40	35	5
Total Mayor	3,805	2,934	2,871	63
City Manager - Administration:				
Personal Services	25,451	21,080	20,627	453
Materials and Supplies	566	354	345	9
Contractual Services	396	212	204	8
Other Expenditures	550	310	303	7
Total City Manager - Administration	26,963	21,956	21,479	477
City Manager - Human Resources:				
Personal Services	96,800	95,450	95,419	31
Materials and Supplies	500	0	0	0
Contractual Services	9,150	2,030	2,018	12
Other Expenditures	200	0	0	0
Total City Manager - Human Resources	106,650	97,480	97,437	43

(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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	24,705	14,401	14,089	312
Materials and Supplies	838	378	368	10
Contractual Services	3,399	3,652	3,279	373
Other Expenditures	500	0	0	0
Total Law Director	29,442	18,431	17,736	695
Finance - Administration:				
Personal Services	45,721	37,751	36,941	810
Materials and Supplies	2,500	1,510	1,509	1
Contractual Services	13,400	10,408	10,097	311
Other Expenditures	1,260	640	639	1
Total Finance - Administration	62,881	50,309	49,186	1,123
Finance - Utility Billing:				
Personal Services	17,075	13,879	13,577	302
Materials and Supplies	4,477	3,393	3,319	74
Contractual Services	7,159	5,391	5,261	130
Total Finance - Utility Billing	28,711	22,663	22,157	506
Finance - Income Tax Collection:				
Personal Services	139,760	134,130	134,102	28
Materials and Supplies	6,170	5,070	5,055	15
Contractual Services	17,070	12,534	12,507	27
Capital Outlay	2,000	1,200	1,194	6
Total Finance - Income Tax Collection	165,000	152,934	152,858	76
Finance - Information Systems:				
Personal Services	127,990	98,910	98,874	36
Materials and Supplies	25,277	25,117	22,622	2,495
Contractual Services	56,275	53,305	49,785	3,520
Total Finance - Information Systems	209,542	177,332	171,281	6,051
City Engineer:				
Personal Services	34,261	26,416	25,847	569
Materials and Supplies	1,389	746	727	19
Contractual Services	11,547	9,887	9,671	216
Other Expenditures	3,000	1,300	1,292	8
Total City Engineer	50,197	38,349	37,537	812

(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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	438,500	436,930	436,911	19
Materials and Supplies	42,461	39,871	39,051	820
Contractual Services	69,430	54,690	54,626	64
Other Expenditures	230	80	70	10
Total Municipal Court	550,621	531,571	530,658	913
Service - Buildings, Property and Equipment:				
Personal Services	15,781	11,994	11,736	258
Materials and Supplies	2,065	1,096	1,070	26
Contractual Services	512	277	267	10
Other Expenditures	140	0	0	0
Total Service - Buildings, Property and Equipment	18,498	13,367	13,073	294
Miscellaneous:				
Materials and Supplies	2,402	925	899	26
Contractual Services	35,622	30,840	29,923	917
Other Expenditures	24,053	17,258	16,773	485
Total Miscellaneous	62,077	49,023	47,595	1,428
Total General Government	1,333,239	1,194,860	1,182,298	12,562
Total Expenditures	4,361,629	4,052,017	4,036,236	15,781
Excess (Deficiency) of Revenues Over (Under) Expenditures	951,228	1,686,832	1,702,752	15,920
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	19,290	19,300	10
Transfers In	359,209	106,669	106,680	11
Transfers Out	(1,813,670)	(1,824,560)	(1,824,546)	14
Total Other Financing Sources (Uses)	(1,454,461)	(1,698,601)	(1,698,566)	35
Net Change In Fund Balance	(503,233)	(11,769)	4,186	15,955
Fund Balance at Beginning of Year	1,070,071	1,070,071	1,070,071	0
Prior Year Encumbrances	61,004	61,004	61,004	0
Fund Balance at End of Year	\$ 627,842	\$ 1,119,306	\$ 1,135,261	\$ 15,955

**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, 2012**

<b>SPECIAL ASSESSMENT BOND RETIREMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 9,230	\$ 11,050	\$ 11,060	\$ 10
Special Assessments	88,310	92,630	92,647	17
All Other Revenues	0	2,570	2,575	5
Total Revenues	<u>97,540</u>	<u>106,250</u>	<u>106,282</u>	<u>32</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	3,100	2,820	2,819	1
Debt Service:				
Principal Retirement	75,360	75,360	75,351	9
Interest and Fiscal Charges	18,100	17,430	17,422	8
Total Expenditures	<u>96,560</u>	<u>95,610</u>	<u>95,592</u>	<u>18</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	980	10,640	10,690	50
<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	13,340	23,000	23,050	50
Fund Balance at Beginning of Year	550,027	550,027	550,027	0
Fund Balance at End of Year	<u>\$ 563,367</u>	<u>\$ 573,027</u>	<u>\$ 573,077</u>	<u>\$ 50</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, 2012**

<b>CAPITAL IMPROVEMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 86,500	\$ 2,750	\$ 2,756	\$ 6
Special Assessments	0	1,810	1,815	5
All Other Revenues	6,495	14,565	14,566	1
Total Revenues	<u>92,995</u>	<u>19,125</u>	<u>19,137</u>	<u>12</u>
<b>Expenditures:</b>				
Capital Outlay:				
Law Director	3,000	1,000	737	263
Finance - Administration	41,100	19,900	19,892	8
Central Information System	25,000	25,000	24,596	404
Engineering	30,688	22,928	22,924	4
Police	141,150	124,700	124,651	49
Fire	6,000	3,210	3,208	2
Parks and Recreation	166,922	132,802	132,756	46
Cemetery	11,300	10,520	10,507	13
Street Maintenance	999,717	908,667	903,105	5,562
Total Expenditures	<u>1,424,877</u>	<u>1,248,727</u>	<u>1,242,376</u>	<u>6,351</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,331,882)	(1,229,602)	(1,223,239)	6,363
<b>Other Financing Sources (Uses):</b>				
Transfers In	969,755	1,104,295	1,104,305	10
Transfers Out	(268,550)	(268,550)	(268,550)	0
Total Other Financing Sources (Uses)	<u>701,205</u>	<u>835,745</u>	<u>835,755</u>	<u>10</u>
Net Change In Fund Balance	(630,677)	(393,857)	(387,484)	6,373
Fund Balance at Beginning of Year	558,150	558,150	558,150	0
Prior Year Encumbrances	148,157	148,157	148,157	0
Fund Balance at End of Year	<u>\$ 75,630</u>	<u>\$ 312,450</u>	<u>\$ 318,823</u>	<u>\$ 6,373</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, 2012**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 410,000	\$ 389,110	\$ 389,109	\$ (1)
Charges for Services	3,000	8,990	8,998	8
Investment Earnings	1,300	1,790	1,792	2
All Other Revenues	6,050	5,350	5,346	(4)
Total Revenues	<u>420,350</u>	<u>405,240</u>	<u>405,245</u>	<u>5</u>
<b>Expenditures:</b>				
Transportation:				
Street Maintenance:				
Personal Services	321,650	200,890	200,839	51
Materials and Supplies	103,108	72,928	72,271	657
Contractual Services	106,233	44,033	43,953	80
Other Expenditures	24,300	18,040	18,036	4
Total Street Maintenance	<u>555,291</u>	<u>335,891</u>	<u>335,099</u>	<u>792</u>
Ice and Snow Removal:				
Personal Services	32,000	5,840	5,837	3
Materials and Supplies	12,618	7,008	6,978	30
Contractual Services	12,306	1,906	0	1,906
Other Expenditures	7,500	2,480	2,477	3
Total Ice and Snow Removal	<u>64,424</u>	<u>17,234</u>	<u>15,292</u>	<u>1,942</u>
Storm Drainage:				
Personal Services	11,000	10,900	10,892	8
Materials and Supplies	7,000	110	106	4
Contractual Services	3,000	2,360	2,350	10
Other Expenditures	1,000	40	31	9
Total Storm Drainage	<u>22,000</u>	<u>13,410</u>	<u>13,379</u>	<u>31</u>
Total Expenditures	<u>641,715</u>	<u>366,535</u>	<u>363,770</u>	<u>2,765</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,365)	38,705	41,475	2,770
<b>Other Financing Sources (Uses):</b>				
Transfers In	164,000	0	0	0
Total Other Financing Sources (Uses)	<u>164,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	(57,365)	38,705	41,475	2,770
Fund Balance at Beginning of Year	97,353	97,353	97,353	0
Prior Year Encumbrances	14,415	14,415	14,415	0
Fund Balance at End of Year	<u>\$ 54,403</u>	<u>\$ 150,473</u>	<u>\$ 153,243</u>	<u>\$ 2,770</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, 2012***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 31,900	\$ 31,540	\$ 31,550	\$ 10
Investment Earnings	290	380	387	7
Total Revenues	<u>32,190</u>	<u>31,920</u>	<u>31,937</u>	<u>17</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	15,400	12,200	12,200	0
Contractual Services	<u>26,000</u>	<u>20,560</u>	<u>20,550</u>	<u>10</u>
Total Expenditures	<u>41,400</u>	<u>32,760</u>	<u>32,750</u>	<u>10</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,210)	(840)	(813)	27
Fund Balance at Beginning of Year	<u>21,946</u>	<u>21,946</u>	<u>21,946</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,736</u>	<u>\$ 21,106</u>	<u>\$ 21,133</u>	<u>\$ 27</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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>MOTOR VEHICLE LICENSE TAX FUND</b>				
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 109,000	\$ 106,940	\$ 106,942	\$ 2
Investment Earnings	4,420	6,630	6,646	16
Total Revenues	<u>113,420</u>	<u>113,570</u>	<u>113,588</u>	<u>18</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	90,624	61,674	61,661	13
Contractual Services	176,658	96,358	95,637	721
Total Expenditures	<u>267,282</u>	<u>158,032</u>	<u>157,298</u>	<u>734</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(153,862)	(44,462)	(43,710)	752
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(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	(166,222)	(56,822)	(56,070)	752
Fund Balance at Beginning of Year	412,886	412,886	412,886	0
Prior Year Encumbrances	87,282	87,282	87,282	0
Fund Balance at End of Year	<u>\$ 333,946</u>	<u>\$ 443,346</u>	<u>\$ 444,098</u>	<u>\$ 752</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, 2012**

<b>EMS TRANSPORT SERVICE FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 4,500	\$ 4,500	\$ 4,500	\$ 0
Charges for Services	245,877	349,317	351,450	2,133
Total Revenues	<u>250,377</u>	<u>353,817</u>	<u>355,950</u>	<u>2,133</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Materials and Supplies	32,237	26,820	26,804	16
Contractual Services	117,242	113,959	111,039	2,920
Other Expenditures	160,000	220,000	220,000	0
Capital Outlay	5,250	4,530	4,520	10
Total Expenditures	<u>314,729</u>	<u>365,309</u>	<u>362,363</u>	<u>2,946</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,352)	(11,492)	(6,413)	5,079
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(26,000)	(26,000)	(26,000)	0
Total Other Financing Sources (Uses)	<u>(26,000)</u>	<u>(26,000)</u>	<u>(26,000)</u>	<u>0</u>
Net Change In Fund Balance	(90,352)	(37,492)	(32,413)	5,079
Fund Balance at Beginning of Year	100,625	100,625	100,625	0
Prior Year Encumbrances	20,102	20,102	20,102	0
Fund Balance at End of Year	<u>\$ 30,375</u>	<u>\$ 83,235</u>	<u>\$ 88,314</u>	<u>\$ 5,079</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, 2012**

<b>RECREATION FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 230,520	\$ 172,740	\$ 172,841	\$ 101
Investment Earnings	940	1,600	1,601	1
All Other Revenues	40,600	41,360	41,374	14
Total Revenues	<u>272,060</u>	<u>215,700</u>	<u>215,816</u>	<u>116</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Administration:				
Personal Services	82,600	82,800	82,764	36
Materials and Supplies	17,150	14,290	14,115	175
Contractual Services	4,170	1,660	1,652	8
Other Expenditures	2,250	0	0	0
Total Administration	<u>106,170</u>	<u>98,750</u>	<u>98,531</u>	<u>219</u>
Golf Course Operations:				
Personal Services	153,270	144,990	144,947	43
Materials and Supplies	70,454	60,324	59,687	637
Contractual Services	19,640	17,130	17,043	87
Total Golf Course Operations	<u>243,364</u>	<u>222,444</u>	<u>221,677</u>	<u>767</u>
Pool Operations:				
Personal Services	57,350	47,840	47,820	20
Materials and Supplies	29,000	25,730	25,725	5
Contractual Services	25,330	22,970	22,931	39
Total Pool Operations	<u>111,680</u>	<u>96,540</u>	<u>96,476</u>	<u>64</u>
Parks and Programs:				
Personal Services	267,890	260,550	260,507	43
Materials and Supplies	93,753	89,733	89,713	20
Contractual Services	59,640	46,310	46,245	65
Total Parks and Programs	<u>421,283</u>	<u>396,593</u>	<u>396,465</u>	<u>128</u>
Total Expenditures	<u>882,497</u>	<u>814,327</u>	<u>813,149</u>	<u>1,178</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, 2012***

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**RECREATION FUND**

Excess (Deficiency) of Revenues Over (Under) Expenditures	(610,437)	(598,627)	(597,333)	1,294
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>534,420</u>	<u>581,510</u>	<u>581,516</u>	<u>6</u>
Total Other Financing Sources (Uses)	<u>534,420</u>	<u>581,510</u>	<u>581,516</u>	<u>6</u>
Net Change In Fund Balance	(76,017)	(17,117)	(15,817)	1,300
Fund Balance at Beginning of Year	101,727	101,727	101,727	0
Prior Year Encumbrances	<u>6,057</u>	<u>6,057</u>	<u>6,057</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 31,767</u>	<u>\$ 90,667</u>	<u>\$ 91,967</u>	<u>\$ 1,300</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, 2012**

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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	11,370	11,370	0
Total Expenditures	12,000	11,370	11,370	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,000)	(11,370)	(11,370)	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	12,000	12,000	12,000	0
Transfers Out	0	(5,503)	(5,503)	0
Total Other Financing Sources (Uses)	12,000	6,497	6,497	0
Net Change In Fund Balance	0	(4,873)	(4,873)	0
Fund Balance at Beginning of Year	4,873	4,873	4,873	0
Fund Balance at End of Year	\$ 4,873	\$ 0	\$ 0	\$ 0

**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, 2012***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 900	\$ 1,016	\$ 1,016	\$ 0
Total Revenues	<u>900</u>	<u>1,016</u>	<u>1,016</u>	<u>0</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	<u>29,000</u>	<u>29,000</u>	<u>29,000</u>	<u>0</u>
Total Expenditures	<u>29,000</u>	<u>29,000</u>	<u>29,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,100)	(27,984)	(27,984)	0
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>0</u>	<u>(53,044)</u>	<u>(53,044)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(53,044)</u>	<u>(53,044)</u>	<u>0</u>
Net Change In Fund Balance	(28,100)	(81,028)	(81,028)	0
Fund Balance at Beginning of Year	<u>81,028</u>	<u>81,028</u>	<u>81,028</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 52,928</u>	<u>\$ 0</u>	<u>\$ 0</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, 2012**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 400,000	\$ 101,380	\$ 101,376	\$ (4)
Total Revenues	<u>400,000</u>	<u>101,380</u>	<u>101,376</u>	<u>(4)</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	<u>402,844</u>	<u>99,234</u>	<u>99,220</u>	<u>14</u>
Total Expenditures	<u>402,844</u>	<u>99,234</u>	<u>99,220</u>	<u>14</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,844)	2,146	2,156	10
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	2,844	2,844	2,844	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 4,990</u>	<u>\$ 5,000</u>	<u>\$ 10</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, 2012***

<b>HOTEL/MOTEL TAX FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 76,000	\$ 96,266	\$ 96,266	\$ 0
Total Revenues	<u>76,000</u>	<u>96,266</u>	<u>96,266</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	38,000	48,133	48,133	0
Total Expenditures	<u>38,000</u>	<u>48,133</u>	<u>48,133</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,000	48,133	48,133	0
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(38,000)	(48,133)	(48,133)	0
Total Other Financing Sources (Uses)	<u>(38,000)</u>	<u>(48,133)</u>	<u>(48,133)</u>	<u>0</u>
Net Change In Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2012***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
General Government:				
Other Expenditures	13,860	13,860	13,860	0
Total Expenditures	13,860	13,860	13,860	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,860)	(13,860)	(13,860)	0
Fund Balance at Beginning of Year	13,860	13,860	13,860	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 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, 2012**

<b>CHIP INCOME FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 500,000	\$ 129,170	\$ 129,171	\$ 1
Total Revenues	<u>500,000</u>	<u>129,170</u>	<u>129,171</u>	<u>1</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	500,000	127,900	127,891	9
Total Expenditures	<u>500,000</u>	<u>127,900</u>	<u>127,891</u>	<u>9</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1,270	1,280	10
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 1,270</u>	<u>\$ 1,280</u>	<u>\$ 10</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, 2012**

<b>CDBG INCOME FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 23,000	\$ 10,050	\$ 10,048	\$ (2)
Total Revenues	<u>23,000</u>	<u>10,050</u>	<u>10,048</u>	<u>(2)</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	55,000	1,730	1,727	3
Total Expenditures	<u>55,000</u>	<u>1,730</u>	<u>1,727</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,000)	8,320	8,321	1
Fund Balance at Beginning of Year	32,272	32,272	32,272	0
Fund Balance at End of Year	<u>\$ 272</u>	<u>\$ 40,592</u>	<u>\$ 40,593</u>	<u>\$ 1</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, 2012***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 360	\$ 630	\$ 635	\$ 5
Fines and Forfeitures	7,000	12,930	12,931	1
Total Revenues	<u>7,360</u>	<u>13,560</u>	<u>13,566</u>	<u>6</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	<u>25,000</u>	<u>1,330</u>	<u>1,325</u>	<u>5</u>
Total Expenditures	<u>25,000</u>	<u>1,330</u>	<u>1,325</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,640)	12,230	12,241	11
Fund Balance at Beginning of Year	<u>42,334</u>	<u>42,334</u>	<u>42,334</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,694</u>	<u>\$ 54,564</u>	<u>\$ 54,575</u>	<u>\$ 11</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, 2012***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 60	\$ 60	\$ 70	\$ 10
Fines and Forfeitures	1,900	1,730	1,729	(1)
Total Revenues	<u>1,960</u>	<u>1,790</u>	<u>1,799</u>	<u>9</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	3,000	580	576	4
Contractual Services	2,320	1,330	1,116	214
Capital Outlay	1,000	1,180	1,174	6
Total Expenditures	<u>6,320</u>	<u>3,090</u>	<u>2,866</u>	<u>224</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,360)	(1,300)	(1,067)	233
Fund Balance at Beginning of Year	4,899	4,899	4,899	0
Prior Year Encumbrances	320	320	320	0
Fund Balance at End of Year	<u>\$ 859</u>	<u>\$ 3,919</u>	<u>\$ 4,152</u>	<u>\$ 233</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, 2012***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 290	\$ 460	\$ 461	\$ 1
Fines and Forfeitures	18,000	19,070	19,074	4
Total Revenues	<u>18,290</u>	<u>19,530</u>	<u>19,535</u>	<u>5</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	3,500	70	63	7
Other Expenditures	10,000	10,000	10,000	0
Capital Outlay	26,050	26,050	25,943	107
Total Expenditures	<u>39,550</u>	<u>36,120</u>	<u>36,006</u>	<u>114</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,260)	(16,590)	(16,471)	119
Fund Balance at Beginning of Year	27,365	27,365	27,365	0
Prior Year Encumbrances	6,800	6,800	6,800	0
Fund Balance at End of Year	<u>\$ 12,905</u>	<u>\$ 17,575</u>	<u>\$ 17,694</u>	<u>\$ 119</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, 2012***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 20	\$ 20	\$ 25	\$ 5
All Other Revenues	200	0	0	0
Total Revenues	<u>220</u>	<u>20</u>	<u>25</u>	<u>5</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	1,000	0	0	0
Capital Outlay	500	0	0	0
Total Expenditures	<u>1,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,280)	20	25	5
Fund Balance at Beginning of Year	1,678	1,678	1,678	0
Fund Balance at End of Year	<u>\$ 398</u>	<u>\$ 1,698</u>	<u>\$ 1,703</u>	<u>\$ 5</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, 2012***

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 140	\$ 230	\$ 236	\$ 6
Fines and Forfeitures	1,000	2,130	2,130	0
Total Revenues	<u>1,140</u>	<u>2,360</u>	<u>2,366</u>	<u>6</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	3,000	1,430	1,419	11
Other Expenditures	2,000	100	98	2
Total Expenditures	<u>5,000</u>	<u>1,530</u>	<u>1,517</u>	<u>13</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,860)	830	849	19
Fund Balance at Beginning of Year	16,336	16,336	16,336	0
Fund Balance at End of Year	<u>\$ 12,476</u>	<u>\$ 17,166</u>	<u>\$ 17,185</u>	<u>\$ 19</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, 2012**

<b>FIRE EQUIPMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	218,500	5,830	5,831	1
Charges for Services	\$ 18,000	\$ 18,000	\$ 18,000	\$ 0
Investment Earnings	3,420	5,340	5,345	5
Total Revenues	<u>239,920</u>	<u>29,170</u>	<u>29,176</u>	<u>6</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Capital Outlay	276,000	40,820	40,812	8
Total Expenditures	<u>276,000</u>	<u>40,820</u>	<u>40,812</u>	<u>8</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,080)	(11,650)	(11,636)	14
<b>Other Financing Sources (Uses):</b>				
Transfers In	72,000	72,000	72,000	0
Total Other Financing Sources (Uses)	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	<u>0</u>
Net Change In Fund Balance	35,920	60,350	60,364	14
Fund Balance at Beginning of Year	374,552	374,552	374,552	0
Fund Balance at End of Year	<u>\$ 410,472</u>	<u>\$ 434,902</u>	<u>\$ 434,916</u>	<u>\$ 14</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, 2012***

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 70	\$ 130	\$ 138	\$ 8
Fines and Forfeitures	13,000	13,890	13,892	2
Total Revenues	<u>13,070</u>	<u>14,020</u>	<u>14,030</u>	<u>10</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	4,000	1,110	1,109	1
Contractual Services	11,710	8,520	8,517	3
Other Expenditures	500	500	499	1
Total Expenditures	<u>16,210</u>	<u>10,130</u>	<u>10,125</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,140)	3,890	3,905	15
Fund Balance at Beginning of Year	8,582	8,582	8,582	0
Fund Balance at End of Year	<u>\$ 5,442</u>	<u>\$ 12,472</u>	<u>\$ 12,487</u>	<u>\$ 15</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, 2012**

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 49,290	\$ 49,290	\$ 49,289	\$ (1)
Total Revenues	<u>49,290</u>	<u>49,290</u>	<u>49,289</u>	<u>(1)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>49,290</u>	<u>49,289</u>	<u>49,289</u>	<u>0</u>
Total Expenditures	<u>49,290</u>	<u>49,289</u>	<u>49,289</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1	0	(1)
Fund Balance at Beginning of Year	<u>4,083</u>	<u>4,083</u>	<u>4,083</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,083</u>	<u>\$ 4,084</u>	<u>\$ 4,083</u>	<u>\$ (1)</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, 2012***

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 65,000	\$ 61,220	\$ 61,216	\$ (4)
Total Revenues	<u>65,000</u>	<u>61,220</u>	<u>61,216</u>	<u>(4)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	<u>24,450</u>	<u>24,450</u>	<u>24,450</u>	<u>0</u>
Total Expenditures	<u>64,450</u>	<u>64,450</u>	<u>64,450</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	550	(3,230)	(3,234)	(4)
Fund Balance at Beginning of Year	<u>201,190</u>	<u>201,190</u>	<u>201,190</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 201,740</u>	<u>\$ 197,960</u>	<u>\$ 197,956</u>	<u>\$ (4)</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, 2012***

---

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

**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, 2012**

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 79,340	\$ 76,029	\$ 76,029	\$ 0
Intergovernmental Revenues	11,860	11,731	11,731	0
Total Revenues	<u>91,200</u>	<u>87,760</u>	<u>87,760</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>91,200</u>	<u>87,760</u>	<u>87,760</u>	<u>0</u>
Total Expenditures	<u>91,200</u>	<u>87,760</u>	<u>87,760</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
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>\$ 0</u>	<u>\$ 0</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, 2012**

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 39,680	\$ 38,600	\$ 38,600	\$ 0
Intergovernmental Revenues	5,920	8,979	8,979	0
Total Revenues	<u>45,600</u>	<u>47,579</u>	<u>47,579</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>45,600</u>	<u>47,579</u>	<u>47,579</u>	<u>0</u>
Total Expenditures	<u>45,600</u>	<u>47,579</u>	<u>47,579</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
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>\$ 0</u>	<u>\$ 0</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, 2012**

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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	\$ 4,790	\$ 4,798	\$ 8
Total Revenues	<u>2,500</u>	<u>4,790</u>	<u>4,798</u>	<u>8</u>
<b>Expenditures:</b>				
Community Environment:				
Materials and Supplies	<u>6,000</u>	<u>2,670</u>	<u>2,668</u>	<u>2</u>
Total Expenditures	<u>6,000</u>	<u>2,670</u>	<u>2,668</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,500)	2,120	2,130	10
Fund Balance at Beginning of Year	<u>68,776</u>	<u>68,776</u>	<u>68,776</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 65,276</u>	<u>\$ 70,896</u>	<u>\$ 70,906</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, 2012***

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<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
Fund Balance at Beginning of Year	15,671	15,671	15,671	0
Fund Balance at End of Year	<u>\$ 15,671</u>	<u>\$ 15,671</u>	<u>\$ 15,671</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, 2012**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	1,000	0	0	0
Contractual Services	2,000	0	0	0
Total Expenditures	3,000	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	0	0	0
Fund Balance at Beginning of Year	3,280	3,280	3,280	0
Fund Balance at End of Year	\$ 280	\$ 3,280	\$ 3,280	\$ 0

**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, 2012**

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 4,000	\$ 5,520	\$ 5,526	\$ 6
Total Revenues	<u>4,000</u>	<u>5,520</u>	<u>5,526</u>	<u>6</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	5,520	5,526	6
Fund Balance at Beginning of Year	<u>16,168</u>	<u>16,168</u>	<u>16,168</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,168</u>	<u>\$ 21,688</u>	<u>\$ 21,694</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 Debt Service Fund  
For the Year Ended December 31, 2012***

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 0	\$ 14,600	\$ 14,609	\$ 9
Total Revenues	0	14,600	14,609	9
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	24,800	26,730	26,723	7
Total Expenditures	54,800	56,730	56,723	7
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,800)	(42,130)	(42,114)	16
<b>Other Financing Sources (Uses):</b>				
Transfers In	54,800	54,800	54,800	0
Total Other Financing Sources (Uses)	54,800	54,800	54,800	0
Net Change In Fund Balance	0	12,670	12,686	16
Fund Balance at Beginning of Year	9,528	9,528	9,528	0
Fund Balance at End of Year	\$ 9,528	\$ 22,198	\$ 22,214	\$ 16

**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 Capital Projects Fund  
For the Year Ended December 31, 2011**

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	CIP FUNDING RESERVE FUND			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	50,000	50,000	50,000	0
Total Other Financing Sources (Uses)	50,000	50,000	50,000	0
Net Change In Fund Balance	50,000	50,000	50,000	0
Fund Balance at Beginning of Year	86,250	86,250	86,250	0
Fund Balance at End of Year	\$ 136,250	\$ 136,250	\$ 136,250	\$ 0

***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, 2012**

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$26,442	\$1,498,679	(\$1,504,440)	\$20,681
Total Assets	\$26,442	\$1,498,679	(\$1,504,440)	\$20,681
Liabilities:				
Due to Others	\$26,442	\$1,498,679	(\$1,504,440)	\$20,681
Total Liabilities	\$26,442	\$1,498,679	(\$1,504,440)	\$20,681
<u>Law Library</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$28,908	(\$28,908)	\$0
Total Assets	\$0	\$28,908	(\$28,908)	\$0
Liabilities:				
Due to Others	\$0	\$28,908	(\$28,908)	\$0
Total Liabilities	\$0	\$28,908	(\$28,908)	\$0
<u>Payroll Withholding</u>				
Assets:				
Cash and Cash Equivalents	\$9,570	\$15,103	(\$14,442)	\$10,231
Total Assets	\$9,570	\$15,103	(\$14,442)	\$10,231
Liabilities:				
Due to Others	\$9,570	\$15,103	(\$14,442)	\$10,231
Total Liabilities	\$9,570	\$15,103	(\$14,442)	\$10,231
<u>Totals - Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$36,012	\$1,542,690	(\$1,547,790)	\$30,912
Total Assets	\$36,012	\$1,542,690	(\$1,547,790)	\$30,912
Liabilities:				
Due to Others	\$36,012	\$1,542,690	(\$1,547,790)	\$30,912
Total Liabilities	\$36,012	\$1,542,690	(\$1,547,790)	\$30,912



# *STATISTICAL SECTION*

**EVERYONE LOVES A PARADE!**



**YOUNG AND YOUNG AT HEART**



**WE ENJOY AND CELEBRATE!**





## *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 Position by Component  
Last Ten Years  
(accrual basis of accounting)*

	2003	2004	2005	2006
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$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 Position	<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>				
Net Investment in Capital Assets	\$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 Position	<u>\$26,259,172</u>	<u>\$26,715,061</u>	<u>\$28,301,108</u>	<u>\$29,260,885</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$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 Position	<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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2007	2008	2009	2010	2011	2012
\$24,814,158	\$28,323,805	\$29,555,216	\$29,541,627	\$30,103,480	\$29,912,554
5,668,640	3,625,081	4,298,992	4,512,545	3,885,950	2,461,068
3,267,539	2,815,897	1,948,134	1,663,304	1,537,086	2,684,562
<u>\$33,750,337</u>	<u>\$34,764,783</u>	<u>\$35,802,342</u>	<u>\$35,717,476</u>	<u>\$35,526,516</u>	<u>\$35,058,184</u>
\$13,254,500	\$15,258,691	\$16,271,445	\$19,332,790	\$21,224,567	\$22,401,640
17,723,570	16,121,443	16,531,170	15,426,346	14,694,663	16,236,989
<u>\$30,978,070</u>	<u>\$31,380,134</u>	<u>\$32,802,615</u>	<u>\$34,759,136</u>	<u>\$35,919,230</u>	<u>\$38,638,629</u>
\$38,068,658	\$43,582,496	\$45,826,661	\$48,874,417	\$51,328,047	\$52,314,194
5,668,640	3,625,081	4,298,992	4,512,545	3,885,950	2,461,068
20,991,109	18,937,340	18,479,304	17,089,650	16,231,749	18,921,551
<u>\$64,728,407</u>	<u>\$66,144,917</u>	<u>\$68,604,957</u>	<u>\$70,476,612</u>	<u>\$71,445,746</u>	<u>\$73,696,813</u>

## City of Napoleon, Ohio

### Changes in Net Position Last Ten 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>\$22,396,607</u>	<u>\$24,965,989</u>	<u>\$26,364,405</u>	<u>\$23,672,251</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*

2007	2008	2009	2010	2011	2012
\$3,424,326	\$3,979,748	\$3,099,089	\$3,125,458	\$3,318,795	\$3,461,564
137,358	106,214	103,153	112,440	123,641	109,157
885,586	933,722	899,442	904,829	868,775	920,814
725,183	486,196	757,040	517,452	1,263,518	381,223
1,364,559	872,400	1,702,924	1,299,067	760,223	1,316,777
1,067,981	678,405	991,969	1,122,335	1,086,864	1,329,567
100,392	121,860	77,480	85,901	96,494	63,709
<u>7,705,385</u>	<u>7,178,545</u>	<u>7,631,097</u>	<u>7,167,482</u>	<u>7,518,310</u>	<u>7,582,811</u>
12,864,738	12,489,602	13,852,433	14,396,085	14,714,910	14,533,499
2,043,701	2,175,036	2,543,426	2,474,059	3,229,358	2,621,913
2,247,335	2,648,013	3,235,829	2,782,393	2,921,313	2,663,795
661,575	677,146	626,167	768,173	733,632	793,380
<u>17,817,349</u>	<u>17,989,797</u>	<u>20,257,855</u>	<u>20,420,710</u>	<u>21,599,213</u>	<u>20,612,587</u>
<u>\$25,522,734</u>	<u>\$25,168,342</u>	<u>\$27,888,952</u>	<u>\$27,588,192</u>	<u>\$29,117,523</u>	<u>\$28,195,398</u>
\$1,066,435	\$1,027,828	\$1,028,246	\$1,082,152	\$1,008,026	\$1,032,637
23,600	18,463	14,660	17,125	24,203	16,388
244,598	255,949	301,100	258,421	207,272	215,192
6,895	3,758	2,935	3,265	4,968	4,798
6,581	9,985	10,083	16,311	6,267	11,267
144,827	126,883	148,898	109,391	113,089	103,218
1,067,046	634,910	618,192	894,469	1,323,169	830,875
258,787	797	154,816	157,440	104,301	111,784
<u>2,818,769</u>	<u>2,078,573</u>	<u>2,278,930</u>	<u>2,538,574</u>	<u>2,791,295</u>	<u>2,326,159</u>

(continued)

## City of Napoleon, Ohio

### Changes in Net Position Last Ten Years (accrual basis of accounting)

	2003	2004	2005	2006
Business-type Activities:				
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
Capital Grants and Contributions	75,000	0	672,235	0
<i>Total Business-type Activities Program Revenues</i>	<u>15,522,502</u>	<u>17,644,022</u>	<u>20,307,635</u>	<u>18,218,699</u>
<i>Total Primary Government Program Revenues</i>	<u>17,265,220</u>	<u>20,921,594</u>	<u>25,687,758</u>	<u>20,948,801</u>
<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>	<u>(\$5,131,387)</u>	<u>(\$4,044,395)</u>	<u>(\$676,647)</u>	<u>(\$2,723,450)</u>
<b>General Revenues and Other Changes in Net Position</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>	<u>4,564,715</u>	<u>4,393,177</u>	<u>4,628,009</u>	<u>5,123,189</u>
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>	<u>230,404</u>	<u>214,275</u>	<u>315,854</u>	<u>196,411</u>
<i>Total Primary Government</i>	<u>\$4,795,119</u>	<u>\$4,607,452</u>	<u>\$4,943,863</u>	<u>\$5,319,600</u>
<b>Change in Net Position</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 Position</i>	<u>(\$336,268)</u>	<u>\$563,057</u>	<u>\$4,267,216</u>	<u>\$2,596,150</u>

Source: Finance Director's Office

*City of Napoleon, Ohio*

2007	2008	2009	2010	2011	2012
12,876,770	13,330,787	14,499,715	14,984,767	15,490,550	15,189,640
2,301,840	2,438,644	2,448,655	2,822,576	2,610,784	3,154,088
3,059,283	3,427,831	3,349,175	3,136,055	3,412,565	3,445,027
629,809	638,020	861,016	853,623	858,054	858,402
276,363	311,544	2,150,584	403,881	113,431	412,650
<u>19,144,065</u>	<u>20,146,826</u>	<u>23,309,145</u>	<u>22,200,902</u>	<u>22,485,384</u>	<u>23,059,807</u>
<u>21,962,834</u>	<u>22,225,399</u>	<u>25,588,075</u>	<u>24,739,476</u>	<u>25,276,679</u>	<u>25,385,966</u>
(4,886,616)	(5,099,972)	(5,352,167)	(4,628,908)	(4,727,015)	(5,256,652)
1,326,716	2,157,029	3,051,290	1,780,192	886,171	2,447,220
<u>(\$3,559,900)</u>	<u>(\$2,942,943)</u>	<u>(\$2,300,877)</u>	<u>(\$2,848,716)</u>	<u>(\$3,840,844)</u>	<u>(\$2,809,432)</u>
\$662,906	\$494,106	\$146,252	\$386,482	\$382,639	\$369,498
2,503,814	2,255,314	2,361,108	2,796,692	2,826,623	3,265,008
555,353	536,676	493,053	515,545	522,615	524,942
208,113	5,953	788,511	629,483	691,333	509,026
598,440	403,619	202,278	92,083	91,360	67,633
459,416	202,010	485,517	123,757	139,873	165,688
220,000	2,260,946	1,913,007	0	(118,388)	(113,475)
<u>5,208,042</u>	<u>6,158,624</u>	<u>6,389,726</u>	<u>4,544,042</u>	<u>4,536,055</u>	<u>4,788,320</u>
610,469	461,775	284,198	176,329	155,535	158,704
(220,000)	(2,260,946)	(1,913,007)	0	118,388	113,475
<u>390,469</u>	<u>(1,799,171)</u>	<u>(1,628,809)</u>	<u>176,329</u>	<u>273,923</u>	<u>272,179</u>
<u>\$5,598,511</u>	<u>\$4,359,453</u>	<u>\$4,760,917</u>	<u>\$4,720,371</u>	<u>\$4,809,978</u>	<u>\$5,060,499</u>
\$321,426	\$1,058,652	\$1,037,559	(\$84,866)	(\$190,960)	(\$468,332)
1,717,185	357,858	1,422,481	1,956,521	1,160,094	2,719,399
<u>\$2,038,611</u>	<u>\$1,416,510</u>	<u>\$2,460,040</u>	<u>\$1,871,655</u>	<u>\$969,134</u>	<u>\$2,251,067</u>

## City of Napoleon, Ohio

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

	2003	2004	2005	2006
<b>General Fund</b>				
Nonspendable	\$0	\$0	\$0	\$0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	59,976	160,550	74,393	54,611
Unreserved	<u>2,166,503</u>	<u>1,889,815</u>	<u>2,317,704</u>	<u>2,059,287</u>
<i>Total General Fund</i>	<u>2,226,479</u>	<u>2,050,365</u>	<u>2,392,097</u>	<u>2,113,898</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	900,349	857,300	759,549	724,245
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,730,554	1,678,474	2,038,888	2,410,223
Debt Service Funds	423,721	441,272	448,463	470,238
Capital Projects Funds	<u>307,041</u>	<u>773,460</u>	<u>312,492</u>	<u>390,741</u>
<i>Total All Other Governmental Funds</i>	<u>3,361,665</u>	<u>3,750,506</u>	<u>3,559,392</u>	<u>3,995,447</u>
<i>Total Governmental Funds</i>	<u><u>\$5,588,144</u></u>	<u><u>\$5,800,871</u></u>	<u><u>\$5,951,489</u></u>	<u><u>\$6,109,345</u></u>

Source: Finance Director's Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

*City of Napoleon, Ohio*

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2007	2008	2009	2010	2011	2012
\$0	\$0	\$0	\$5,889	\$5,761	\$7,456
0	0	0	9,956	93,945	67,783
0	0	0	43,792	42,032	67,913
0	0	0	1,961,094	1,810,169	1,714,410
22,238	45,413	36,369	0	0	0
2,230,909	1,888,658	1,950,630	0	0	0
<u>2,253,147</u>	<u>1,934,071</u>	<u>1,986,999</u>	<u>2,020,731</u>	<u>1,951,907</u>	<u>1,857,562</u>
\$0	\$0	\$0	\$119,506	\$120,535	\$195,635
0	0	0	2,530,239	2,105,312	2,269,103
0	0	0	898,911	1,010,839	800,226
0	0	0	9,520	9,528	22,214
0	0	0	(82,196)	(81,974)	(73,767)
818,971	287,883	251,799	0	0	0
1,689,219	1,021,024	981,549	0	0	0
516,266	502,806	884,855	0	0	0
106,351	545,746	764,329	0	0	0
<u>3,130,807</u>	<u>2,357,459</u>	<u>2,882,532</u>	<u>3,475,980</u>	<u>3,164,240</u>	<u>3,213,411</u>
<u>\$5,383,954</u>	<u>\$4,291,530</u>	<u>\$4,869,531</u>	<u>\$5,496,711</u>	<u>\$5,116,147</u>	<u>\$5,070,973</u>

## *City of Napoleon, Ohio*

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

	2003	2004	2005	2006
<b>Revenues:</b>				
Taxes	\$3,057,298	\$3,253,269	\$3,481,493	\$3,530,340
Intergovernmental Revenues	1,842,915	1,728,312	3,246,136	2,156,790
Charges for Services	597,894	627,492	659,064	768,875
Licenses and Permits	121,639	114,276	89,952	70,448
Investment Earnings	189,435	188,501	233,988	270,293
Special Assessments	279,314	246,059	224,108	223,796
Fines and Forfeitures	380,875	299,738	342,082	382,767
All Other Revenue	218,791	247,579	302,543	312,405
<b>Total Revenue</b>	<u>6,688,161</u>	<u>6,705,226</u>	<u>8,579,366</u>	<u>7,715,714</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,475,239	2,821,246	3,269,915	2,616,306
Public Health and Welfare Services	87,882	89,627	88,465	90,918
Leisure Time Activities	756,745	755,563	764,355	783,864
Community Environment	1,071,531	229,297	716,342	797,857
Transportation	617,653	727,926	585,866	526,918
General Government	833,966	857,184	696,044	887,028
Capital Outlay	1,107,011	1,386,011	2,175,773	1,826,376
Debt Service:				
Principal Retirement	169,156	180,357	890,357	215,357
Interest and Fiscal Charges	83,845	77,153	93,633	86,526
<b>Total Expenditures</b>	<u>7,203,028</u>	<u>7,124,364</u>	<u>9,280,750</u>	<u>7,831,150</u>
Excess (Deficiency) of Revenues Over Expenditures	(514,867)	(419,138)	(701,384)	(115,436)

*City of Napoleon, Ohio*

2007	2008	2009	2010	2011	2012
\$3,518,822	\$3,245,315	\$3,220,684	\$3,722,602	\$3,749,404	\$4,170,959
2,187,335	1,891,032	1,605,562	1,380,019	2,220,622	1,426,432
660,349	732,494	803,479	807,930	800,287	805,926
64,289	64,957	63,825	63,599	68,203	76,513
646,848	421,070	185,858	114,664	95,435	68,959
113,080	105,288	106,700	101,853	92,238	84,532
363,862	381,139	407,561	371,916	363,988	331,022
440,028	388,066	797,505	456,874	400,885	453,642
<u>7,994,613</u>	<u>7,229,361</u>	<u>7,191,174</u>	<u>7,019,457</u>	<u>7,791,062</u>	<u>7,417,985</u>

3,163,034	3,946,531	2,900,346	2,949,630	3,278,087	3,216,671
102,920	98,955	92,695	101,383	110,917	98,178
845,965	875,791	783,006	821,199	799,615	809,897
796,478	483,116	538,556	515,451	1,260,984	378,447
673,933	604,199	539,327	582,589	596,226	530,317
1,023,651	1,114,009	847,258	1,027,824	962,827	1,009,104
2,075,703	901,518	688,609	873,383	650,487	1,095,962
111,357	111,550	112,550	112,557	142,751	138,951
101,500	122,968	76,940	85,058	96,938	64,594
<u>8,894,541</u>	<u>8,258,637</u>	<u>6,579,287</u>	<u>7,069,074</u>	<u>7,898,832</u>	<u>7,342,121</u>

(899,928)      (1,029,276)      611,887      (49,617)      (107,770)      75,864

(Continued)

## *City of Napoleon, Ohio*

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

	2003	2004	2005	2006
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	28,500	288,567	127,000
General Obligation Notes Issued	0	690,000	0	0
General Obligation Bonds Issued	0	0	690,000	0
Transfers In	1,948,930	1,791,249	2,184,086	2,730,521
Transfers Out	(1,993,930)	(1,880,199)	(2,310,086)	(2,587,521)
Other Financing Sources - Capital Leases	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(45,000)</u>	<u>629,550</u>	<u>852,567</u>	<u>270,000</u>
<b>Net Change in Fund Balance</b>	<u>(\$559,867)</u>	<u>\$210,412</u>	<u>\$151,183</u>	<u>\$154,564</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 4.14%	 4.29%	 15.37%	 5.83%

Source: Finance Director's Office



*City of Napoleon, Ohio*

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2007	2008	2009	2010	2011	2012
21,991	202	10,941	11,224	26	19,300
0	0	0	0	0	0
0	0	0	760,000	0	0
2,357,900	2,210,781	1,907,304	2,053,509	2,174,344	1,923,114
(2,245,900)	(2,258,101)	(1,946,385)	(2,134,769)	(2,447,105)	(2,167,589)
0	0	0	0	0	28,818
<u>133,991</u>	<u>(47,118)</u>	<u>(28,140)</u>	<u>689,964</u>	<u>(272,735)</u>	<u>(196,357)</u>
<u>(\$765,937)</u>	<u>(\$1,076,394)</u>	<u>\$583,747</u>	<u>\$640,347</u>	<u>(\$380,505)</u>	<u>(\$120,493)</u>
3.41%	3.86%	3.31%	3.33%	3.88%	3.27%

## *City of Napoleon, Ohio*

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

<b>Tax year</b>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Tax Rate	1.20%	1.20%	1.20%	1.20%
Estimated Personal Income	\$247,150,632	\$253,412,328	\$262,320,336	\$285,652,608
Total Tax Collected	\$2,475,787	\$2,675,075	\$2,846,956	\$2,977,788
Income Tax Receipts				
Withholding	1,930,447	1,982,186	2,119,461	2,140,405
Percentage	77.97%	74.09%	74.45%	71.87%
Corporate	185,927	320,101	322,555	409,001
Percentage	7.51%	11.97%	11.33%	13.74%
Individuals	359,413	372,788	404,940	428,382
Percentage	14.52%	13.94%	14.22%	14.39%

Source: City Income Tax Department

- (1) During 2009, the residents of the City voted to increase the income tax rate from 1.2% to 1.5%, effective July 1, 2009.

*City of Napoleon, Ohio*

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2007	2008	2009	2010	2011	2012
		(1)			
1.20%	1.20%	1.50%	1.50%	1.50%	1.50%
\$296,442,852	\$300,589,362	\$302,853,636	\$284,359,998	\$288,367,040	\$308,842,682
\$2,917,159	\$2,808,030	\$2,905,178	\$3,378,498	\$3,453,702	\$3,653,543
2,138,258	2,140,997	2,212,313	2,529,184	2,620,422	2,819,529
73.30%	76.24%	76.15%	74.86%	75.88%	77.17%
326,668	269,755	263,809	366,726	333,369	343,738
11.20%	9.61%	9.08%	10.85%	9.65%	9.41%
452,233	397,278	429,056	482,588	499,911	490,276
15.50%	14.15%	14.77%	14.29%	14.47%	13.42%



## City of Napoleon, Ohio

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

Calendar Year 2012				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,285	51.22%	\$14,805,847	10.11%
20,000 - 49,999	1,118	25.06%	36,705,798	25.06%
50,000 - 74,999	517	11.59%	31,656,331	21.61%
75,000 - 99,999	256	5.74%	21,856,022	14.92%
Over 100,000	285	6.39%	41,434,847	28.30%
Total	4,461	100.00%	\$146,458,845	100.00%

Calendar Year 2003				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,312	49.20%	\$16,178,839	11.28%
20,000 - 49,999	1,405	29.90%	46,868,172	32.66%
50,000 - 74,999	580	12.34%	35,542,833	24.77%
75,000 - 99,999	231	4.92%	19,845,684	13.83%
Over 100,000	171	3.64%	25,051,547	17.46%
Total	4,699	100.00%	\$143,487,075	100.00%

Source: Finance Director's Office

## *City of Napoleon, Ohio*

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

	2003	2004	2005
<b>Governmental Activities</b> <sup>(1)</sup>			
General Obligation Bonds Payable	\$0	\$0	\$680,000
Special Assessment Bonds Payable	1,131,582	963,575	785,568
Long-Term Notes Payable	0	690,000	0
Ohio Public Works Commission Loan Payable	172,912	160,562	148,212
<b>Business-type Activities</b> <sup>(1)</sup>			
Ohio Water Development Authority Loans Payable	2,776,311	2,562,451	4,019,916
Ohio Public Works Commission Loans Payable	58,950	55,266	51,582
Ohio Water and Sewer Rotary Commission Loans Payable	88,341	88,341	666,070
Water Pollution Control Loan Fund Loans Payable	0	0	0
Long-Term Notes Payable	0	0	0
General Obligation Bonds Payable	1,460,000	2,385,000	2,350,000
Special Assessment Bond Payable	105,418	101,425	97,432
Mortgage Revenue Bonds Payable	5,550,000	5,280,000	5,000,000
Total Primary Government	<u>\$11,343,514</u>	<u>\$12,286,620</u>	<u>\$13,798,780</u>
<b>Population</b> <sup>(2)</sup>			
City of Napoleon	9,318	9,318	9,318
Outstanding Debt Per Capita	\$1,217	\$1,319	\$1,481
<b>Income</b> <sup>(3)</sup>			
Personal (in thousands)	247,151	253,412	262,320
Percentage of Personal Income	4.59%	4.85%	5.26%

**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*

2006	2007	2008	2009	2010	2011	2012
\$655,000	\$630,000	\$605,000	\$580,000	\$1,315,000	\$1,250,000	\$1,180,000
607,561	533,553	459,353	384,153	308,953	243,553	186,953
0	0	0	0	0	0	0
135,862	123,512	111,162	98,812	86,455	74,104	61,753
3,715,575	3,389,225	3,039,222	2,663,802	2,261,064	1,828,963	1,365,382
47,898	44,214	540,530	511,846	483,159	454,475	425,791
666,070	666,070	666,070	666,070	659,186	310,945	310,945
0	0	587,200	5,204,566	7,653,135	7,251,586	6,862,426
0	0	0	4,000,000	0	1,200,000	0
2,240,000	2,115,000	1,995,000	1,870,000	1,740,000	1,610,000	1,470,000
93,439	89,446	84,646	79,846	75,046	69,446	63,046
4,710,000	4,410,000	7,600,000	7,150,000	10,290,000	9,885,000	10,545,000
<u>\$12,871,405</u>	<u>\$12,001,020</u>	<u>\$15,688,183</u>	<u>\$23,209,095</u>	<u>\$24,871,998</u>	<u>\$24,178,072</u>	<u>\$22,471,296</u>

9,318	9,318	9,318	9,318	8,749	8,749	8,702
\$1,381	\$1,288	\$1,684	\$2,491	\$2,843	\$2,764	\$2,582
285,653	296,443	300,589	302,854	284,360	288,367	308,843
4.51%	4.05%	5.22%	7.66%	8.75%	8.38%	7.28%

## *City of Napoleon, Ohio*

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

Year	2003	2004	2005	2006
<b>Population</b> <sup>(1)</sup>	9,318	9,318	9,318	9,318
<b>Assessed Value</b> <sup>(2)</sup>	\$150,797,521	\$153,282,264	\$162,145,824	\$157,767,430
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$1,460,000	\$2,385,000	\$3,030,000	\$2,895,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$0	\$0	\$19,791	\$26,227
<b>Net General Bonded Debt</b>	\$1,460,000	\$2,385,000	\$3,010,209	\$2,868,773
<b>Ratio of Net Bonded Debt to Assessed Value</b>	0.97%	1.56%	1.86%	1.82%
<b>Net Bonded Debt per Capita</b>	\$156.69	\$255.96	\$323.05	\$307.87

**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.



2007	2008	2009	2010	2011	2012
9,318	9,318	9,318	8,749	8,749	8,702
\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660	\$144,228,260
\$2,745,000	\$2,600,000	\$2,450,000	\$3,055,000	\$2,860,000	\$2,650,000
\$43,211	\$9,737	\$37,048	\$9,520	\$9,528	\$22,214
\$2,701,789	\$2,590,263	\$2,412,952	\$3,045,480	\$2,850,472	\$2,627,786
1.80%	1.70%	1.60%	2.00%	1.99%	1.82%
\$289.95	\$277.98	\$258.96	\$348.09	\$325.81	\$301.97



## *City of Napoleon, Ohio*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2012*

<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	\$1,180,000	100.00%	\$1,180,000
<b>Overlapping:</b>			
Napoleon City School District	32,635,000	49.51%	16,157,589
Liberty Center School District	1,856,598	2.59%	48,086
Henry County	1,142,000	23.88%	272,710
		Subtotal	<u>16,478,385</u>
		Total	<u><u>\$17,658,385</u></u>

Source: Henry County

Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

## City of Napoleon, Ohio

### Debt Limitations Last Ten Years

Collection Year	2003	2004	2005	2006
<b>Total Debt</b>				
Net Assessed Valuation	\$150,797,521	\$153,282,264	\$162,145,824	\$157,767,430
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	15,833,740	16,094,638	17,025,312	16,565,580
City Debt Outstanding (2)	0	0	680,000	655,000
Less: Applicable Debt Service Fund Amounts	0	0	(19,791)	(26,227)
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>660,209</u>	<u>628,773</u>
Overall Legal Debt Margin	<u>\$15,833,740</u>	<u>\$16,094,638</u>	<u>\$16,365,103</u>	<u>\$15,936,807</u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$150,797,521	\$153,282,264	\$162,145,824	\$157,767,430
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	8,293,864	8,430,525	8,918,020	8,677,209
City Debt Outstanding (2)	0	0	680,000	655,000
Less: Applicable Debt Service Fund Amounts	0	0	(19,791)	(26,227)
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>660,209</u>	<u>628,773</u>
Overall Legal Debt Margin	<u>\$8,293,864</u>	<u>\$8,430,525</u>	<u>\$8,257,811</u>	<u>\$8,048,436</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*

2007	2008	2009	2010	2011	2012
\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660	\$144,228,260
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
15,803,911	15,973,461	15,817,941	15,960,204	15,048,249	15,143,967
630,000	605,000	580,000	1,315,000	1,250,000	1,180,000
(43,211)	(9,737)	(37,048)	(9,520)	(9,528)	(22,214)
<u>586,789</u>	<u>595,263</u>	<u>542,952</u>	<u>1,305,480</u>	<u>1,240,472</u>	<u>1,157,786</u>
<u>\$15,217,122</u>	<u>\$15,378,198</u>	<u>\$15,274,989</u>	<u>\$14,654,724</u>	<u>\$13,807,777</u>	<u>\$13,986,181</u>
\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660	\$144,228,260
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
8,278,239	8,367,051	8,285,588	8,360,107	7,882,416	7,932,554
630,000	605,000	580,000	1,315,000	1,250,000	1,180,000
(43,211)	(9,737)	(37,048)	(9,520)	(9,528)	(22,214)
<u>586,789</u>	<u>595,263</u>	<u>542,952</u>	<u>1,305,480</u>	<u>1,240,472</u>	<u>1,157,786</u>
<u>\$7,691,450</u>	<u>\$7,771,788</u>	<u>\$7,742,636</u>	<u>\$7,054,627</u>	<u>\$6,641,944</u>	<u>\$6,774,768</u>

## City of Napoleon, Ohio

### Pledged Revenue Coverage Last Ten Years

	2003	2004	2005	2006
<b>Sewer System Bonds (1 a)</b>				
Gross Revenues (2)	\$1,950,287	\$2,026,358	\$2,436,476	\$2,414,785
Direct Operating Expenses (3)	921,891	1,459,737	1,153,972	1,109,623
Net Revenue Available for Debt Service	1,028,396	566,621	1,282,504	1,305,162
Annual Debt Service Requirement (4)	272,437	276,913	275,892	273,244
Coverage	3.77	2.05	4.65	4.78
<b>Electric System Bonds (1 b)</b>				
Gross Revenues (2)	\$11,271,553	\$12,842,711	\$14,878,004	\$13,175,363
Direct Operating Expenses (3)	10,865,183	12,524,754	14,055,686	12,544,217
Net Revenue Available for Debt Service	406,370	317,957	822,318	631,146
Annual Debt Service Requirement (4)	252,500	257,400	256,810	254,512
Coverage	1.61	1.24	3.20	2.48
<b>Electric System Amp-Ohio (1 b)</b>				
Gross Revenues (5)	\$11,158,614	\$12,739,632	\$14,744,866	\$12,996,003
Direct Operating Expenses (3)	10,101,397	11,724,425	13,235,112	11,768,899
Net Revenue Available for Debt Service	1,057,217	1,015,207	1,509,754	1,227,104
Annual Debt Service Requirement (4)	763,786	800,329	820,574	775,318
Coverage	1.38	1.27	1.84	1.58
<b>Water System Bonds (1 c)</b>				
Gross Revenues (5)	N/A	N/A	N/A	N/A
Direct Operating Expenses (3)	N/A	N/A	N/A	N/A
Net Revenue Available for Debt Service	N/A	N/A	N/A	N/A
Annual Debt Service Requirement (4)	N/A	N/A	N/A	N/A
Coverage	N/A	N/A	N/A	N/A

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

(a) The Sewer Bonds were issued in 1998, in the amount of \$3,480,000, in 2010 in the amounts of \$2,050,000, \$1,800,000 and \$2,535,000 and in 2012 in the amount of \$913,000.

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

(c) The Water Bonds were issued in 2008, in the amount of \$3,505,000, in 2010 in the amounts of \$305,000 and \$540,000 and in 2012 in the amount of \$187,000.

(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*

2007	2008	2009	2010	2011	2012
\$3,250,149	\$3,589,269	\$3,463,044	\$3,225,591	\$3,484,605	\$3,513,056
1,545,755	1,929,369	2,440,970	2,286,816	1,862,369	1,886,347
1,704,394	1,659,900	1,022,074	938,775	1,622,236	1,626,709
272,985	276,088	273,663	245,684	543,135	591,708
6.24	6.01	3.73	3.82	2.99	2.75
\$13,138,486	\$13,400,514	\$14,398,829	\$14,892,869	\$15,414,354	\$15,361,398
12,220,066	11,858,934	13,225,462	13,496,084	14,214,131	14,001,754
918,420	1,541,580	1,173,367	1,396,785	1,200,223	1,359,644
254,777	253,325	256,575	0	0	0
3.60	6.09	4.57	N/A	N/A	N/A
\$12,872,163	\$13,182,141	\$14,283,334	\$14,823,120	\$15,353,250	\$15,299,299
11,444,835	11,082,996	12,434,280	13,496,084	14,214,131	14,001,754
1,427,328	2,099,145	1,849,054	1,327,036	1,139,119	1,297,545
775,231	775,938	791,182	0	0	0
1.84	2.71	2.34	N/A	N/A	N/A
N/A	N/A	\$2,489,814	\$2,843,139	\$2,643,832	\$3,174,903
N/A	N/A	1,999,194	1,913,351	2,697,472	2,068,821
N/A	N/A	490,620	929,788	(53,640)	1,106,082
N/A	N/A	263,819	264,619	321,889	525,902
N/A	N/A	1.86	3.51	(0.17)	2.10

# City of Napoleon, Ohio

## Demographic and Economic Statistics Last Ten Years

Calendar Year	2003	2004	2005	2006
<b>Population</b> (1)				
City of Napoleon	9,318	9,318	9,318	9,318
Henry County	29,310	29,310	29,310	29,310
<b>Income</b> (2) (a)				
Total Personal (in thousands)	247,151	253,412	262,320	285,653
Per Capita	26,524	27,196	28,152	30,656
<b>Unemployment Rate</b> (3)				
Federal	5.8%	6.0%	5.5%	5.0%
State	5.7%	6.1%	6.0%	5.9%
Henry County	5.8%	6.4%	6.2%	5.9%
<b>Civilian Work Force Estimates</b> (3)				
State	5,915,000	5,875,300	5,900,400	5,971,500
Henry County	15,900	16,100	16,100	16,100

### Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2010 for the presentation of 2011 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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2007	2008	2009	2010	2011	2012
9,318	9,318	9,318	8,749	8,749	8,702
29,310	29,310	29,310	28,215	28,215	28,064
296,443	300,589	302,854	284,360	288,367	308,843
31,814	32,259	32,502	32,502	32,960	35,491
4.6%	5.8%	9.3%	9.4%	8.9%	7.8%
5.6%	6.6%	10.2%	9.5%	8.6%	6.7%
6.3%	8.0%	13.3%	11.0%	9.7%	7.5%
5,976,500	5,986,400	5,970,000	5,894,000	5,806,000	5,729,000
15,900	15,900	15,900	15,600	15,300	15,000



## City of Napoleon, Ohio

### Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2012		
		Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	481	1	4.69%
Henry County Auditors	County Government	382	2	3.72%
Campbel Soup Supply Co LLC	Soup Manufacturer	359	3	3.50%
Wal-Mart Stores	Retail	351	4	3.42%
Henry County Hospital Inc	Health Care	298	5	2.91%
The Lutheran Home	Long-term Health Care	237	6	2.31%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	236	7	2.30%
City of Napoleon	Local Government	214	8	2.09%
Cloverleaf Cold Storage	Food Storage	175	9	1.71%
Automatic Feed Company	Steel Handling Equipment	82	10	0.80%
Total		<u>2,815</u>		
Total Employment within the City		<u><u>10,256</u></u>		

Employer	Nature of Business	2003		
		Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	389	1	3.36%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	387	2	3.34%
Wal-Mart Stores	Retail	298	3	2.57%
Henry County	County Government	292	4	2.52%
City of Napoleon	Local Government	217	5	1.87%
The Lutheran Home	Long-term Health Care	190	6	1.64%
Plastech Engineered Products	Manufacturing	168	7	1.45%
Carson Industries	Manufacturing	102	8	0.88%
Golden Living Center - Northcrest	Health Care and Rehabilitation	91	9	0.79%
Automatic Feed Company	Steel Handling Equipment	88	10	0.76%
Total		<u>2,222</u>		
Total Employment within the City		<u><u>11,583</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities</b>				
General Government				
Finance	10.00	10.00	12.00	10.00
Legal/Court	10.00	9.00	9.00	9.00
Administration	8.00	9.00	8.00	8.00
Maintenance	4.00	4.00	4.00	4.00
Security of Persons and Property				
Police	21.00	25.00	24.00	22.00
Fire	8.00	15.00	14.00	8.00
Transportation				
Street	7.00	7.00	6.00	6.00
Leisure Time Activities				
Recreation/Seniors	6.00	6.00	5.00	5.00
Community Environment				
Service - Cemetery	1.00	1.00	1.00	1.00
<b>Business-Type Activities</b>				
Utilities - Electric	17.00	16.00	15.00	14.00
Water	10.00	10.00	10.00	10.00
Sewer	6.00	6.00	6.00	6.00
Solid Waste	3.00	3.00	3.00	3.00
<i>Total Employees</i>	<u>111.00</u>	<u>121.00</u>	<u>117.00</u>	<u>106.00</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
10.00	9.00	11.00	10.00	10.00	10.00
9.00	9.00	9.00	8.00	9.00	9.00
10.00	10.00	11.00	9.00	10.00	10.00
4.00	4.00	3.00	4.00	4.00	3.00
21.00	22.00	22.00	22.00	22.00	22.00
8.00	8.00	8.00	8.00	10.00	8.00
7.00	7.00	6.00	7.00	6.00	4.00
5.00	5.00	4.00	5.00	4.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00
15.00	15.00	14.00	14.00	13.00	13.00
10.00	10.00	9.00	10.00	9.00	8.00
6.00	6.00	7.00	7.00	7.00	7.00
3.00	3.00	3.00	3.00	3.00	3.00
<u>109.00</u>	<u>109.00</u>	<u>108.00</u>	<u>108.00</u>	<u>108.00</u>	<u>103.00</u>

## *City of Napoleon*

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

	2003	2004	2005	2006
<b>Governmental Activities</b>				
General Government				
Licenses and Permits				
Number of Building Permits	626	517	540	379
Number of Commercial Permits	81	116	93	85
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	800	867	1,200	1,122
Number of Parking Tickets	104	226	134	108
Number of Law Violations:				
Criminal/Juvenile Citations	2,359	1,631	1,193	1,225
Fire				
Number of Fire Calls Answered	125	232	190	131
Number of EMS Runs	769	870	950	898
Number of Inspections	10	43	43	28
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	3,634	3,634
Daily Average Consumption (gallons)	1.3M	1.3M	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	3,493	3,493
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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2007	2008	2009	2010	2011	2012
382	387	302	222	222	117
67	28	21	15	18	14
990	927	878	834	816	596
97	184	191	125	142	28
1,129	1,022	1,644	1,508	611	1,392
233	173	144	178	133	220
903	866	919	1,003	1,041	1,149
12	66	30	45	67	96
72	72	72	72	72	72
3,679	3,679	4,114	4,114	4,114	4,114
1.3M	1.3M	1.3M	1.3M	1.3M	1.3M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M
3,679	3,679	3,593	3,593	3,593	4
1.8M	1.8M	1.8M	1.8M	1.8M	1.8M
2.5M	2.5M	4.5M	4.5M	4.5M	4.5M

# City of Napoleon

## Capital Asset Statistics by Function Last Ten Years

	2003	2004	2005	2006	2007
<b>Governmental Activities</b>					
General Government					
Area (square miles)	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	1	2	2	1	1
Vehicles	7	8	8	9	9
Fire					
Stations	1	2	2	1	1
Vehicles	8	9	10	10	10
Transportation					
Street					
Vehicles	8	9	9	9	9
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	7	7	7	7
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	599	599	599	599
Number of Water Towers	1	1	1	2	2
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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
7	7	7	7	7
1	1	1	1	1
9	8	8	7	7
1	1	1	1	1
10	11	11	11	11
9	9	9	10	10
225	225	225	225	225
9	9	9	9	9
1	1	1	1	1
2	2	2	1	1
7	7	7	7	7
1	1	1	1	1
58	58	58	58	63
1	2	2	2	2
599	599	599	599	653
2	2	2	2	2
45	47	47	47	47
1	1	1	1	1
30	37	37	37	37



***RIDE OF PRIDE PARADE***



***PHOTO COURTESY OF JOEL MILLER***

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# Dave Yost • 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  
OCTOBER 1, 2013**