



Dave Yost • Auditor of State

CITY OF NAPOLEON
HENRY COUNTY
DECEMBER 31, 2016

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Dave Yost • Auditor of State

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

City of Napoleon
Henry County
255 West Riverview Avenue
P.O. Box 151
Napoleon, Ohio 43545-0151

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and

accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 26, 2017

**CITY OF NAPOLEON
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016**

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

FINDING NUMBER 2016-001

Material Weakness

Fund Balance Classification

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

The assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance.

The 2017 annual appropriation measure for the General fund exceeded estimated revenues by \$489,330. A portion of the General fund balance was needed to cover the difference.

This amount should have been classified as assigned for subsequent year's appropriations instead of unassigned. The amount has been reclassified in the City's financial statements. Failure to properly classify this amount as assigned caused unassigned fund balance to be overstated and an inaccurate representation of balances at year end.

This error occurred due to inadequate policies and procedures in reviewing the financial statements for compliance with GASB 54.

In order to ensure the City's governmental fund balances are reported in accordance with GASB 54, we recommend the finance director and the City's report compiler review Auditor of State Bulletin 2011-004.

Officials' Response:

Upon review, it was discovered the incorrect number was picked up in error during the conversion process by the City's third party GAAP statement preparer, Schonhardt & Associates. The excel file sent to the preparer included tabs for both years 2016 and 2017, and 2016 was used in error.

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THE CITY OF NAPOLEON, OHIO

HENRY COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

Prepared by the Finance Department

Gregory J. Heath
Director of Finance



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HENRY COUNTY, OHIO

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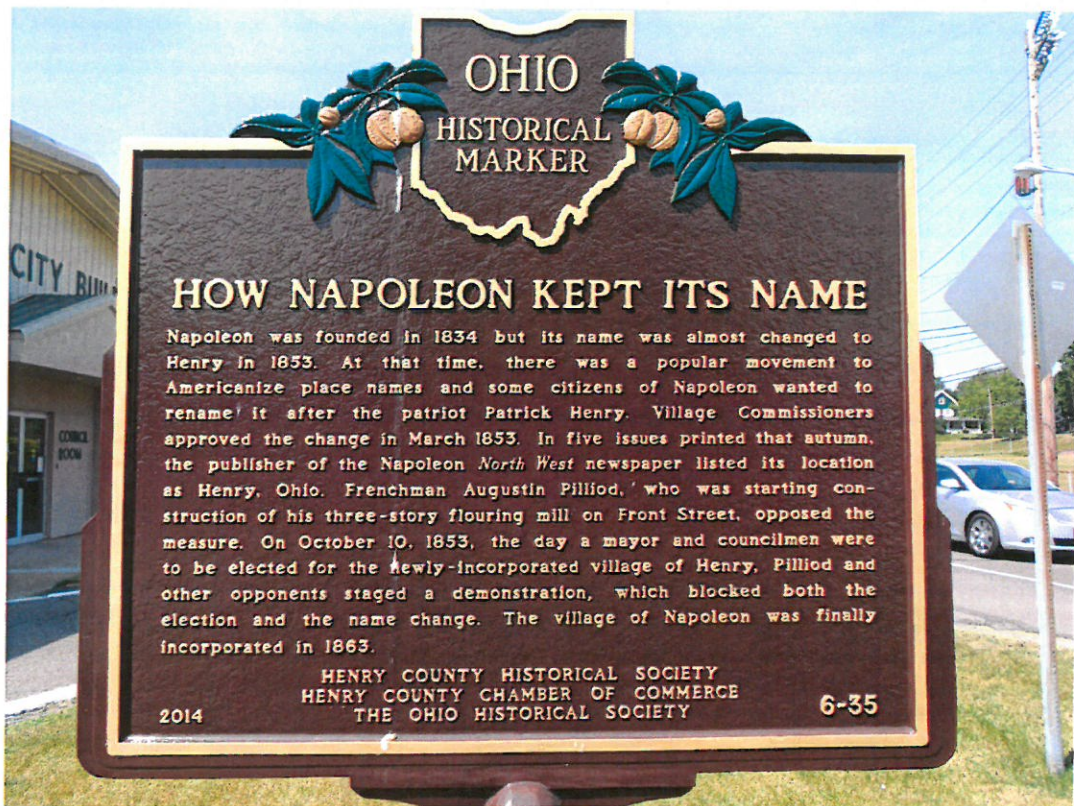
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INTRODUCTORY SECTION



Historical Marker – 180 Years





CITY OF NAPOLEON, OHIO

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June 26, 2017

Introduction

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

We are pleased to present the Twenty-first (21st) **Comprehensive Annual Financial Report** (CAFR) of the City of Napoleon, Ohio (City), for the year ended December 31, 2016. 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 Government Auditing Standards (GAS). 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 for 2016 was filed with the Auditor of State on or before May 31, 2017. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAS. Pursuant to these requirements, we hereby issue the CAFR of the City for the fiscal year ended December 31, 2016.

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;

***Letter of Transmittal
For the Year Ended December 31, 2016***

and, that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented. The City's financial statements have been audited by the Auditor of State Office of Ohio (AOS), Dave Yost. The AOS 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, 2016. The report from the AOS 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 20th 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*". 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.

***Letter of Transmittal
For the Year Ended December 31, 2016***

Two national highways US-6, and US-24 a four lane limited access highway 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 Napoleon, Defiance & Western Railway with a spur that runs through the City connecting to CSXT and Norfolk and Southern to the west in Defiance, Ohio. Main lines of CSXT 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 by a vote of its Citizens on November 8, 2016. The City Charter stipulates a charter review to be done every eight (8) years. In 2016, the City Charter underwent a full review by an appointed Charter Review Commission. The Commission recommended various changes to the Charter to be voted on by the Citizens of Napoleon. City Council agreed, and placed these proposed changes before its Citizens for a vote on November 8, 2016; all proposed changes were passed with an effective date of January 1, 2018. The next Charter Review Commission will be formed and meet in 2024 for another full review.

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; however, the Mayor has 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 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, both Council and the Mayor, and on certain boards the City Manager, recommends appointments of individuals to the various City boards and commissions.

***Letter of Transmittal
For the Year Ended December 31, 2016***

Municipal Services

The City offers a wide variety of services offered 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 various types of 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 treatment and collection, including the storm water system (A storm water abatement charge is included within the sewer enterprise fund, and storm water revenues are used for the separation and maintenance of the storm water systems from the sanitary sewer systems.); 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.

The City's enterprise activities are not subject to rate review by the Public Utilities Commission of Ohio (PUCO) 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 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 135 municipal utility members (from nine (9) states) in American Municipal Power, Inc. (AMP). 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 (JV2, JV5 and JV6) all managed by AMP; in addition, the City is contractually obligated for costs related to various "Take-or-Pay" power contracts including the AMPGS project that was terminated by AMP participants following unexpected increases in costs. In 2013, the City posted an \$820,991 liability on incurred stranded costs to the AMPGS project, and listed an additional \$542,698 as Plant Held for Future Use (PHFU). The City paid toward stranded costs in 2014 - \$820,991, and in 2015 - \$19,814. As of December 31, 2016, the estimated outstanding stranded costs AMPGS liability for the City (excluding PHFU at \$558,199) was \$5,099. This amount is posted as a 2016 payable and was recently paid in 2017. Other "Take-or-Pay" contracts include the Prairie State project (advanced coal facility); the Fremont Energy project (natural gas combined cycle); the Napoleon Solar project (a solar panel energy field); and combined hydroelectric projects (Cannelton, Smithland and Willow Island) and the Meldahl Greenup Hydroelectric project (all run of the Ohio river hydroelectric power projects).

Detailed descriptions of the City's obligation to joint ventures and other contracted power contracts are listed in the Notes to the Financial Statements under Joint Ventures and Jointly Governed Organizations.

***Letter of Transmittal
For the Year Ended December 31, 2016***

Currently the City has a closed electric system and does not offer outside power sources to its customers from other power providers.

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 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 by one half (1/2) of revenues received from a lodge tax of six (6%) percent imposed by Council and collected by the City through the Income Tax Division of the Finance Department.

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, 2016***

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 31st. The final budget must be adopted by City Council no later than March 31st in the fiscal year to which it applies.

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

The local economy continued to grow in 2016 following both State of Ohio and National general economic trends. The pace of growth in 2016 for Napoleon has been at a steady rate, but slower when compared to other areas of the State of Ohio and the Nation. In certain sectors, especially manufacturing, prior economic retraction has stabilized with certain local area activity continuing to trend higher.

Comparing municipal income taxes, on a cash basis, for 2016 to 2015, the overall combined total income tax collections was up by +15.89%. Withholdings, business profit taxes and individual taxes all were higher in 2016 as compared to 2015. This increase was in addition to economic growth and primarily due to enhanced collection efforts in 2016 using the Municipal Court to enforce both non-filing and non-payments on prior year’s income taxes. Actual income tax revenues collected in 2016 at the one and a half (1.5%) percent rate was \$4,906,698, up by +\$672,782 compared to 2015 of \$4,233,916. In 2017, the income revenue through May is lower as compared to the same period for 2016. This reflects a more normalized income tax collection in 2017, as compared to 2016 with the one-time increase in revenues due to the enhanced collection efforts.

Income tax receipts may be restricted or reduced with employer implementation of various approved tax deferred 125 type plans; and, by other potential State imposed unilateral mandates placed on income tax revenues. Currently, State Law limits the City tax on withholdings to be applied against Box “5” of the W-2 that represents Medicare wages and not Gross wages. In 2016, the City’s allowed credit (also known as the reduced income tax credit) for taxes paid to other Cities remained at 100%.

***Letter of Transmittal
For the Year Ended December 31, 2016***

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%, leaving the net rate at 1.5%. The total income tax rate of 1.5% is permanent and currently not subject to periodic voted renewals.

Local home values are recovering from their 2009-2010 lows and were higher in 2016 in the City. The Henry County Auditor's office is scheduled to reappraise properties in Henry County in 2017 and all indicators are pointing toward an increase in values. Though new housing development has slowed, growth is anticipated in 2017 due to demand. With improvement in the local economy, and continued historic low mortgage rates, along with incentive programs offered through the State and Federal Governments, it is hoped housing activity will continue to increase in 2017. Actual data on local home foreclosures is not known, however it is estimated to be about same as State averages. Building Permits issued for residential in 2016 was 139 with a value of \$1,106,399 as compared to 2015 of 181 with a value of \$1,419,426; for commercial in 2016 was 13 with a value of \$5,972,500 as compared to 2015 of 7 with a value of \$405,000.

The unemployment rate for Henry County was flat at 5.4% as of December 31, 2016, versus 5.5% for December 31, 2015 (not seasonally adjusted). The rate was lower through April 30, 2017 at a reported 5.0%. At the end of 2016, the local area unemployment rate 5.4% is higher as compared to the State of Ohio rate of 5.0% and above the National rate of 4.7%. While specific data is unavailable from the reporting sources for the City, it is estimated that the City's unemployment rate falls somewhere close to the rate for Henry County. Using the rates through December 31, 2016, it is estimated the unemployment rate for the City to be between 5.4% and 5.5%.

The 2010 census of 8,749 showed the City experienced a loss in population as compared to the 2000 census of 9,318, or a loss of 569. Henry County as a whole also lost population from the 2000 census of 29,310 to the 2010 census 28,215, or down 1,095. Current estimates from the US Bureau of the Census for year ending 2015 show that Napoleon has increased population to 8,940 as compared to the 2010 census of 8,749.

***Letter of Transmittal
For the Year Ended December 31, 2016***

Business

The City has experienced both gains and losses from businesses located inside and outside the City limits in 2016. Some recent losses of manufacturing, retail or food businesses in 2016 include: Cousino-Harris Disaster Cleanup, Go Green 4 Power, Babcock Plumbing and Heating, Treasure Chest and School House Funds. B & B Molded Plastics, a structural foam and plastic molding company, in 2014 announced their intention to move their operations to Defiance, Ohio. In 2014, they were listed as a major employer (Inside City Limits) employing approximately 130 employees. They completed their move out in 2016.

Business gains in 2016 and early 2017 include: Palmer Brothers Concrete, Tri-State Medical Supply, Suzie Q's, Hybrid Fitness, Domino's Pizza, Salon 424, Howard's Motor Sales, Butcher Block Restaurant and GMC Winery. In 2016 Defiance Stamping, a metal fabrication company from Defiance, Ohio, completed their move to Napoleon, Ohio and became fully operational. They fall into the category of a major employer (Inside City Limits) with an estimated 70 employees. Into early 2017, Eddie J's Bar and Grille, Domino's Pizza, Herron's Furniture, Lumberyard Winery and Honey Blossom Orchard opened for business. Business expansions include: Tenneco, Custom Agri Systems, and Dental Excellence. Tenneco has recently been awarded a contract from Tesla to manufacture parts for a new vehicle line. Custom Agri Systems is planning an expansion of 40,000 SF of light industrial space with an additional 10,000 SF of office space. Dental Excellence has built a new facility and now employs 47 people, almost double the amount from before.

The local automotive companies that survived the downturn in 2008-2009 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. In early 2017, the Campbell's Soup manufacturing plant announced the company will be moving its warehouse operation (not in the City Limits) to Findlay, Ohio under contract with DHL by September of 2018. Keller logistics, a warehousing company located next to Campbell's Soup, warehouses and ships much of the product now. This may cause a potential loss of jobs to Keller's; however, it will free up approximately 300,000-400,000 SF of modern food grade warehousing space for companies looking to relocate to Henry County. The Regional Growth Partnership of Northwest Ohio has identified that there is a shortage of modern high-bay industrial warehouse space. Area economic development leaders believe that this space will be in demand and are optimistic about the prospects of filling the space with new warehousing/industrial operations.

CITY OF NAPOLEON, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2016***

The following are the private and public employers that have the largest work forces and are located inside and/or just outside (adjacent to) the City:

<u>Major Employers</u>	<u>Nature of Activity or Business</u>
<i>Inside City Limits:</i>	
Automatic Feed Company	Automotive Tool and Die Machine Shop
City of Napoleon (Office & Services)	Governmental Services to the City
Cloverleaf Cold Storage *	Long Term Cold Storage and Warehousing
Custom Agri Systems	Manufacture & Repair Agriculture Equipment
Defiance Stamping *	Engineered & fabricated parts stamping
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
Leader Engineering	Custom Machining & Tooling
Lutheran Home	Rehabilitation Center & Long-term Care Facility
Napoleon Area City School District	Education – Elementary thru High School
Old Castle Precast *	Structural Foam Plastic Molding
Tenneco Automotive *	Rubber and Metal Shock Attenuation Parts
Wal-Mart Stores	Retail Sales
<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
Graminex, LLC	International Dietary Supplements
Railtech Boutet *	Rail Repair Equipment and Supplies
Silgan Can Company *	Produces Cans for the Food Market

* National Companies with Additional Locations

** Largest U.S. Location

Excluding employers outside the City limits, the listed industries and service providers' employ an estimated 2,600 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. Alex Products, located in Ridgeville Corners, is estimated to employ an average of 900 persons.

The following is provided by Denise Dahl, Director of Henry County Community Improvement Corporation (CIC), as to both current and potential future area economic development.

Economic Development

Economic development, focused in manufacturing, has matched national projections for growth throughout 2016 and is anticipated to continue on trend through at least fourth quarter 2017. Manufacturing sector growth is in part due to the recovery of the automotive sector which has re-engaged with many of the City's first, second, and third tier suppliers.

***Letter of Transmittal
For the Year Ended December 31, 2016***

Commercial, retail, and general small business growth is taking place through new private investment and/or continued investment within the city. The market is not yet nearing saturation, as area purchasing power still shows leakage to surrounding, larger, cities/MSAs. Growth potential is anticipated, however conservatively, due in part to limited population, and limited new housing starts. Small, independent businesses continue to lead new investment. Projected continued growth is anticipated but perhaps moderately lower depending on the Federal projected two additional interest rate increases in 2017.

Additional growth in the social service sector took place in 2016, with anticipated outcomes of residual dollars spent within the community due to multipliers, triggering further growing additional expansion and/or new investment dollars.

The following is provided by Joel L. Mazur, City Manager, as to Major City Accomplishments, Potential Future Initiatives and Department Accomplishments.

Major City Accomplishments

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

- Hired a New City Manager
- Continued to completion major street, waterline and sewer infrastructure improvements
- Began work on the water treatment plant rehabilitation project installing UV treatment
- Began an assessment of long-term maintenance plan for the wastewater treatment plant
- Received recognition as Ohio's 67th Safest City from a survey completed by LendEDU
- Received a Certificate of Excellence from the American Public Power Association for being one of the nation's most reliable municipal electric departments

Current and Potential Future Initiatives

Napoleon continues to maintain essential services as expected by residents and businesses. The following are some of the major goals and projects for the future:

- Update the Zoning Code and City Master Plan.
- Modernize Napoleon's phone and email services internal to the organization to improve efficiencies
- Invest into the electric infrastructure by changing out all of the street lights to LED lights
- Research the possibility of installing a 2-4 MW solar field in Napoleon
- Complete the construction of downtown street, waterline and sidewalk improvements
- Upgrade of water lines to improve water flow rates and reliability to all customers.
- Increased road improvements and other infrastructure street repairs
- Continue major equipment and utility infrastructure upgrades and replacements
- Continued development of industrial and commercial sites for expanded and new industries

The City has recently sold a 10 acre property in an Industrial Zone to a developer. A Purchase agreement was signed and the property transferred in June 2017. The developer has committed to building a minimum of 100,000 SF of modern high-bay industrial/warehouse space. An additional 20 acres owned by Napoleon is under option at this time.

***Letter of Transmittal
For the Year Ended December 31, 2016***

The City in 2017 is investing approximately \$750,000 in new roads, sidewalk expansion and water lines in downtown, and is looking to invest more into the road and water infrastructure in 2018.

Continuous improvement is important to the City and the Citizen's we serve. Departments continue to do annual reviews of their operations for cost savings and to identify new potential revenue sources. The City continues the ongoing process of updating department policies and procedures for operational efficiencies, risk management and to reflect changes to City code.

All of these efforts help the City meet its Mission Statement which is:

**To provide our citizens with the best quality services at the lowest cost possible.
To provide our employees with wages and benefits competitive with others doing similar work
within the field and within the region.**

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, 2016, issued by 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, 2015. We believe this, our Twenty-first (21st) Comprehensive Annual Financial Report for 2016, 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.

***Letter of Transmittal
For the Year Ended December 31, 2016***

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 and CIC and the audit staff of the State Auditor's Office of Ohio.

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

A special thank you is extended to the Members of City Council, the Mayor and the City Departments for the support and trust shown to the City Administration and the Finance Department and for allocating the resources and time for the development of this report. 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 R. Peddicord, Assistant Finance Director, whom oversees this project.

Respectfully submitted,



Gregory J. Heath
Finance Director/Clerk of Council
City of Napoleon, Ohio



Joel L. Mazur
City Manager
City of Napoleon, Ohio

CITY OF NAPOLEON, OHIO

***List of Principal Officials
For the Year Ended December 31, 2016***

<u>Elected Officials</u>				
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>(*)Years of Service at 12/31/16</u>	<u>Surety</u>
Jason P. Maassel	Mayor	12/31/19	1.00	A
Travis B. Sheaffer	President of Council	12/31/17	23.00	A
Patrick M. McColley	President Pro-Tem of Council	12/31/17	1.55	A
Jeffery W. Comadoll	Council Person	12/31/19	2.73	A
Rita J. Small	Council Person	12/21/17	1.03	A
Daniel L. Baer	Council Person	12/31/19	1.00	A
Joseph D. Bialorucki	Council Person	12/31/17	0.95	A
Jeff R. Mires	Council Person	12/31/19	0.47	A
Jonathan A. Tassler	Council Person	05/14/16	2.70	A
Amy C. Rosebrook	Municipal Court Judge	12/31/17	4.50	A

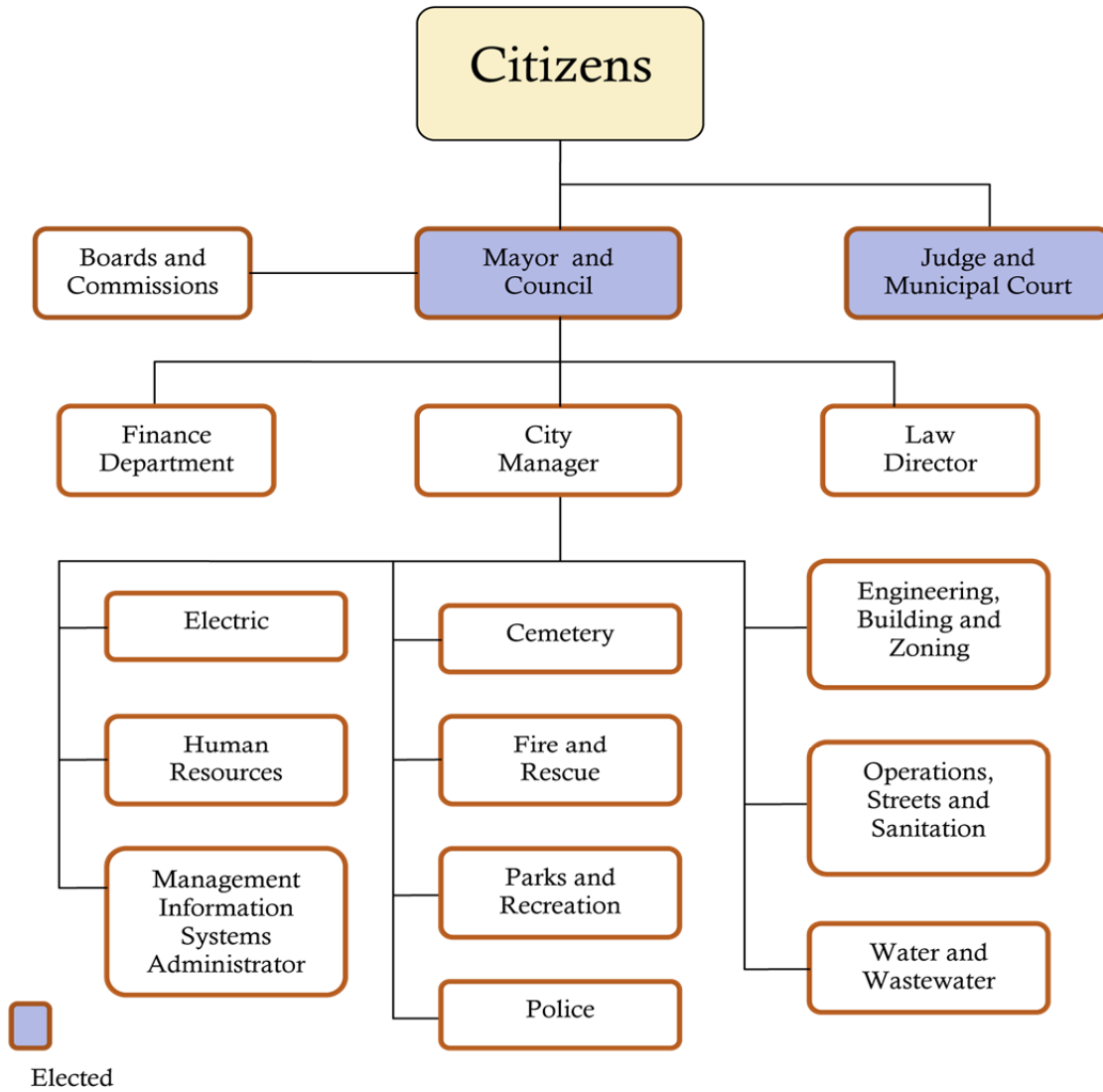
(*) Years represent those in current listed position; individual may have City time in other positions.

<u>Appointed Officials</u>				
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Joel L. Mazur	City Manager (Apt. 01/09/17)	Indefinite	0.00	A
Monica S. Irelan	City Manager	12/05/16	2.64	A
Billy D. Harmon	Law Director	Indefinite	0.17	A
Lisa L. Nagel	Law Director	10/07/16	1.16	A
Gregory Heath	Director of Finance	Indefinite	22.24	A
Melissa K. Cotter	Clerk of Courts	Indefinite	0.75	A

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

City Physical and Web Addresses:
City of Napoleon, Ohio
255 West Riverview Avenue
P.O. Box 151
Napoleon, Ohio 43545-0151
www.napoleonohio.com

**City Organizational Chart
For the Year Ended December 31, 2016**



Boards and Commissions

<ul style="list-style-type: none"> Board of Public Affairs Civil Service Commission Charter Review Commission Board of Building Appeals CIC Board NCTV Advisory Board Privacy Committee Housing Council Napoleon Infrastructure / Economic Development Fund Review Committee 	<ul style="list-style-type: none"> Lodge Tax and Advisory Control Board Planning Commission Americans with Disabilities Act Compliance Board County/City General Health District Volunteer Firefighters Dependent Board Preservation Commission Board of Review Safety Committee Maumee Valley Planning and Organizational Board 	<ul style="list-style-type: none"> Board of Zoning Appeals Tree Commission Parks and Recreation Board Records Retention Commission Housing Advisory Board Tax Incentive Review Council Health Care Cost Commission Fair Housing Board Audit Committee Henry County Metropolitan Housing Authority
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**Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting**



Government Finance Officers Association

**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, 2015



Executive Director/CEO



FINANCIAL SECTION



Historical Marker





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Napoleon
Henry County
255 West Riverview Avenue
P.O. Box 151
Napoleon, Ohio 43545-0151

To the City Council:

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, 2016, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, Henry County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining and individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

June 26, 2017



***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

Unaudited

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, 2016. 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 2016 are as follows:

- In total, net position increased \$3,685,386, from 2015. The net position of governmental activities increased \$1,080,674, from 2015; and the net position of business-type activities increased \$2,604,712, from 2015. Please see additional discussion on this item, and the Changes in Net position Table, both listed later in the MD&A.
- Total revenues exceeded \$33 million. \$5.4 million was general revenues, or 16% of the total revenues; and \$27.8 million was program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions, or 84% of the total revenues.
- The City had \$7.0 million in program expenses related to governmental activities; only \$2.8 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) of \$5.2 million and excess cash reserves were adequate to provide for the balance on these programs.
- Among major funds, the general fund had \$6.0 million in revenues, \$3.9 million in expenditures (the expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities) and other financing sources and uses, netting to (\$1.9) million. The general fund's fund balance decreased \$180,213.
- Net position for the proprietary funds increased by \$2,618,573. The increase is a result of higher operating revenues in electric, sewer and sanitation, with a slight decrease in water; expenses reflect an increase in operating expenses for electric (primarily in the cost of purchased power), water and sanitation; and, reflects a decrease in expenses for sewer. Net position includes major capital contributions in the form of capital assets for all proprietary funds, with a decrease for water, and an increase for sewer and sanitation; there were no capital asset increases or decreases, in electric.

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 of resources, liabilities and deferred inflows of resources. 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 of resources, liabilities and deferred inflows of resources) 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, 2016***

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 Statement of Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$8,921,316	\$8,299,070	\$26,193,581	\$23,813,733	\$35,114,897	\$32,112,803
Capital assets, Net	35,145,808	34,488,537	41,569,926	40,273,220	76,715,734	74,761,757
Total assets	<u>44,067,124</u>	<u>42,787,607</u>	<u>67,763,507</u>	<u>64,086,953</u>	<u>111,830,631</u>	<u>106,874,560</u>
Deferred outflows of resources	2,351,066	911,500	1,042,431	362,601	3,393,497	1,274,101
Net pension liability	7,997,509	6,259,984	2,733,194	1,877,515	10,730,703	8,137,499
Other long-term liabilities	1,587,202	1,776,989	20,820,175	20,565,452	22,407,377	22,342,441
Other liabilities	418,985	363,292	1,923,598	1,301,957	2,342,583	1,665,249
Total liabilities	<u>10,003,696</u>	<u>8,400,265</u>	<u>25,476,967</u>	<u>23,744,924</u>	<u>35,480,663</u>	<u>32,145,189</u>
Deferred inflows of resources	486,892	451,914	52,810	33,181	539,702	485,095
Net position:						
Net investment in capital assets	34,214,705	33,433,083	23,498,665	22,542,372	57,713,370	55,975,455
Restricted	2,858,956	2,806,677	0	0	2,858,956	2,806,677
Unrestricted (deficit)	<u>(1,146,059)</u>	<u>(1,392,832)</u>	<u>19,777,496</u>	<u>18,129,077</u>	<u>18,631,437</u>	<u>16,736,245</u>
Total net position	<u>\$35,927,602</u>	<u>\$34,846,928</u>	<u>\$43,276,161</u>	<u>\$40,671,449</u>	<u>\$79,203,763</u>	<u>\$75,518,377</u>

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed later in the MD&A, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension. (See NOTE 11 – DEFINED BENEFIT PENSION PLANS to the Basic Financial Statements for additional explanation and information.)

***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

Unaudited

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

Unaudited

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

At fiscal year-end for governmental activities, capital assets represented 80% of total assets. Capital assets include land, land improvements, buildings and improvements, machinery and equipment, and vehicles. Net investment in capital assets, at December 31, 2016 was \$34,214,705. These capital assets are used to provide services to the public and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$2,858,956, represents resources that are subject to external restriction on how they may be used. Excluding the effect of implementing GASB 68, the City has approximately \$5 million in unrestricted net position which may be used to meet the City's ongoing obligations to the public and creditors.

**Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,382,760	\$1,367,198	\$24,412,507	\$23,045,787	\$25,795,267	\$24,412,985
Operating Grants and Contributions	621,783	586,830	0	0	621,783	586,830
Capital Grants and Contributions	802,876	931,660	624,929	167,351	1,427,805	1,099,011
General revenues:						
Property Taxes	358,670	365,123	0	0	358,670	365,123
Municipal Income Taxes	4,120,044	4,097,468	0	0	4,120,044	4,097,468
Other Local Taxes	515,950	520,952	0	0	515,950	520,952
Grants and Entitlements						
not Restricted to Specific Programs	5,422	798,480	0	0	5,422	798,480
Investment Earnings	99,506	8,164	219,435	103,486	318,941	111,650
Miscellaneous	79,387	397,832	0	0	79,387	397,832
Total revenues	7,986,398	9,073,707	25,256,871	23,316,624	33,243,269	32,390,331
Program Expenses:						
Security of Persons and Property	3,546,651	3,654,789	0	0	3,546,651	3,654,789
Public Health and Welfare Services	107,520	130,226	0	0	107,520	130,226
Leisure Time Activities	896,040	885,152	0	0	896,040	885,152
Community Environment	1,057,736	133,083	0	0	1,057,736	133,083
Transportation	225,516	1,508,973	0	0	225,516	1,508,973
General Government	1,108,794	895,716	0	0	1,108,794	895,716
Interest and Fiscal Charges	64,017	49,078	0	0	64,017	49,078
Electric (1)	0	0	15,578,395	14,525,667	15,578,395	14,525,667
Water	0	0	2,820,862	2,483,792	2,820,862	2,483,792
Sewer	0	0	3,322,734	3,298,500	3,322,734	3,298,500
Sanitation	0	0	829,618	756,482	829,618	756,482
Total expenses	7,006,274	7,257,017	22,551,609	21,064,441	29,557,883	28,321,458
Change in Net Position Before Transfers	980,124	1,816,690	2,705,262	2,252,183	3,685,386	4,068,873
Transfers (2)	100,550	116,754	(100,550)	(116,754)	0	0
Total Change in Net Position	1,080,674	1,933,444	2,604,712	2,135,429	3,685,386	4,068,873
Beginning Net Position	34,846,928	32,913,484	40,671,449	38,536,020	75,518,377	71,449,504
Ending Net Position	\$35,927,602	\$34,846,928	\$43,276,161	\$40,671,449	\$79,203,763	\$75,518,377

Note: (1) In Electric, program expenses for 2015 reflects a booked payable for \$19,814; and, for 2016 reflects a booked payable for \$5,099. This is the City's contracted (take-or-pay) obligation on the AMPGS project stranded cost settlement. (See NOTE 17 - CONTINGENCIES to the Basic Financial Statements for additional explanation and information.)

(2) In 2016, net transfers were made from the proprietary capital funds to the general capital assets for \$100,550, returning unused advanced funding from the Scott Street project completed in 2014, out of the final grant draw payments.

Governmental Activities

Net position of the City's governmental activities shows an increase of \$1,080,674 in 2016 from 2015. In 2016, the City experienced lower program operating expenses were compared to 2015. Major grants, and their related expenses, decreased due to the completion in 2015 of major project improvements from earlier years; other operating expenses were decreased in 2016 as compared to 2015. Economic factors impacting general trends to revenues improved in 2016 (as reflected in the income tax collections); however, grants and entitlements not restricted to specific programs were down.

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, dating back to the 2008-2010 recession, has negatively impacted the housing sector by setting lower home valuations that have been slow to recover to pre-recession levels; in 2016 pre-existing home sales were slightly increased creating a more positive outlook on home valuations. With stagnant valuations the corresponding collections of property tax collected on the un-voted 2.90 mill allocation for the City has been, and remains, generally flat over the past couple of years.

In addition, this and other sources of revenue have been negatively impacted with unilateral 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. The State may continue to make similar revisions to these and other source of revenues the City receives. The State of Ohio has eliminated the Estate Tax reducing revenues from this source to almost zero. The County Auditor maintains and collects the inside millage and the estate taxes. The City is aware of mandated impacts to its revenues and to changes to valuations; and, has made adjustments to its general revenue estimates, with corresponding adjustments to its program expenses, to account for the impact of reduced revenues from these sources.

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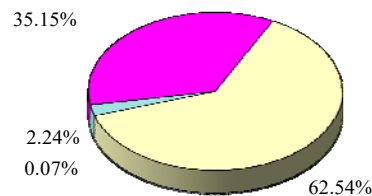
***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

Unaudited

In 2016, 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 2016, total municipal income taxes reflect an increase in revenues of 15.9% over 2015. This is due to a more stable and growing local economy, and enhanced collection efforts.

Property taxes, income taxes and other local taxes made up 5%, 52% and 6% respectively of revenues for governmental activities for the City in fiscal year 2016. The City's reliance upon tax revenues is demonstrated by the following graph indicating 62.54% of total revenues from general tax revenues:

<u>Revenue Sources</u>	<u>2016</u>	<u>Percent of Total</u>
General Shared Revenues	\$5,422	0.07%
Program Revenues	2,807,419	35.15%
General Tax Revenues	4,994,664	62.54%
General Other	178,893	2.24%
Total Revenue	\$7,986,398	100.00%



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**Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Unaudited

Business-Type Activities

In 2016, the total net position of all business-type activities increased by \$2,604,712. The operating incomes for the business-type activities were \$609,120 for water, \$1,117,925 for sewer, \$48,966 for sanitation, and \$691,113 for electric. The City in 2015 booked an electric fund payable for \$19,814, and in 2016 booked a payable for \$5,099, both posted to contractual services for the City's contracted obligation on the AMPGS project stranded cost settlement. (See NOTE 17 - CONTINGENCIES to the Basic Financial Statements for additional explanation and information.) In total, all business-type activities operating revenues in 2016 were above 2015 levels. This was primarily due to increases in capital grants and contributions, and charges for services and sales. Overall, net billable dollars in 2016 from 2015 for electric was up due to higher purchased power costs that are directly recovered through billing. Billable dollars for water was slightly lower, and higher for sewer and sanitation.

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 \$7,212,861, which is an increase of \$665,154 from last year's balance of \$6,547,707. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2016 and 2015:

	Fund Balance December 31, 2016	Fund Balance December 31, 2015	Increase (Decrease)
General	\$1,946,768	\$2,126,981	(\$180,213)
Special Assessment Bond Retirement	587,694	571,619	16,075
Capital Improvement	1,932,955	1,437,382	495,573
Other Governmental	2,745,444	2,411,725	333,719
Total	<u>\$7,212,861</u>	<u>\$6,547,707</u>	<u>\$665,154</u>

General Fund – The City's General Fund balance slightly decreased primarily due to increased expenditures. The tables that follow assist in illustrating the financial activities of the General Fund:

	2016 Revenues	2015 Revenues	Increase (Decrease)
Taxes (Income, Property and Other)	\$4,885,900	\$4,854,374	\$31,526
Intergovernmental Revenue	242,210	238,756	3,454
Charges for Services	315,942	293,792	22,150
Licenses and Permits	75,027	70,735	4,292
Investment Earnings	66,639	(4,814)	71,453
Fines and Forfeitures	193,925	165,790	28,135
All Other Revenue	223,444	249,828	(26,384)
Total	<u>\$6,003,087</u>	<u>\$5,868,461</u>	<u>\$134,626</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

Unaudited

General Fund revenues in 2016 increased 2.3% compared to revenues in fiscal year 2015. The most significant factor contributing to this increase was in Taxes and Investment Earnings. Increases occurred in all revenue categories, except for All Other Revenue which had a decrease.

	2016	2015	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,766,929	\$2,693,509	\$73,420
Public Health and Welfare Services	100,039	111,598	(11,559)
Community Environment	145,836	127,124	18,712
General Government	983,835	797,078	186,757
Total	<u>\$3,996,639</u>	<u>\$3,729,309</u>	<u>\$267,330</u>

General Fund expenditures increased by \$267,330 in 2016 from 2015. The largest increase was \$186,757 in General Government. This is attributed to increased expenditures in both personnel and operating expense. Security of Persons and Property increased by \$73,420 and reflects both increased expenses and one time payouts for retiring personnel. General Government expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities. In addition, reimbursements (off-sets), and fund transfers, are included for the inside the City kilowatt hour (kWh) tax monies collected in the Electric Fund, and directed back to the General Fund pursuant to Ohio law. The kWh tax reimbursements off-set the general government charged utilities of electric and water, with the net balance receipted as a direct revenue to the General Fund.

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 increased in 2016 from 2015.

Other Funds - Fund balances in the Special Assessment Bond Retirement Fund and the Capital Improvement Fund increased in 2016 from 2015. The Other Governmental Funds increased in 2016 from 2015.

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 2016 the City amended its General Fund budget, along with other funds, various times on an as needed basis.

**Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Unaudited

In the General Fund, the final budget basis for revenue was \$6.75 million, including other financing sources. This was a \$1,054,164 increase over the original conservative budget estimates of \$5.70 million. The General Fund had an adequate revenue stream and fund balance reserves to cover its expenditures in 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2016 the City had \$76,715,734 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$35,145,808 was related to governmental activities and \$41,569,926 to the business-type activities. The following table shows fiscal year 2016 and 2015 balances:

	Governmental Activities		Increase (Decrease)
	2016	2015	
Land	\$10,838,799	\$11,571,162	(\$732,363)
Construction in Progress	1,885,168	3,213,941	(1,328,773)
Improvements	4,882,587	2,522,917	2,359,670
Buildings	3,541,953	3,541,953	0
Machinery and Equipment	5,388,495	5,254,046	134,449
Infrastructure	31,361,330	30,144,914	1,216,416
Less: Accumulated Depreciation	(22,752,524)	(21,760,396)	(992,128)
Totals	\$35,145,808	\$34,488,537	\$657,271

	Business-Type Activities		Increase (Decrease)
	2016	2015	
Land	\$289,525	\$289,525	\$0
Construction in Progress	1,249,396	2,184,115	(934,719)
Buildings	9,330,578	9,330,578	0
Improvements	52,112,435	48,415,442	3,696,993
Machinery and Equipment	6,133,816	6,107,225	26,591
Less: Accumulated Depreciation	(27,545,824)	(26,053,665)	(1,492,159)
Totals	\$41,569,926	\$40,273,220	\$1,296,706

In the governmental activities, decrease in Land due to sale of property for economic development, decrease in Construction in Progress due fewer high value projects in 2016 versus 2015, increases in Improvements and Infrastructure due to road rebuilds and improvements, and increase to Machinery and Equipment due to replacement of equipment.

In the business-type activities, increases occurred in most categories as listed. The decrease in construction in progress was mostly related to the completion of several new water line and sewer line projects. Increases reflect major electric, water, and storm sewer project improvements. Many of the sewer and storm sewer project improvements are associated with continuing projects to meet the City's Long Term Control Plan with the Ohio and US EPAs. (See NOTE 10 – CAPITAL ASSETS to the Basic Financial Statements for additional explanation and information.)

**Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Unaudited

Debt

At December 31, 2016, the City had \$10.3 million in bonds outstanding, \$825,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2016 and 2015:

	2016	2015
Governmental Activities:		
Special Assessment Bonds	\$48,754	\$80,754
General Obligation Bonds	870,000	950,000
OPWC Loans Payable	12,349	24,700
Compensated Absences	656,099	721,535
Net Pension Liability	7,997,509	6,259,984
Total Governmental Activities	<u>9,584,711</u>	<u>8,036,973</u>
Business-Type Activities:		
General Obligation Bonds	\$865,000	\$1,025,000
Revenue Bonds	8,575,000	9,085,000
Special Assessment Bonds	34,246	42,246
Long-Term Notes	3,900,000	2,500,000
WPCLF Loans Payable	5,509,329	5,874,191
OWDA Loans Payable	916,078	1,022,324
OPWC Loans Payable	311,051	339,736
OSWRC Deferred Loan Payable	300,832	300,832
Compensated Absences	408,639	376,123
Net Pension Liability	2,733,194	1,877,515
Total Business-Type Activities	<u>23,553,369</u>	<u>22,442,967</u>
Totals	<u><u>\$33,138,080</u></u>	<u><u>\$30,479,940</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, 2016, the City's outstanding debt was below the legal limit. (See NOTE 14 – LONG TERM DEBT to the Basic Financial Statements for additional explanation and information.)

CITY'S GENERAL AND OTHER FUNDS BUDGETS 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 actual 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 are made to budgeted expenditures, as necessary, to keep the funds in balance as required by State Law. The City utilizes actual or projected fund balance reserves for any negative differences in revenues to expenditures to keep the budget balanced. The original 2016 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 2016 original estimated revenues to the actual receipts on a cash basis, there was an 18.0% increase in actual receipts compared to estimated revenues. Comparing the General fund 2015 original budgeted expenditures to actual expenditures on a cash basis, there was a 9.3% decrease in actual final expenditures compared to budgeted expenditures. This process of the lower estimate to actual for revenues, and the higher estimate to actual for expenditures assists in keeping year ending fund reserves at sustainable levels, and helps to buffer any potential down turns, or slow growth periods, in local economic conditions.

The final approved 2016 budget, for all funds, added one new permanent position in the Water Treatment Plant, as compared to 2015. In addition, during the 2016 budget review and approval process, 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 for base service levels were appropriated.

***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

Unaudited

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 have stabilized since the 2008 – 2010 recession. Starting in 2010 growth returned, but has been slow and stable through 2015. In 2016, economic conditions are showing better improvement as reflected in income tax receipts. This improvement has not reached the economic levels of growth seen prior to 2008. However, growth is considered generally stable and improving, and follows the general economic conditions for the State of Ohio.

City budgets over this period have reflect a number of actions, including a voted increase to income tax rates, to account for changes in economic conditions; and, for changes caused by reductions of shared governmental revenues from the State of Ohio, and other 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 letter of transmittal 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:	gheath@napoleonohio.com
Web Page:	www.napoleonohio.com



CITY OF NAPOLEON, OHIO

**Statement of Net Position
December 31, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 6,487,598	\$ 20,203,845	\$ 26,691,443
Receivables:			
Property Taxes	427,156	0	427,156
Municipal Income Taxes	721,256	0	721,256
Accounts	551,235	3,972,086	4,523,321
Intergovernmental	384,790	44,597	429,387
Interest	24,579	31,294	55,873
Special Assessments	2,161	203,985	206,146
Internal Balances	26,492	(26,492)	0
Inventory of Supplies at Cost	296,049	1,290,839	1,586,888
Capital Assets:			
Capital Assets Not Being Depreciated	12,723,967	1,538,921	14,262,888
Capital Assets Being Depreciated, Net	22,421,841	40,031,005	62,452,846
Investment in Joint Venture	0	473,427	473,427
Total Assets	<u>44,067,124</u>	<u>67,763,507</u>	<u>111,830,631</u>
Deferred Outflows of Resources:			
Pension	<u>2,351,066</u>	<u>1,042,431</u>	<u>3,393,497</u>
Liabilities:			
Accounts Payable	176,796	1,748,099	1,924,895
Accrued Wages and Benefits	238,820	113,569	352,389
Accrued Interest Payable	3,369	61,930	65,299
Long-Term Liabilities:			
Due Within One Year	363,283	5,264,087	5,627,370
Net Pension Liability	7,997,509	2,733,194	10,730,703
Due in More Than One Year	1,223,919	15,556,088	16,780,007
Total Liabilities	<u>10,003,696</u>	<u>25,476,967</u>	<u>35,480,663</u>
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	407,456	0	407,456
Pension	79,436	52,810	132,246
Total Deferred Inflows of Resources	<u>486,892</u>	<u>52,810</u>	<u>539,702</u>

CITY OF NAPOLEON, OHIO

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position:			
Net Investment in Capital Assets	34,214,705	23,498,665	57,713,370
Restricted For:			
Debt Service	587,235	0	587,235
Street Construction, Maintenance and Repair	710,604	0	710,604
Fire Equipment	531,420	0	531,420
Court Improvement	236,293	0	236,293
Other Purposes	793,404	0	793,404
Unrestricted (Deficit)	<u>(1,146,059)</u>	<u>19,777,496</u>	<u>18,631,437</u>
Total Net Position	<u>\$ 35,927,602</u>	<u>\$ 43,276,161</u>	<u>\$ 79,203,763</u>

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Activities
For the Year Ended December 31, 2016**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,546,651	\$ 1,045,704	\$ 97,494	\$ 29,025
Public Health and Welfare Services	107,520	14,655	0	0
Leisure Time Activities	896,040	260,055	0	21,903
Community Environment	1,057,736	3,270	5,836	0
Transportation	225,516	7,486	518,453	751,948
General Government	1,108,794	51,590	0	0
Interest and Fiscal Charges	64,017	0	0	0
Total Governmental Activities	7,006,274	1,382,760	621,783	802,876
Business-Type Activities:				
Electric	15,578,395	16,250,617	0	0
Water	2,820,862	3,233,144	0	9,888
Sewer	3,322,734	4,054,675	0	590,940
Sanitation	829,618	874,071	0	24,101
Total Business-Type Activities	22,551,609	24,412,507	0	624,929
Totals	\$ 29,557,883	\$ 25,795,267	\$ 621,783	\$ 1,427,805

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,374,428)	\$ 0	\$ (2,374,428)
(92,865)	0	(92,865)
(614,082)	0	(614,082)
(1,048,630)	0	(1,048,630)
1,052,371	0	1,052,371
(1,057,204)	0	(1,057,204)
(64,017)	0	(64,017)
<u>(4,198,855)</u>	<u>0</u>	<u>(4,198,855)</u>
0	672,222	672,222
0	422,170	422,170
0	1,322,881	1,322,881
0	68,554	68,554
<u>0</u>	<u>2,485,827</u>	<u>2,485,827</u>
<u>(4,198,855)</u>	<u>2,485,827</u>	<u>(1,713,028)</u>
358,670	0	358,670
4,120,044	0	4,120,044
515,950	0	515,950
5,422	0	5,422
99,506	219,435	318,941
79,387	0	79,387
<u>100,550</u>	<u>(100,550)</u>	<u>0</u>
<u>5,279,529</u>	<u>118,885</u>	<u>5,398,414</u>
1,080,674	2,604,712	3,685,386
<u>34,846,928</u>	<u>40,671,449</u>	<u>75,518,377</u>
<u>\$ 35,927,602</u>	<u>\$ 43,276,161</u>	<u>\$ 79,203,763</u>

CITY OF NAPOLEON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2016**

	General	Special Assessment Bond Retirement	Capital Improvement
Assets:			
Cash and Cash Equivalents	\$ 1,489,414	\$ 587,177	\$ 1,938,895
Receivables:			
Property Taxes	294,357	0	0
Municipal Income Taxes	721,256	0	0
Accounts	61,391	0	4,234
Intergovernmental	110,552	0	0
Interest	19,431	1,266	0
Special Assessments	0	2,161	0
Interfund Loans Receivables	0	0	2,800
Inventory of Supplies, at Cost	36,941	0	0
Total Assets	\$ 2,733,342	\$ 590,604	\$ 1,945,929
Liabilities:			
Accounts Payable	\$ 104,469	\$ 0	\$ 12,974
Accrued Wages and Benefits Payable	174,659	0	0
Interfund Loans Payable	0	0	0
Total Liabilities	279,128	0	12,974
Deferred Inflows of Resources:			
Unavailable Amounts	226,442	2,910	0
Property Tax for Next Fiscal Year	281,004	0	0
Total Deferred Inflows of Resources	507,446	2,910	0
Fund Balances:			
Nonspendable	44,283	0	0
Restricted	0	587,694	0
Committed	11,196	0	1,932,955
Assigned	590,274	0	0
Unassigned	1,301,015	0	0
Total Fund Balances	1,946,768	587,694	1,932,955
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,733,342	\$ 590,604	\$ 1,945,929

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 2,430,037	\$ 6,445,523
132,799	427,156
0	721,256
484,281	549,906
274,238	384,790
3,882	24,579
0	2,161
0	2,800
252,736	289,677
<u>\$ 3,577,973</u>	<u>\$ 8,847,848</u>
\$ 56,493	\$ 173,936
58,290	232,949
2,800	2,800
<u>117,583</u>	<u>409,685</u>
588,494	817,846
126,452	407,456
<u>714,946</u>	<u>1,225,302</u>
252,736	297,019
1,854,776	2,442,470
653,582	2,597,733
13,650	603,924
(29,300)	1,271,715
<u>2,745,444</u>	<u>7,212,861</u>
<u>\$ 3,577,973</u>	<u>\$ 8,847,848</u>

CITY OF NAPOLEON, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2016***

Total Governmental Fund Balances		\$	7,212,861
<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.			35,145,808
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Municipal Income Taxes	123,868		
Property Taxes	19,362		
Charges for Services	403,032		
Interest Revenues	14,542		
Special Assessments	2,161		
Intergovernmental	<u>254,881</u>		817,846
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred Outflows - Pension	2,296,134		
Deferred Inflows - Pension	(76,653)		
Net Pension Liability	<u>(7,853,481)</u>		(5,634,000)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.			(3,369)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			(38,642)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Special Assessment Bond Payable	(48,754)		
General Obligation Bonds Payable	(870,000)		
Ohio Public Works Commission Loan Payable	(12,349)		
Compensated Absences Payable	<u>(641,799)</u>		<u>(1,572,902)</u>
<i>Net Position of Governmental Activities</i>		\$	<u><u>35,927,602</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, 2016**

	General	Special Assessment Bond Retirement	Capital Improvement
Revenues:			
Property Taxes	\$ 250,694	\$ 0	\$ 0
Municipal Income Tax	4,119,256	0	0
Other Local Taxes (kWh Tax)	515,950	0	0
Intergovernmental Revenues	242,210	0	284,999
Charges for Services	315,942	0	0
Licenses and Permits	75,027	0	0
Investment Earnings	66,639	5,912	0
Special Assessments	0	33,107	0
Fines and Forfeitures	193,925	0	0
All Other Revenue	223,444	13,999	28,924
Total Revenue	6,003,087	53,018	313,923
Expenditures:			
Current:			
Security of Persons and Property	2,766,929	0	0
Public Health and Welfare Services	100,039	0	0
Leisure Time Activities	0	0	0
Community Environment	145,836	0	0
Transportation	0	0	0
General Government	983,835	629	0
Capital Outlay	0	0	1,285,753
Debt Service:			
Principal Retirement	0	44,351	0
Interest and Fiscal Charges	0	4,323	0
Total Expenditures	3,996,639	49,303	1,285,753
Excess (Deficiency) of Revenues Over Expenditures	2,006,448	3,715	(971,830)
Other Financing Sources (Uses):			
Sale of Capital Assets	33,755	0	0
Transfers In	44,169	12,360	1,593,653
Transfers Out	(2,299,561)	0	(126,250)
Total Other Financing Sources (Uses)	(2,221,637)	12,360	1,467,403
Net Change in Fund Balances	(215,189)	16,075	495,573
Fund Balances at Beginning of Year	2,126,981	571,619	1,437,382
Increase in Inventory Reserve	34,976	0	0
Fund Balances End of Year	\$ 1,946,768	\$ 587,694	\$ 1,932,955

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 112,163	\$ 362,857
0	4,119,256
0	515,950
756,607	1,283,816
549,363	865,305
0	75,027
16,982	89,533
0	33,107
169,135	363,060
77,488	343,855
<u>1,681,738</u>	<u>8,051,766</u>
504,603	3,271,532
0	100,039
808,066	808,066
46,470	192,306
498,095	498,095
46,529	1,030,993
52,025	1,337,778
80,000	124,351
60,100	64,423
<u>2,095,888</u>	<u>7,427,583</u>
(414,150)	624,183
0	33,755
806,858	2,457,040
(82,529)	(2,508,340)
<u>724,329</u>	<u>(17,545)</u>
310,179	606,638
2,411,725	6,547,707
23,540	58,516
<u>\$ 2,745,444</u>	<u>\$ 7,212,861</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, 2016***

Net Change in Fund Balances - Total Governmental Funds \$ 606,638

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

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

Capital Outlay	2,735,257	
Depreciation	<u>(1,166,196)</u>	1,569,061

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.

(911,790)

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

Municipal Income Taxes	788	
Property Taxes	(4,187)	
Charges for Services	(64,808)	
Special Assessments	(43,577)	
Interest	9,973	
Intergovernmental	<u>2,688</u>	(99,123)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

584,177

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.

(897,651)

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

Special Assessment Bonds Principal	32,000	
General Obligation Bonds Principal	80,000	
OPWC Loan Principal	<u>12,351</u>	124,351

(Continued)

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.

Accrued Interest Payable	406
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in Supplies Inventory	58,516	
Decrease in Compensated Absences Payable	66,886	125,402

The internal service funds are used by management to charge the costs of services to individual funds and 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.

	(20,797)
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Change in Net Position of Governmental Activities

	\$ 1,080,674
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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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 249,180	\$ 250,694	\$ 250,694	\$ 0
Municipal Income Tax	3,770,610	4,767,960	4,767,960	0
Other Local Taxes	515,000	515,950	515,950	0
Intergovernmental Revenue	233,020	243,126	243,126	0
Charges for Services	298,650	305,513	305,513	0
Licenses and Permits	64,000	75,027	75,027	0
Investment Earnings	46,050	76,952	76,952	0
Fines and Forfeitures	192,300	191,092	191,092	0
All Other Revenues	288,090	248,826	248,826	0
Total Revenues	<u>5,656,900</u>	<u>6,675,140</u>	<u>6,675,140</u>	<u>0</u>
Expenditures:				
Current:				
Security of Persons and Property	3,105,806	2,824,695	2,824,660	35
Public Health and Welfare Services	127,110	101,720	101,400	320
Community Environment	148,500	147,799	147,549	250
General Government	1,320,816	1,194,782	1,193,025	1,757
Total Expenditures	<u>4,702,232</u>	<u>4,268,996</u>	<u>4,266,634</u>	<u>2,362</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	954,668	2,406,144	2,408,506	2,362
Other Financing Sources (Uses):				
Sale of Capital Assets	0	33,755	33,755	0
Transfers In	42,000	44,169	44,169	0
Transfers Out	(1,839,970)	(2,299,561)	(2,299,561)	0
Total Other Financing Sources (Uses):	<u>(1,797,970)</u>	<u>(2,221,637)</u>	<u>(2,221,637)</u>	<u>0</u>
Net Change In Fund Balance	(843,302)	184,507	186,869	2,362
Fund Balance at Beginning of Year	1,213,039	1,213,039	1,213,039	0
Prior Year Encumbrances	15,046	15,046	15,046	0
Fund Balance at End of Year	<u>\$ 384,783</u>	<u>\$ 1,412,592</u>	<u>\$ 1,414,954</u>	<u>\$ 2,362</u>

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2016**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 9,511,076	\$ 4,686,545	\$ 4,825,141
Receivables:			
Accounts	2,665,364	480,932	673,909
Intergovernmental	0	0	44,597
Interest	10,050	9,476	9,231
Special Assessments	0	22,563	181,422
Inventory of Supplies at Cost	928,761	286,299	75,779
<i>Total Current Assets</i>	13,115,251	5,485,815	5,810,079
<i>Non Current Assets:</i>			
Capital Assets, Net	10,398,201	11,104,912	19,598,895
Investment in Joint Venture	473,427	0	0
<i>Total Non Current Assets</i>	10,871,628	11,104,912	19,598,895
Total Assets	23,986,879	16,590,727	25,408,974
Deferred Outflows of Resources:			
Pension	456,664	287,377	224,714
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	1,072,478	597,945	68,828
Accrued Wages and Benefits	48,915	33,061	23,644
Compensated Absences Payable - Current	72,324	43,654	32,621
Accrued Interest Payable	0	38,140	23,790
General Obligation Bonds - Current	0	170,000	0
Special Assessment Bonds - Current	0	0	8,000
Revenue Bonds - Current	0	179,250	360,750
Ohio Public Works Commission Loan - Current	0	0	28,685
Ohio Water Development Authority Loans - Current	0	15,846	74,865
Water Pollution Control Loans - Current	0	0	368,519
<i>Total Current Liabilities</i>	1,193,717	1,077,896	989,702

CITY OF NAPOLEON, OHIO

Sanitation	Total	Internal Service Fund
\$ 1,181,083	\$ 20,203,845	\$ 42,075
151,881	3,972,086	1,329
0	44,597	0
2,537	31,294	0
0	203,985	0
0	1,290,839	6,372
1,335,501	25,746,646	49,776
467,918	41,569,926	0
0	473,427	0
467,918	42,043,353	0
1,803,419	67,789,999	49,776
73,676	1,042,431	54,932
8,848	1,748,099	2,860
7,949	113,569	5,871
9,573	158,172	6,560
0	61,930	0
0	170,000	0
0	8,000	0
0	540,000	0
0	28,685	0
0	90,711	0
0	368,519	0
26,370	3,287,685	15,291

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2016**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	114,477	74,031	46,929
Net Pension Liability	1,197,345	753,486	589,187
General Obligation Notes Payable	0	3,900,000	0
General Obligation Bonds Payable	0	695,000	0
Special Assessment Bonds Payable	0	0	26,246
Revenue Bonds Payable	0	3,174,150	4,860,850
OWDA Loans Payable	0	144,185	681,182
OPWC Loans Payable	0	0	282,366
Ohio Sewer & Water Rotary Commission Deferred Loan Payable	0	68,061	232,771
Water Pollution Control Loans Payable	0	0	5,140,810
<i>Total Long-Term Liabilities</i>	<u>1,311,822</u>	<u>8,808,913</u>	<u>11,860,341</u>
Total Liabilities	<u>2,505,539</u>	<u>9,886,809</u>	<u>12,850,043</u>
Deferred Inflows of Resources:			
Pension	<u>23,135</u>	<u>14,559</u>	<u>11,384</u>
Net Position:			
Net Investment in Capital Assets	10,398,201	3,200,246	9,432,300
Unrestricted	<u>11,516,668</u>	<u>3,776,490</u>	<u>3,339,961</u>
Total Net Position	<u>\$ 21,914,869</u>	<u>\$ 6,976,736</u>	<u>\$ 12,772,261</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

<u>Sanitation</u>	<u>Total</u>	<u>Internal Service Fund</u>
15,030	250,467	7,740
193,176	2,733,194	144,028
0	3,900,000	0
0	695,000	0
0	26,246	0
0	8,035,000	0
0	825,367	0
0	282,366	0
0	300,832	0
<u>0</u>	<u>5,140,810</u>	<u>0</u>
<u>208,206</u>	<u>22,189,282</u>	<u>151,768</u>
<u>234,576</u>	<u>25,476,967</u>	<u>167,059</u>
<u>3,732</u>	<u>52,810</u>	<u>2,783</u>
467,918	23,498,665	0
<u>1,170,869</u>	<u>19,803,988</u>	<u>(65,134)</u>
<u>\$ 1,638,787</u>	<u>\$ 43,302,653</u>	<u>\$ (65,134)</u>
	<u>(26,492)</u>	
	<u>\$ 43,276,161</u>	

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 16,099,119	\$ 3,202,857	\$ 4,015,454
Other Charges for Services	54,082	30,287	39,221
Total Operating Revenues	16,153,201	3,233,144	4,054,675
Operating Expenses:			
Personal Services	1,338,248	854,548	653,876
Contractual Services	919,744	852,367	1,396,214
Purchased Power	12,394,914	0	0
Materials and Supplies	300,968	330,183	109,015
Utilities	43,818	175,689	136,533
Depreciation	464,396	411,237	641,112
Total Operating Expenses	15,462,088	2,624,024	2,936,750
Operating Income (Loss)	691,113	609,120	1,117,925
Nonoperating Revenue (Expenses):			
Investment Earnings	55,707	45,638	105,075
Interest Expense	0	(192,580)	(383,704)
Other Local Taxes (kWh Tax)	116,358	0	0
Loss on Investment in Joint Venture	(18,942)	0	0
Other Nonoperating Expense (kWh Paid to State)	(113,497)	0	0
Total Nonoperating Revenues (Expenses)	39,626	(146,942)	(278,629)
Income (Loss) Before Transfers and Contributions	730,739	462,178	839,296
Transfers In	0	0	0
Transfers Out	0	0	(100,550)
Capital Contributions	0	9,888	590,940
Change in Net Position	730,739	472,066	1,329,686
Net Position Beginning of Year	21,184,130	6,504,670	11,442,575
Net Position End of Year	\$ 21,914,869	\$ 6,976,736	\$ 12,772,261

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

Sanitation	Total	Internal Service Fund
\$ 859,649	\$ 24,177,079	\$ 106,462
14,422	138,012	8,254
874,071	24,315,091	114,716
235,409	3,082,081	182,855
409,502	3,577,827	0
0	12,394,914	0
100,912	841,078	117,820
1,731	357,771	549
77,551	1,594,296	0
825,105	21,847,967	301,224
48,966	2,467,124	(186,508)
13,015	219,435	0
0	(576,284)	0
0	116,358	0
0	(18,942)	0
0	(113,497)	0
13,015	(372,930)	0
61,981	2,094,194	(186,508)
0	0	151,850
0	(100,550)	0
24,101	624,929	0
86,082	2,618,573	(34,658)
1,552,705	40,684,080	(30,476)
\$ 1,638,787	\$ 43,302,653	\$ (65,134)
	2,618,573	
	(13,861)	
	\$ 2,604,712	

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$15,730,594	\$3,231,602	\$4,038,160
Cash Payments for Goods and Services	(13,515,059)	(1,393,901)	(1,657,136)
Cash Payments to Employees	(1,246,262)	(791,628)	(598,960)
Net Cash Provided (Used) by Operating Activities	969,273	1,046,073	1,782,064
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	0
Transfers Out to Other Funds	0	0	(100,550)
Receipts of Other Local Taxes	116,358	0	0
kWh Tax Paid to State	(113,497)	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	2,861	0	(100,550)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(241,201)	(1,271,398)	(808,917)
Capital Contributions	0	3,225	554,683
General Obligation Notes Issued	0	3,900,000	0
Principal Paid on General Obligation Notes	0	(2,500,000)	0
Principal Paid on Special Assessment Bond	0	0	(8,000)
Principal Paid on General Obligation Bonds	0	(160,000)	0
Principal Paid on Mortgage Revenue Bonds	0	(168,400)	(341,600)
Principal Paid on Ohio Public Works Commission Loan	0	0	(28,685)
Principal Paid on Ohio Water Development Authority Loans	0	(34,633)	(71,613)
Principal Paid on Water Pollution Control Loan Fund Loan	0	0	(364,862)
Interest Paid on All Debt	0	(210,451)	(384,714)
Net Cash Used for Capital and Related Financing Activities	(241,201)	(441,657)	(1,453,708)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	53,450	40,259	102,776
Net Cash Provided by Investing Activities	53,450	40,259	102,776
Net Increase (Decrease) in Cash and Cash Equivalents	784,383	644,675	330,582
Cash and Cash Equivalents at Beginning of Year	8,726,693	4,041,870	4,494,559
Cash and Cash Equivalents at End of Year	\$9,511,076	\$4,686,545	\$4,825,141

CITY OF NAPOLEON, OHIO

Sanitation	Totals	Governmental Activities Internal Service Funds
\$870,175	\$23,870,531	\$123,639
(511,705)	(17,077,801)	(115,795)
(219,721)	(2,856,571)	(162,534)
138,749	3,936,159	(154,690)
0	0	151,850
0	(100,550)	0
0	116,358	0
0	(113,497)	0
0	(97,689)	151,850
0	(2,321,516)	0
0	557,908	0
0	3,900,000	0
0	(2,500,000)	0
0	(8,000)	0
0	(160,000)	0
0	(510,000)	0
0	(28,685)	0
0	(106,246)	0
0	(364,862)	0
0	(595,165)	0
0	(2,136,566)	0
11,362	207,847	0
11,362	207,847	0
150,111	1,909,751	(2,840)
1,030,972	18,294,094	44,915
<u>\$1,181,083</u>	<u>\$20,203,845</u>	<u>\$42,075</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016**

	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)	\$691,113	\$609,120	\$1,117,925
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	464,396	411,237	641,112
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(422,607)	(1,542)	(16,515)
Increase in Deferred Outflows of Resources	(293,701)	(191,202)	(147,609)
Decrease (Increase) in Inventory	33,245	(45,341)	(12,834)
Increase (Decrease) in Accounts Payable	111,140	9,679	(2,540)
Increase (Decrease) in Accrued			
Wages and Benefits	(3,093)	2,703	(223)
Increase in Net Pension Liability	365,673	233,347	195,288
Increase in Deferred Inflows of Resources	8,223	5,762	4,326
Increase in			
Compensated Absences	14,884	12,310	3,134
Total Adjustments	<u>278,160</u>	<u>436,953</u>	<u>664,139</u>
Net Cash Provided (Used) by Operating Activities	<u>\$969,273</u>	<u>\$1,046,073</u>	<u>\$1,782,064</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2016, the Electric Fund, Sewer Fund, and Water Fund had outstanding liabilities of \$16,998, \$42,548 and \$558,213, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

<u>Sanitation</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$48,966	\$2,467,124	(\$186,508)
77,551	1,594,296	0
(3,896)	(444,560)	8,923
(47,318)	(679,830)	(34,236)
0	(24,930)	122
440	118,719	2,452
(1,871)	(2,484)	(1,600)
61,371	855,679	53,817
1,318	19,629	890
<u>2,188</u>	<u>32,516</u>	<u>1,450</u>
<u>89,783</u>	<u>1,469,035</u>	<u>31,818</u>
<u>\$138,749</u>	<u>\$3,936,159</u>	<u>(\$154,690)</u>

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2016***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 21,744
Total Assets	<u>21,744</u>
Liabilities:	
Due to Others	<u>21,744</u>
Total Liabilities	<u>\$ 21,744</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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 7, 2000, and became effective January 1, 2001; and the current Charter was amended by vote on November 8, 2016 and will become effective January 1, 2018.

The financial statements are presented as of December 31, 2016 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 GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 "*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*," 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 16 "Joint Ventures."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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 16 "Joint Ventures."

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 16 "Joint Ventures."

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 16 "Joint Ventures."

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 16 "Joint Ventures."

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 16 "Joint Ventures."

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 16 "Joint Ventures."

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 16 "Joint Ventures."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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 16 "Joint Ventures."

3. Jointly Governed Organization:

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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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 and deferred inflows of resources (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 are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources 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 total net position.

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, 2016***

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, 2016***

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 deferred outflows of resources and current liabilities and deferred inflows of resources, 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 deferred outflows of resources and all liabilities and deferred inflows of resources 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 total net position. 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, 2016***

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, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2016, but which are not intended to finance 2016 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 6 “Taxes”.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and explained in Note 11.

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, interest, charges for services and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11)

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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, 2016***

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 2016.

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 2016, 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, 2016***

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, 2016***

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)	(\$215,189)
Increase (Decrease):	
Accrued Revenues at December 31, 2016 received during 2017	(699,541)
Accrued Revenues at December 31, 2015 received during 2016	1,172,448
Accrued Expenditures at December 31, 2016 paid during 2017	279,128
Accrued Expenditures at December 31, 2015 paid during 2016	(220,408)
2015 Adjustment to Fair Value	(55,109)
2016 Adjustment to Fair Value	67,360
Outstanding Encumbrances	(141,820)
Budget Basis	<u>\$186,869</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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 5, "Cash, Cash Equivalents and Investments."

Interest revenue credited to the General Fund during fiscal year 2016 amounted to \$66,639, which includes \$62,637 assigned from other City funds.

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 5, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2016. 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, 2016.

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, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$7,500.

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). 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. 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

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, 2016**

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
Long-Term Note	Water 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, 2016***

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 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 is 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 is available.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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 2016.

T. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2016, the City has implemented GASB Statement No. 72, “Fair Value Measurement and Application”, GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, GASB Statement No. 77 “Tax Abatement Disclosures” and GASB Statement No. 79, “Certain External Investment Pools and Pool Participants”.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the City.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the City.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the City.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the City.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2016 of \$17,380 in the Police Pension Fund, \$9,859 in the Fire Pension Fund (special revenue funds) and \$2,061 in the Fire Facility Training Grant Fund (capital projects fund) arise from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis and the posting of an interfund loan payable. 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, 2016**

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	\$36,941	\$0	\$0	\$252,736	\$289,677
Unclaimed Monies	7,342	0	0	0	7,342
Total Nonspendable	44,283	0	0	252,736	297,019
Restricted:					
Special Assessment Debt Service Payments	0	587,694	0	0	587,694
Street Construction and Maintenance	0	0	0	161,677	161,677
State Highway Improvements	0	0	0	9,746	9,746
Motor Vehicle License Tax	0	0	0	425,382	425,382
Cemetery	0	0	0	71,504	71,504
Hotel/Motel	0	0	0	8,016	8,016
Fire Equipment	0	0	0	530,744	530,744
Fire Claims Loss	0	0	0	1,966	1,966
CDBG Grant	0	0	0	20,764	20,764
Indigent Drivers Alcohol Treatment	0	0	0	66,771	66,771
Law Enforcement and Education	0	0	0	4,510	4,510
Law Enforcement	0	0	0	1,104	1,104
Court Computerization	0	0	0	132,085	132,085
Mandatory Drug Fine	0	0	0	16,454	16,454
Municipal Probation Service	0	0	0	70,185	70,185
Probation Officer Grant	0	0	0	14,598	14,598
Court Improvement	0	0	0	236,293	236,293
Handicap Parking	0	0	0	1,100	1,100
Certified Police Training	0	0	0	11,684	11,684
Indigent Drivers Interlock/Alcohol	0	0	0	43,075	43,075
Probation Improvement	0	0	0	27,118	27,118
Total Restricted	0	587,694	0	1,854,776	2,442,470
Committed:					
Special Events	327	0	0	0	327
Economic Development	7,614	0	0	0	7,614
Employee Benefits	3,255	0	0	0	3,255
EMS Transport Service	0	0	0	127,036	127,036
Recreation	0	0	0	379,109	379,109
Capital Improvement	0	0	1,932,955	0	1,932,955
CIP	0	0	0	147,437	147,437
Total Committed	11,196	0	1,932,955	653,582	2,597,733
Assigned:					
Encumbrances for Purchase Orders	100,944	0	0	0	100,944
Budget Resource	489,330	0	0	0	489,330
Debt Service	0	0	0	13,650	13,650
Total Assigned	590,274	0	0	13,650	603,924
Unassigned					
	1,301,015	0	0	(29,300)	1,271,715
Total Fund Balances	\$1,946,768	\$587,694	\$1,932,955	\$2,745,444	\$7,212,861

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 5 - 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 fair 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, 2016**

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

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was \$14,455,915, including \$2,500 of cash on hand. \$9,399,034 of the City's bank balance of \$14,953,582 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, 2016 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years)		
				less than 1	1-3	3-5
FHLB	\$742,288	AAA ¹ / Aaa ²	Level 2	\$0	\$0	\$742,288
FHLMC	3,879,915	AAA ¹ / Aaa ²	Level 2	0	2,378,355	1,501,560
FNMA	4,447,063	AAA ¹ / Aaa ²	Level 2	0	1,735,480	2,711,583
STAR Ohio	4,632	AAAm ¹	N/A	4,632	0	0
Negotiable CD's	3,183,374	N/A	Level 1	0	3,183,374	0
Total Investments	<u>\$12,257,272</u>			<u>\$4,632</u>	<u>\$7,297,209</u>	<u>\$4,955,431</u>

¹ Standard & Poor's

² 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 FHLB, FHLMC and FNMA 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. The negotiable certificates of deposit were not rated.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 5 - 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 FHLB, FHLMC and FNMA in the amounts of \$742,288, \$3,879,915, and \$4,447,063 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. At year end, the City’s investment in negotiable certificates of deposit of \$3,183,374 was fully insured by FDIC.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. The City has invested 6% in FHLB, 32% in FHLMC, 36% in FNMA, 25% in negotiable certificates of deposit and less than 1% in STAR Ohio.

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2016 were levied after October 1, 2015 on assessed values as of January 1, 2015, 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 2014 and the equalization adjustment was completed in 2011. 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, 2016***

NOTE 6 - 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, 2016 was \$2.90 per \$1,000 of assessed value. The assessed value upon which the 2016 receipts were based was \$140,849,400. This amount constitutes \$139,768,970 in real property assessed value and \$1,080,430 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, 2016***

NOTE 7 – TAX ABATEMENT DISCLOSURES

As of December 31, 2016, the City of Napoleon provides tax incentives under a Community Reinvestment Area Program (CRA).

Real Estate Tax Abatements

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment area in 2010. The City of Napoleon authorizes incentives through the passage of public ordinances, based upon each businesses investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient’s property tax bill. The establishment of the CRA gave the City the ability to maintain and expand businesses located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate for office and industrial uses.

Income Tax Abatement Programs

The City of Napoleon entered into an economic development agreement with the Defiance Stamping Company in 2015. The purpose of the agreement is to maintain Napoleon’s competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code Chapter 718 and City ordinance, the City provides an incentive to the Defiance Stamping company based upon the company’s gross annual payroll, the amount of income tax generated annually and the number of jobs created or retained by the business. The abatement is administered as a refund based upon the company’s payroll taxes.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2016.

Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2016 In Actual Dollars)
<i>Napoleon I, LLC (2010 - 2022) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	\$0
<i>Koester Land Acquisitions, LLC (2011 - 2023) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	13,417
<i>MWA Enterprises, Ltd. (2013 - 2025) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	5,502
<i>Defiance Stamping Company (2015 - 2024) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	34,650
Total	<u>\$53,569</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2016 consisted of taxes, interest, accounts receivable, special assessments and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes and the stable condition of State programs.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2016:

Transfers In:	Transfers Out:				Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Sewer Fund	
General Fund	\$0	\$0	\$44,169	\$0	\$44,169
Special Assessment Bond Retirement Fund	0	0	12,360	0	12,360
Capital Improvement Fund	1,493,103	0	0	100,550	1,593,653
Nonmajor Governmental Funds	654,608	126,250	26,000	0	806,858
Internal Service Fund	151,850	0	0	0	151,850
Total	<u>\$2,299,561</u>	<u>\$126,250</u>	<u>\$82,529</u>	<u>\$100,550</u>	<u>\$2,608,890</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, 2016**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2016:

Historical Cost:

Class	December 31, 2015	Transfers	Additions	Deletions	December 31, 2016
<i>Capital assets not being depreciated:</i>					
Land	\$11,571,162	\$0	\$126,000	(\$858,363)	\$10,838,799
Construction in Progress	3,213,941	0	708,556	(2,037,329)	1,885,168
Subtotal	14,785,103	0	834,556	(2,895,692)	12,723,967
<i>Capital assets being depreciated:</i>					
Improvements	2,522,917	0	2,359,670	0	4,882,587
Buildings	3,541,953	0	0	0	3,541,953
Machinery and Equipment	5,254,046	(36,384)	268,916	(98,083)	5,388,495
Infrastructure	30,144,914	0	1,309,444	(93,028)	31,361,330
Subtotal	41,463,830	(36,384)	3,938,030	(191,111)	45,174,365
Total Cost	\$56,248,933	(\$36,384)	\$4,772,586	(\$3,086,803)	\$57,898,332
<i>Accumulated Depreciation:</i>					
Class	December 31, 2015	Transfers	Additions	Deletions	December 31, 2016
Improvements	(\$578,906)	\$0	(\$92,303)	\$0	(\$671,209)
Buildings	(2,439,151)	0	(64,516)	0	(2,503,667)
Machinery and Equipment	(3,165,290)	12,180	(229,608)	73,159	(3,309,559)
Infrastructure	(15,577,049)	0	(779,769)	88,729	(16,268,089)
Total Depreciation	(\$21,760,396)	\$12,180	(\$1,166,196) *	\$161,888	(\$22,752,524)
<i>Net Value:</i>	\$34,488,537				\$35,145,808

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$131,725
Public Health and Welfare Services	2,839
Leisure Time Activities	68,406
Transportation	887,242
General Government	75,984
Total Depreciation Expense	\$1,166,196

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 10 - CAPITAL ASSETS (continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2016:

Historical Cost:

Class	December 31, 2015	Transfers	Additions	Deletions	December 31, 2016
<i>Capital assets not being depreciated:</i>					
Land	\$289,525	\$0	\$0	\$0	\$289,525
Construction in Progress	2,184,115	0	686,647	(1,621,366)	1,249,396
Subtotal	2,473,640	0	686,647	(1,621,366)	1,538,921
<i>Capital assets being depreciated:</i>					
Buildings	9,330,578	0	0	0	9,330,578
Improvements	48,415,442	0	3,696,993	0	52,112,435
Machinery and Equipment	6,107,225	36,384	104,524	(114,317)	6,133,816
Subtotal	63,853,245	36,384	3,801,517	(114,317)	67,576,829
Total Cost	\$66,326,885	\$36,384	\$4,488,164	(\$1,735,683)	\$69,115,750

Accumulated Depreciation:

Class	December 31, 2015	Transfers	Additions	Deletions	December 31, 2016
Buildings	(\$5,377,224)	\$0	(\$292,174)	\$0	(\$5,669,398)
Improvements	(16,115,163)	0	(1,133,135)	0	(17,248,298)
Machinery and Equipment	(4,561,278)	(12,180)	(168,987)	114,317	(4,628,128)
Total Depreciation	(\$26,053,665)	(\$12,180)	(\$1,594,296)	\$114,317	(\$27,545,824)
<i>Net Value:</i>	\$40,273,220				\$41,569,926

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$540,809 for 2016. Of this amount, \$49,852 is reported as an accrued wages and benefits.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2016 through December 31, 2016	12.25 %	12.25 %
2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2016 through December 31, 2016	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$295,008 for 2016. Of this amount, \$27,767 is reported as an accrued wages and benefits.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of Net Pension Liability	\$6,183,555	\$4,547,148	\$10,730,703
Proportionate Share of Net Pension Liability - 2016	0.035699%	0.070684%	
Proportionate Share of Net Pension Liability - 2015	<u>0.036165%</u>	<u>0.072882%</u>	
Percentage Change	<u>-0.000466%</u>	<u>-0.002198%</u>	
Pension Expense	\$855,061	\$510,179	\$1,365,240

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,817,580	\$745,009	\$2,562,589
Change in Proportionate Share	0	(4,909)	(4,909)
City contributions subsequent to the measurement date	540,809	295,008	835,817
Total Deferred Outflows of Resources	<u>\$2,358,389</u>	<u>\$1,035,108</u>	<u>\$3,393,497</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$120,466	\$12,768	\$133,234
Change in Proportionate Share	(988)	0	(988)
Total Deferred Inflows of Resources	<u>\$119,478</u>	<u>\$12,768</u>	<u>\$132,246</u>

\$835,817 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2017	\$397,522	\$192,429	\$589,951
2018	426,585	192,429	619,014
2019	462,675	192,429	655,104
2020	411,320	152,975	564,295
2021	0	(2,460)	(2,460)
2022	0	(470)	(470)
Total	<u>\$1,698,102</u>	<u>\$727,332</u>	<u>\$2,425,434</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$9,851,915	\$6,183,555	\$3,089,411

Changes Between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City’s net pension liability is expected to be significant.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2015 are summarized below:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

* levered 2x

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$5,997,079	\$4,547,148	\$3,318,913

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 12 – POST-EMPLOYMENT 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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 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. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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/financial/reports.shtml#CAFR>, 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 2016, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 12 – POST-EMPLOYMENT BENEFITS (Continued)

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

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2016, 2015, and 2014 were \$90,135, \$91,774 and \$91,761, respectively, which were equal to the required contributions for each year.

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. That report is also available on OP&F’s website at www.op-f.org.

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, 2016***

NOTE 12 – POST-EMPLOYMENT BENEFITS (Continued)

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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 2016, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. 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 ended December 31, 2016, 2015, and 2014 were \$4,748, \$4,772 and \$4,638 for police and \$2,451, \$2,594 and \$2,736 for firefighters, respectively, which were equal to the required contributions for each year.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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, 2016, the City's accumulated, unpaid compensated absences amounted to \$1,064,738, of which \$656,099 is recorded as a liability of the Governmental Activities and \$408,639 is recorded as a liability of the Business-Type Activities.

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2016 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2015	Additions	(Reductions)	Balance December 31, 2016	Amount Due Within One Year
Business-Type Activities:								
General Obligation Notes:								
2015	1.25%	Water Plant Renovation and Improvements	2016	\$2,500,000	\$0	(\$2,500,000)	\$0	\$0
2016	1.25%	Water Plant Renovation and Improvements	2017	0	2,500,000	0	2,500,000	2,500,000
2016	1.50%	Water Plant Renovation and Improvements	2016	0	1,400,000	0	1,400,000	1,400,000
Total General Obligation Notes				2,500,000	3,900,000	(2,500,000)	3,900,000	3,900,000
General Obligation Bonds:								
2005	3.00% - 5.00%	Waterworks System Improvements (Refunding)	2019	470,000	0	(110,000)	360,000	115,000
2004	2.50% - 5.12%	Capital Facilities Improvement	2024	555,000	0	(50,000)	505,000	55,000
Total General Obligation Bonds				1,025,000	0	(160,000)	865,000	170,000
Revenue Bonds:								
2008	3.50% - 4.50%	Water - Water System Improvements	2028	2,575,000	0	(150,000)	2,425,000	160,000
2010	4.60%	Water - Woodlawn Avenue Reconstruction	2040	277,200	0	(5,400)	271,800	5,400
2010	4.60%	Water - West Washington Avenue Reconstruction	2040	492,800	0	(9,600)	483,200	9,600
2010	4.60%	Sewer - Sewer System Improvement (Refunding 1998)	2040	1,253,450	0	(145,750)	1,107,700	153,700
2010	4.60%	Sewer - Woodlawn Avenue Reconstruction	2040	1,111,550	0	(129,250)	982,300	136,300
2010	7.50%	Sewer - West Washington Avenue Reconstruction	2040	2,335,000	0	(50,000)	2,285,000	50,000
2012	4.00%	Water - Clairmont Avenue Project	2042	176,800	0	(3,400)	173,400	4,250
2012	4.00%	Sewer - Haley I & I Reduction Project	2042	863,200	0	(16,600)	846,600	20,750
Total Revenue Bonds				9,085,000	0	(510,000)	8,575,000	540,000
Special Assessment Bond: (with Governmental Commitment)								
2000	5.09% - 5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	42,246	0	(8,000)	34,246	8,000
Ohio Sewer and Water Rotary Commission Deferred Loans:								
1998		OSWRC - Palmer Ditch Project		48,060	0	0	48,060	0
2005		OSWRC - North Pointe Water and Sewer Project		252,772	0	0	252,772	0
Total OSWRC Loans				300,832	0	0	300,832	0
Ohio Public Works Commission Loans (OPWC):								
2000		Railroad Street Sewer Separation	2020	14,736	0	(3,685)	11,051	3,685
2008		Woodlawn Avenue Improvements	2029	325,000	0	(25,000)	300,000	25,000
Total Ohio Public Works Commission Loans				339,736	0	(28,685)	311,051	28,685
Ohio Water Development Authority Loans (OWDA):								
1992	9.185%	OWDA - Water - Malinta Waterline	2016	19,475	0	(19,475)	0	0
2005	4.490%	OWDA - Water - NP Waterline Improvements	2025	175,189	0	(15,158)	160,031	15,846
2005	4.490%	OWDA - Sewer - E. Maumee Sewer Tap	2025	351,071	0	(30,076)	320,995	31,785
2005	4.490%	OWDA - Sewer - NP Sewerline Improvements	2025	476,589	0	(41,537)	435,052	43,080
Total Ohio Water Development Authority Loans				1,022,324	0	(106,246)	916,078	90,711
Water Pollution Control Loan Fund Loans (WPCLF):								
2008		EQ Basin Storm Water Retention	2030	5,874,191	0	(364,862)	5,509,329	368,519
Compensated Absences				376,123	408,639	(376,123)	408,639	158,172
Net Pension Liability				1,877,515	880,510	(24,831)	2,733,194	0
Total Business-Type Long-Term Debt				\$22,442,967	\$5,189,149	(\$4,078,747)	\$23,553,369	\$5,264,087

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 14 - LONG-TERM DEBT (Continued)

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2015	Additions	(Reductions)	Balance December 31, 2016	Amount Due Within One Year
Governmental Activities:								
Special Assessment Bonds:								
1996	5.90%	Street Improvements	2016	\$15,000	\$0	(\$15,000)	\$0	\$0
1998	4.50-5.125%	Street Improvements	2018	40,000	0	(10,000)	30,000	15,000
1998	4.50-5.125%	Street Improvements	2018	15,000	0	(5,000)	10,000	5,000
2000	5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	10,754	0	(2,000)	8,754	2,000
Total Special Assessment Bonds (with Governmental Commitment)				80,754	0	(32,000)	48,754	22,000
General Obligation Bonds:								
2005	3.00% - 5.00%	Northerest Drive	2025	230,000	0	(20,000)	210,000	20,000
2005	3.00% - 5.00%	SR 424 Resurfacing	2025	175,000	0	(15,000)	160,000	15,000
2010	4.50%	Courthouse Renovations	2025	545,000	0	(45,000)	500,000	50,000
Total General Obligation Bonds				950,000	0	(80,000)	870,000	85,000
Ohio Public Works Commission Loan:								
1998		Unimproved Street Program	2017	24,700	0	(12,351)	12,349	12,349
Compensated Absences				721,535	656,099	(721,535)	656,099	243,934
Net Pension Liability				6,259,984	1,884,934	(147,409)	7,997,509	0
Total Governmental Activities Long-Term Debt				<u>\$8,036,973</u>	<u>\$2,541,033</u>	<u>(\$993,295)</u>	<u>\$9,584,711</u>	<u>\$363,283</u>

The principal amount of the City's special assessment debt outstanding at December 31, 2016, \$83,000, 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 \$587,694 in the Special Assessment Bond Retirement Fund at December 31, 2016 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 \$361,241 during 2016 to a year end balance of \$5,509,329.

Ohio Water Development Authority Loans - The City entered into two loan agreements with Ohio Water Development Authority (OWDA). This was on May 16, 2005 to finance the Sewer System Extension and Improvement and the East Maumee Sewer Tap Project (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, 2016***

NOTE 14 - LONG-TERM DEBT (Continued)

The City's construction 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 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 occurred on December 1, 2016 (with the balance of the \$115,000 to be paid at stated maturity on December 1, 2017) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2017	115,000

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 14 - LONG-TERM DEBT (Continued)

The term bonds maturing on December 1, 2019 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1, 2018 (with the balance of the \$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.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 14 - 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 occurred 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>
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, 2016***

NOTE 14 - 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 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 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. \$4,695,000 of these bonds were issued as tax-exempt bonds with interest rates ranging from 2.00% - 4.6%. \$2,535,000 of these bonds were issued as non tax-exempt Revenue Zone Economic Development Bonds under the Federal Government Build America Bond (BAB's) program. Interest on these bonds is subsidized from the Federal Government. This subsidy is subject to change by actions from the Federal Government. These bonds are all scheduled to mature in 2040.

2012 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.

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 2.0% - 4.5% and is scheduled to mature in 2025.

2016 Bond Anticipation Notes - During 2016, the City issued \$3,900,000 worth of Water bond anticipation notes for work done on the City's water plant. These notes have an interest rate of 1.00%. These notes will be retired from the City's Water Fund through user charges.

2015 Bond Anticipation Notes - During 2015, the City issued \$2,500,000 worth of Water bond anticipation notes for work done on the City's water plant. These notes have an interest rate of 1.25%. These notes were paid off with the proceeds from the 2016 Bond Anticipation Notes.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 14 - LONG-TERM DEBT (Continued)

A. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2016 follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$255,000	\$82,444	\$540,000	\$429,096	\$30,000	\$4,564
2018	260,000	69,844	565,000	408,959	31,000	2,964
2019	270,000	57,868	315,000	386,782	11,000	1,293
2020	150,000	51,668	355,000	384,289	11,000	646
2021	165,000	41,894	340,000	358,978	0	0
2022-2026	635,000	64,888	1,940,000	1,537,606	0	0
2027-2031	0	0	1,335,000	1,075,451	0	0
2032-2036	0	0	1,420,000	685,800	0	0
2037-2041	0	0	1,705,000	234,630	0	0
2042	0	0	60,000	7,200	0	0
Totals	<u>\$1,735,000</u>	<u>\$368,606</u>	<u>\$8,575,000</u>	<u>\$5,508,791</u>	<u>\$83,000</u>	<u>\$9,467</u>

Years	OWDA Loans		OPWC Loans		WPCLF Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$90,711	\$40,125	\$41,034	\$0	\$368,519	\$54,175
2018	94,829	36,007	28,684	0	372,214	50,480
2019	99,135	31,700	28,684	0	375,946	46,748
2020	103,637	27,199	25,000	0	379,715	42,979
2021	108,341	23,316	25,000	0	383,521	39,173
2022-2026	419,425	42,430	124,990	0	1,976,056	137,416
2027-2031	0	0	50,008	0	1,653,358	37,417
Totals	<u>\$916,078</u>	<u>\$200,777</u>	<u>\$323,400</u>	<u>\$0</u>	<u>\$5,509,329</u>	<u>\$408,388</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, 2016***

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters, and injuries to employees. To manage this risk the City participates in various jointly funded pools, both risk sharing and group rated, to provide separate and distinct coverage for the risk involved. These pools are: the Public Entities Pool of Ohio (PEP), a risk-sharing pool; Buckeye Ohio Risk Management Agency-Health Benefits, Inc., for Health and Group Life Insurance Coverage (aka – BORMA Health Benefits, or BORMA H & L); and Ohio Rural Water Association-Group Rated Pool for Workers Compensation (aka – ORWA Workers Compensation Pool). There have been no significant reductions in insurance coverage's from coverage's in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage's in any of the past three fiscal years.

A. 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 520 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 2015, the City paid \$117,089 for property and casualty coverage from 12/01/15 – 11/30/2016 and during 2016, paid \$117,917 for property and casualty coverage from 12/01/16 – 11/30/2017.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 casualty claims and \$100,000 for property claims.

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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016 and 2015 (the latest information available):

	<u>2016</u>	<u>2015</u>
Assets	\$ 42,182,281	\$ 38,307,677
Liabilities	<u>(13,396,700)</u>	<u>(12,759,127)</u>
Net Position – Unrestricted	\$ 28,785,581	\$ 25,548,550

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 15 - RISK MANAGEMENT (Continued)

A. PEP Property and Casualty Pool (Continued)

	<u>2016</u>	<u>2015</u>
Number of Members	520	499
Unpaid Claims to be Billed in the Future	\$11.5 million	\$11.0 million

The Pool's membership increased from 499 members in 2015 to 520 members in 2016.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2015 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 15 - RISK MANAGEMENT (Continued)

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 2016, the pool included the following Ohio Cities and Villages as members: Archbold, Bowling Green, Bucyrus, Carey, Defiance, Fayette, Fremont, Hunting Valley, Hicksville, Napoleon, Oberlin, Oregon and Sandusky County Health Department. 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, 2016, the pool had total reported assets of \$4,876,191.

Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool. The 2016 premiums paid by the City of Napoleon into the employee benefits pool were a monthly cost of \$1,288.66 for family coverage and \$447.37 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 2016, the City employees paid \$1,323,794 into the pool for health benefits coverage, and \$7,097 into the pool for life insurance coverage. The City's 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 \$200,000 per individual for 2016 with excess coverage provided by HCC Life Insurance Company.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 15 - RISK MANAGEMENT (Continued)

B. BORMA Health Benefits Pool (Continued)

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

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

C. ORWA Workers Compensation Pool and Unemployment Benefits

The City participates in the State of Ohio's Bureau of Workers Compensation Group Rating Program as a member of the ORWA Workers Compensation Group Rated Pool. The ORWA pool is one of many organized group rated pools, authorized by the State of Ohio, providing lowered Workers Compensation Insurance Premiums to groups of like entities. Benefits received by injured workers are established and controlled by the State of Ohio Bureau of Workers Compensation. The City pays the State Workers Compensation a premium based upon a rate per \$100 of payroll paid in the prior year, plus administrative costs. The annual rate is a computed factor (%) using the past five (5) years of loss history for both the City and the other members of the group in the ORWA pool. During 2016, the City paid a net of \$94,791 for Workers Compensation premiums. It should be noted that premiums are based on the prior fiscal year's (2015) gross payroll. Starting in 2017, Workers' Compensation changed from a perspective billing to a prospective billing basis.

D. State Unemployment Benefits

The City pays Unemployment Benefits Claims as they occur directly to the Ohio Department of Job and Family Services of the State of Ohio. Political Subdivisions in Ohio are not required to pay the unemployment tax. During 2016, the City paid \$546 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, 2016***

NOTE 16 - JOINT VENTURES

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

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

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, 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, 2016, the outstanding debt was \$4,142,633. 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 \$26,217 at December 31, 2016. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 16 - JOINT VENTURES (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, 2016 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, 2016***

NOTE 16 - JOINT VENTURES (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, 2016 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, 2016***

NOTE 16 - JOINT VENTURES (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. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

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 \$219,610 at December 31, 2016. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - JOINT VENTURES (Continued)

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2016 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. On August 15, 2015 the remaining balance was paid on the OMEGA JV6 Bonds.

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 \$227,600 at December 31, 2015. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - JOINT VENTURES (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, 2016 are:

Participant	KW Amount	% of Financing
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	<u>7,200</u>	<u>100.00%</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - JOINT VENTURES (Continued)

D. Prairie State Energy Campus (68 Members)

On December 20, 2007, AMP acquired 368,000 kW 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.

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.

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

AMP sells 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.

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 \$1.697 billion of debt. These 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. As of December 31, 2016 the outstanding obligation on Prairie State project is \$1,576,845,000.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - JOINT VENTURES (Continued)

E. AMP Fremont Energy Center (AFEC)

In 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.

The City of Napoleon has executed a take-or-pay power sales contract with AMP for a Project Share of 6,650 kW or 1.43% of capacity and associated energy from the AFEC facility.

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 the 87 members, pursuant to a take-or-pay power sales contract. As of August 31, 2016 the outstanding obligation on the Fremont Energy Center (“AFEC”) on AMP’s books is \$520,620,000.

As of December 31, 2016 the outstanding AMP’s outstanding debt for the AFEC Project was approximately \$520,620,000.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - JOINT VENTURES (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 a Project Share of 3,498 kW or 1.68% of capacity and associated energy from the hydro facilities.

The Cannelton Hydro Project (88MW), now in operation as of 2016, is located on the Kentucky shore of the Cannelton Locks and Dam on federal land. AMP has a FERC license for the project that expires May 31, 2041. The hydro project diverts water from the locks and dam through bulb turbines, which have a horizontal shaft and Kaplan-type turbines. The site includes an intake channel, a reinforced concrete powerhouse (to house turbine and 3 generator units), and a tailrace or downstream channel.

The Willow Island Hydro Project, 44MW, now in operation, diverts water from the existing Willow Island Locks and Dam through bulb turbines. The FERC license for the Willow Project expires August 31, 2030. Average gross annual output is 279 million kWh. The powerhouse houses two horizontal 29.3 MW bulb type turbines and generating units.

The Smithland Hydro Project (76MW) is located 62.5 miles upstream of the confluence of the Ohio and Mississippi Rivers. The Smithland project has a FERC license that expires May 31, 2038. The powerhouse houses three horizontal 29.3 MW bulb type turbines and generating units. Average gross annual output is 379 million kWh. AMP expects the three unit Smithland Hydro Project (76MW) to be in commercial operation by second quarter or early third quarter of 2017.

Please note that these projected commercial operation dates set forth above are, and the other information herein is, subject to change and are dependent on a number of factors affecting each

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - JOINT VENTURES (Continued)

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

Project's overall remaining construction schedule, including weather. As a result, the commercial operation dates may occur earlier or later than the time frames set forth above.

On February 12, 2015, AMP reached agreement with Barnard Construction Company, Inc. ("Barnard") to serve as the replacement powerhouse contractor on AMP's Smithland Hydroelectric Project ("Smithland Project"), which is one of the three projects constituting the Combined Hydroelectric Projects replacing C.J. Mahan whose contract was terminated by mutual agreement between AMP and C.J. Mahan. Barnard is a highly experienced hydropower construction contractor. AMP and Barnard are working together to achieve an orderly transition of the Smithland Project from the prior powerhouse contractor. Nearly all of the subcontractors currently working on the Smithland Project have been retained. The Project Engineer, MWH Americas, Inc., all owner furnished equipment suppliers and all other prime contractors remain in place.

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). 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.

AMP issued the Combined Hydro Project Revenue Bonds, Series 2016A (Green Bonds) (the "Series 2016A Bonds") for \$209,530,000 on October 6, 2016. The bonds will finance final completion costs and also reimbursement to the AMP credit line, which provided interim financing for costs related to the construction of the three run-of-the-river hydroelectric facilities (8 units) along the Ohio River, fund a deposit to the Parity Common Reserve Account, deposit to Escrow Account and pay the cost of issuance of the Series 2016A. The purpose of the "Green bonds" label is to allow investors to invest in an environmentally beneficial project.

As of December 31, 2016 the total outstanding Hydro Project debt on AMP's books is approximately \$2,175,339,706.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - JOINT VENTURES (Continued)

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

AMP constructed 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”). Now that the Meldahl Project has entered commercial operation, it has 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 to operate the Meldahl Project.

In June 2008, Hamilton received a FERC license to operate a hydroelectric generation facility to be constructed on the Captain Anthony Meldahl Locks Dam, an existing dam on the Ohio River (“Meldahl Project”). In March 2009, AMP and Hamilton executed a series of agreements (the “AMP-Hamilton Agreements”) pursuant to which AMP committed to finance the development and the construction of Meldahl Project and to acquire within 60 days of the date on which Meldahl Project entered commercial operation, a 48.6% undivided ownership interest in the Greenup Facility (the “AMP Interest”).

The City of Napoleon has executed a take-or-pay power sales contract with AMP for a Project Share of 504 kW or 0.48% of capacity and associated energy from the Meldahl Project.

Pursuant to the various agreements between Hamilton and AMP, the Meldahl Project is owned by Meldahl, LLC, a single member, Delaware not-for-profit limited liability company (“Meldahl, LLC”). AMP is the sole member of Meldahl, LLC and appoints three members of its Board of Directors (the Meldahl Board). AMP, acting as agent of Meldahl LLC, has financed 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 Meldahl Project entered commercial operation on April 12, 2016.

By resolution adopted on June 23, 2016 the AMP Board of Trustees authorized the issuance and sale of the Series 2016A Bonds. AMP issued Meldahl Hydro Project Revenue Bonds, Series 2016A (Green Bonds) (the “Series 2016A Bonds”) in the amount of \$80,050,000 on July 27, 2016. The proceeds of which were utilized to make a deposit to the Construction Account to retire balances held for the costs and expenses associated with the Project on AMP’s line of credit, fund a deposit to the Parity Common Reserve Account and pay the cost of issuance of the Series 2016A.

As of December 31, 2016, the outstanding debt for the Meldahl Hydroelectric Projects facility on AMP’s books was approximately \$702,370,000.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - JOINT VENTURES (Continued)

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

The Greenup Hydroelectric Facility (the “Greenup Facility”) is a 70.2 MW run-of-the river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River. The Greenup Facility entered commercial operation in 1982 and owned and operated by the City of Hamilton, Ohio (“Hamilton”) since 1988. In June 2008, Hamilton received a FERC license to operate a hydroelectric generation facility to be constructed on the Captain Anthony Meldahl Locks Dam, an existing dam on the Ohio River (“Meldahl Project”). In March 2009, AMP and Hamilton executed a series of agreements (the “AMP-Hamilton Agreements”) pursuant to which AMP committed to finance the development and the construction of Meldahl Project and to acquire, within 60 days of the date on which Meldahl Project entered commercial operation, a 48.6% undivided ownership interest in the Greenup Facility (the “AMP Interest”). The Meldahl Project entered commercial operation on April 12, 2016.

On May 11, 2016, in order to finance the acquisition of AMP’s Interest as well as AMP’s share of certain capital expenditures at the Greenup Facility and related costs, AMP issued its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “Greenup Bonds”) in the principal amount of \$125,630,000. The Greenup Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 47 of its Members. The City of Napoleon has executed a take-or-pay power sales contract with AMP for a Project Share of 330 kW or 0.97% of capacity and associated energy from the Greenup hydro facilities.

AMP and Hamilton are responsible for an aliquot share, equal to their respective undivided ownership interest in the Greenup Facility (51.4% for Hamilton and 48.6% for AMP), of the operating and maintenance expenses of the Greenup Facility. In accordance with, and subject to the provisions of, the AMP-Hamilton Agreements, Hamilton continues to operate the Greenup Facility.

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 late August 2012. AMP financed the project on its revolving line of credit at \$9,600,000. The balance on AMP’s books as of December 31, 2016, including interest, is \$7,340,284. 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 sales contract with AMP for 1,040 kW or 29.38% of capacity and associated energy from the solar facility.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - JOINT VENTURES (Continued)

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 \$41,654 to the CIC during 2016. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 17 - CONTINGENCIES

A. American Municipal Power Generating Station Project (AMPGS)

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 12,000 kilowatts of a total 771,281 kilowatts, giving the City a 1.56 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$2,078,311. The City received a credit of \$714,622 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$542,698 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$820,991. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the City has made payments of \$840,805 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the City's allocation of additional costs incurred by the project is \$20,912 and interest expense incurred on AMP's line-of-credit of \$4,001, resulting in a net impaired cost estimate at December 31, 2016 of \$5,099.

The City does have a potential PHFU Liability of \$558,199 resulting in a net total potential liability of \$563,298, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 18 – SUBSEQUENT EVENT

On March 1, 2017 the City issued \$3,900,000 in one year General Obligation Notes to pay for Water Plant Improvements. The notes, which mature on March 1, 2018, have an interest rate of 2%.

In March of 2017, an error was discovered in the kWh number used in the PSCAF monthly computation used for the billing of electric customers in the City over a three year period. The City will correct this error by issuing credits to the customers affected by this error. The total credits will be in the total amounts of \$111,888 for 2015, \$246,913 for 2016 and \$185,695 for 2017. The correction of this error had no material affect on the current financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF NAPOLEON, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability
Last Three Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.036165%	0.036165%	0.035699%
City's proportionate share of the net pension liability (asset)	\$4,263,382	\$4,361,903	\$6,183,555
City's covered-employee payroll	\$3,460,008	\$4,450,275	\$4,795,008
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	123.22%	98.01%	128.96%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.0728821%	0.0728821%	0.070684%
City's proportionate share of the net pension liability (asset)	\$3,549,587	\$3,775,597	\$4,547,148
City's covered-employee payroll	\$1,190,129	\$1,497,328	\$1,509,393
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	298.25%	252.16%	301.26%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

CITY OF NAPOLEON, OHIO

***Schedule of City Contributions
Last Four Years***

Ohio Public Employees Retirement System

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$449,801	\$534,033	\$575,401	\$540,809
Contributions in relation to the contractually required contribution	<u>449,801</u>	<u>534,033</u>	<u>575,401</u>	<u>540,809</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$3,460,008	\$4,450,275	\$4,795,008	\$4,506,742
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$203,274	\$304,856	\$303,237	\$295,008
Contributions in relation to the contractually required contribution	<u>203,274</u>	<u>304,856</u>	<u>303,237</u>	<u>295,008</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$1,190,129	\$1,497,328	\$1,509,393	\$1,468,432
Contributions as a percentage of covered-employee payroll	17.08%	20.36%	20.09%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2013 is not available.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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 designated 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.

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 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.

(Continued)

Special Revenue Funds

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.

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.

(Continued)

Special Revenue Funds

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.

Probation Improvement Fund

To account for financial resources used for municipal court/probation department.

Debt Service Fund

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.

(Continued)

Capital Projects Funds

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.

Downtown Pocket Park Fund

To account for financial resources used for the Pocket Park construction. (The Balance Sheet and Income Statements are not presented because there are no assets or liabilities. Also, there are no revenues or expenditures at year end on a modified accrual basis.)

Fire Facility Training Grant Fund

To account for financial resources used for the Fire Training Facility construction.

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,268,211	\$ 13,650	\$ 148,176	\$ 2,430,037
Receivables:				
Taxes	132,799	0	0	132,799
Accounts	484,281	0	0	484,281
Intergovernmental	272,177	0	2,061	274,238
Interest	3,882	0	0	3,882
Inventory of Supplies, at Cost	252,736	0	0	252,736
Total Assets	\$ 3,414,086	\$ 13,650	\$ 150,237	\$ 3,577,973
Liabilities:				
Accounts Payable	\$ 56,493	\$ 0	\$ 0	\$ 56,493
Accrued Wages and Benefits Payable	58,290	0	0	58,290
Interfund Loans Payable	0	0	2,800	2,800
Total Liabilities	114,783	0	2,800	117,583
Deferred Inflows of Resources:				
Unavailable Amounts	586,433	0	2,061	588,494
Property Tax for Next Fiscal Year	126,452	0	0	126,452
Total Deferred Inflows of Resources	712,885	0	2,061	714,946
Fund Balances:				
Nonspendable	252,736	0	0	252,736
Restricted	1,854,776	0	0	1,854,776
Committed	506,145	0	147,437	653,582
Assigned	0	13,650	0	13,650
Unassigned	(27,239)	0	(2,061)	(29,300)
Total Fund Balances	2,586,418	13,650	145,376	2,745,444
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,414,086	\$ 13,650	\$ 150,237	\$ 3,577,973

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$ 112,163	\$ 0	\$ 0	\$ 112,163
Intergovernmental Revenues	729,643	0	26,964	756,607
Charges for Services	549,363	0	0	549,363
Investment Earnings	16,982	0	0	16,982
Fines and Forfeitures	169,135	0	0	169,135
All Other Revenue	73,462	4,026	0	77,488
Total Revenue	1,650,748	4,026	26,964	1,681,738
Expenditures:				
Current:				
Security of Persons and Property	504,603	0	0	504,603
Leisure Time Activities	808,066	0	0	808,066
Community Environment	46,470	0	0	46,470
Transportation	498,095	0	0	498,095
General Government	46,529	0	0	46,529
Capital Outlay	0	0	52,025	52,025
Debt Service:				
Principal Retirement	45,000	35,000	0	80,000
Interest and Fiscal Charges	20,725	39,375	0	60,100
Total Expenditures	1,969,488	74,375	52,025	2,095,888
Excess (Deficiency) of Revenues Over Expenditures	(318,740)	(70,349)	(25,061)	(414,150)
Other Financing Sources (Uses):				
Transfers In	726,608	55,250	25,000	806,858
Transfers Out	(82,529)	0	0	(82,529)
Total Other Financing Sources (Uses)	644,079	55,250	25,000	724,329
Net Change In Fund Balance	325,339	(15,099)	(61)	310,179
Fund Balances at Beginning of Year	2,237,539	28,749	145,437	2,411,725
Increase in Inventory Reserve	23,540	0	0	23,540
Fund Balances End of Year	\$ 2,586,418	\$ 13,650	\$ 145,376	\$ 2,745,444

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016**

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Assets:				
Cash and Cash Equivalents	\$ 121,307	\$ 4,885	\$ 413,711	\$ 88,349
Receivables:				
Taxes	0	0	0	0
Accounts	3,429	0	0	456,106
Intergovernmental	178,254	14,454	33,921	0
Interest	262	105	892	0
Inventory of Supplies, at Cost	243,659	0	0	0
Total Assets	\$ 546,911	\$ 19,444	\$ 448,524	\$ 544,455
Liabilities:				
Accounts Payable	\$ 10,572	\$ 0	\$ 0	\$ 14,387
Accrued Wages and Benefits Payable	12,012	0	0	0
Total Liabilities	22,584	0	0	14,387
Deferred Inflows of Resources:				
Unavailable Amounts	118,991	9,698	23,142	403,032
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	118,991	9,698	23,142	403,032
Fund Balances:				
Nonspendable	243,659	0	0	0
Restricted	161,677	9,746	425,382	0
Committed	0	0	0	127,036
Unassigned	0	0	0	0
Total Fund Balances	405,336	9,746	425,382	127,036
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 546,911	\$ 19,444	\$ 448,524	\$ 544,455

CITY OF NAPOLEON, OHIO

Recreation	Probation Improvement	Hotel/Motel Tax	Fire Loss Claims	CDBG Income	Indigent Drivers Alcohol Treatment
\$ 401,312	\$ 23,547	\$ 0	\$ 20,000	\$ 16,270	\$ 66,623
0	0	0	0	0	0
1,200	0	13,151	0	0	89
0	9,446	0	0	4,494	0
865	0	0	0	0	144
9,077	0	0	0	0	0
<u>\$ 412,454</u>	<u>\$ 32,993</u>	<u>\$ 13,151</u>	<u>\$ 20,000</u>	<u>\$ 20,764</u>	<u>\$ 66,856</u>
\$ 7,612	\$ 753	\$ 5,135	\$ 18,034	\$ 0	\$ 0
16,144	399	0	0	0	0
<u>23,756</u>	<u>1,152</u>	<u>5,135</u>	<u>18,034</u>	<u>0</u>	<u>0</u>
512	4,723	0	0	0	85
0	0	0	0	0	0
<u>512</u>	<u>4,723</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>85</u>
9,077	0	0	0	0	0
0	27,118	8,016	1,966	20,764	66,771
379,109	0	0	0	0	0
0	0	0	0	0	0
<u>388,186</u>	<u>27,118</u>	<u>8,016</u>	<u>1,966</u>	<u>20,764</u>	<u>66,771</u>
<u>\$ 412,454</u>	<u>\$ 32,993</u>	<u>\$ 13,151</u>	<u>\$ 20,000</u>	<u>\$ 20,764</u>	<u>\$ 66,856</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016**

	Law Enforcement and Education	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine
Assets:				
Cash and Cash Equivalents	\$ 4,422	\$ 129,620	\$ 1,104	\$ 16,261
Receivables:				
Taxes	0	0	0	0
Accounts	84	2,351	0	179
Intergovernmental	0	0	0	0
Interest	10	279	0	35
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	\$ 4,516	\$ 132,250	\$ 1,104	\$ 16,475
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	0	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	6	165	0	21
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	6	165	0	21
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	4,510	132,085	1,104	16,454
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	4,510	132,085	1,104	16,454
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,516	\$ 132,250	\$ 1,104	\$ 16,475

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>
\$ 530,277	\$ 68,072	\$ 4,244	\$ 231,478	\$ 1,100	\$ 127
0	0	0	0	0	88,536
0	2,053	0	4,815	0	0
0	0	24,644	0	0	4,643
1,143	147	0	0	0	0
0	0	0	0	0	0
<u>\$ 531,420</u>	<u>\$ 70,272</u>	<u>\$ 28,888</u>	<u>\$ 236,293</u>	<u>\$ 1,100</u>	<u>\$ 93,306</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	1,968	0	0	17,736
0	0	1,968	0	0	17,736
676	87	12,322	0	0	8,649
0	0	0	0	0	84,301
676	87	12,322	0	0	92,950
0	0	0	0	0	0
530,744	70,185	14,598	236,293	1,100	0
0	0	0	0	0	0
0	0	0	0	0	(17,380)
<u>530,744</u>	<u>70,185</u>	<u>14,598</u>	<u>236,293</u>	<u>1,100</u>	<u>(17,380)</u>
<u>\$ 531,420</u>	<u>\$ 70,272</u>	<u>\$ 28,888</u>	<u>\$ 236,293</u>	<u>\$ 1,100</u>	<u>\$ 93,306</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016**

	Fire Pension	Cemetery	Certified Police Training	Indigent Drivers Interlock/Alcohol
Assets:				
Cash and Cash Equivalents	\$ 63	\$ 71,254	\$ 11,684	\$ 42,501
Receivables:				
Taxes	44,263	0	0	0
Accounts	0	250	0	574
Intergovernmental	2,321	0	0	0
Interest	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	\$ 46,647	\$ 71,504	\$ 11,684	\$ 43,075
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	10,031	0	0	0
Total Liabilities	10,031	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	4,324	0	0	0
Property Tax for Next Fiscal Year	42,151	0	0	0
Total Deferred Inflows of Resources	46,475	0	0	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	0	71,504	11,684	43,075
Committed	0	0	0	0
Unassigned	(9,859)	0	0	0
Total Fund Balances	(9,859)	71,504	11,684	43,075
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 46,647	\$ 71,504	\$ 11,684	\$ 43,075

CITY OF NAPOLEON, OHIO

Total Nonmajor
Special Revenue
Funds

\$ 2,268,211

132,799

484,281

272,177

3,882

252,736

\$ 3,414,086

\$ 56,493

58,290

114,783

586,433

126,452

712,885

252,736

1,854,776

506,145

(27,239)

2,586,418

\$ 3,414,086

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	369,463	29,956	118,488	0
Charges for Services	3,517	0	0	332,941
Investment Earnings	1,281	150	3,702	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	3,969	0	0	0
Total Revenue	378,230	30,106	122,190	332,941
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	240,237
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	391,742	35,204	63,570	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	391,742	35,204	63,570	240,237
Excess (Deficiency) of Revenues Over Expenditures				
	(13,512)	(5,098)	58,620	92,704
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	(12,360)	(26,000)
Total Other Financing Sources (Uses)	0	0	(12,360)	(26,000)
Net Change In Fund Balance	(13,512)	(5,098)	46,260	66,704
Fund Balances (Deficit) at Beginning of Year	397,615	14,844	379,122	60,332
Increase in Inventory Reserve	21,233	0	0	0
Fund Balances (Deficit) End of Year	\$ 405,336	\$ 9,746	\$ 425,382	\$ 127,036

CITY OF NAPOLEON, OHIO

<u>Recreation</u>	<u>Probation Improvement</u>	<u>Hotel/Motel Tax</u>	<u>Fire Loss Claims</u>	<u>CDBG Income</u>	<u>Indigent Drivers Alcohol Treatment</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	37,561	91,610	0	10,266	0
209,635	0	0	0	0	0
4,364	0	0	0	0	662
0	0	0	0	0	4,576
49,493	0	0	20,000	0	0
<u>263,492</u>	<u>37,561</u>	<u>91,610</u>	<u>20,000</u>	<u>10,266</u>	<u>5,238</u>
0	19,974	0	18,034	0	2,500
808,066	0	0	0	0	0
0	0	0	0	41,275	0
0	0	0	0	0	0
0	0	46,529	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>808,066</u>	<u>19,974</u>	<u>46,529</u>	<u>18,034</u>	<u>41,275</u>	<u>2,500</u>
(544,574)	17,587	45,081	1,966	(31,009)	2,738
654,608	0	0	0	0	0
0	0	(44,169)	0	0	0
<u>654,608</u>	<u>0</u>	<u>(44,169)</u>	<u>0</u>	<u>0</u>	<u>0</u>
110,034	17,587	912	1,966	(31,009)	2,738
275,845	9,531	7,104	0	51,773	64,033
2,307	0	0	0	0	0
<u>\$ 388,186</u>	<u>\$ 27,118</u>	<u>\$ 8,016</u>	<u>\$ 1,966</u>	<u>\$ 20,764</u>	<u>\$ 66,771</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, 2016***

	Law Enforcement and Education	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	46	1,195	11	165
Fines and Forfeitures	883	42,395	0	1,728
All Other Revenue	0	0	0	0
Total Revenue	<u>929</u>	<u>43,590</u>	<u>11</u>	<u>1,893</u>
Expenditures:				
Current:				
Security of Persons and Property	1,130	10,181	0	5,559
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
Total Expenditures	<u>1,130</u>	<u>10,181</u>	<u>0</u>	<u>5,559</u>
Excess (Deficiency) of Revenues Over Expenditures	(201)	33,409	11	(3,666)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	(201)	33,409	11	(3,666)
Fund Balances (Deficit) at Beginning of Year	4,711	98,676	1,093	20,120
Increase in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	<u>\$ 4,510</u>	<u>\$ 132,085</u>	<u>\$ 1,104</u>	<u>\$ 16,454</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>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,563
0	0	50,590	0	0	11,609
0	0	0	0	0	0
4,774	632	0	0	0	0
0	29,275	0	84,811	0	0
0	0	0	0	0	0
<u>4,774</u>	<u>29,907</u>	<u>50,590</u>	<u>84,811</u>	<u>0</u>	<u>86,172</u>
10,041	3,145	50,520	0	0	84,790
0	0	0	0	0	0
0	0	0	0	0	0
0	7,579	0	0	0	0
0	0	0	0	0	0
0	0	0	45,000	0	0
0	0	0	20,725	0	0
<u>10,041</u>	<u>10,724</u>	<u>50,520</u>	<u>65,725</u>	<u>0</u>	<u>84,790</u>
(5,267)	19,183	70	19,086	0	1,382
72,000	0	0	0	0	0
0	0	0	0	0	0
<u>72,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
66,733	19,183	70	19,086	0	1,382
464,011	51,002	14,528	217,207	1,100	(18,762)
0	0	0	0	0	0
<u>\$ 530,744</u>	<u>\$ 70,185</u>	<u>\$ 14,598</u>	<u>\$ 236,293</u>	<u>\$ 1,100</u>	<u>\$ (17,380)</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, 2016***

	Fire Pension	Cemetery	Law Enforcement OT Grant	Certified Police Training
Revenues:				
Property Taxes	\$ 37,600	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	5,480	0	0	4,620
Charges for Services	0	3,270	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
Total Revenue	43,080	3,270	0	4,620
Expenditures:				
Current:				
Security of Persons and Property	43,209	0	15,283	0
Leisure Time Activities	0	0	0	0
Community Environment	0	5,195	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
Total Expenditures	43,209	5,195	15,283	0
Excess (Deficiency) of Revenues Over Expenditures				
	(129)	(1,925)	(15,283)	4,620
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change In Fund Balance	(129)	(1,925)	(15,283)	4,620
Fund Balances (Deficit) at Beginning of Year	(9,730)	73,429	15,283	7,064
Increase in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	\$ (9,859)	\$ 71,504	\$ 0	\$ 11,684

CITY OF NAPOLEON, OHIO

<u>Indigent Drivers Interlock/Alcohol</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 112,163
0	729,643
0	549,363
0	16,982
5,467	169,135
0	73,462
<u>5,467</u>	<u>1,650,748</u>
0	504,603
0	808,066
0	46,470
0	498,095
0	46,529
0	45,000
0	20,725
<u>0</u>	<u>1,969,488</u>
5,467	(318,740)
0	726,608
0	(82,529)
<u>0</u>	<u>644,079</u>
5,467	325,339
37,608	2,237,539
0	23,540
<u>\$ 43,075</u>	<u>\$ 2,586,418</u>

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016**

	Fire Facility Training Grant	CIP Funding Reserve	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 739	\$ 147,437	\$ 148,176
Receivables:			
Intergovernmental	2,061	0	2,061
Total Assets	<u>\$ 2,800</u>	<u>\$ 147,437</u>	<u>\$ 150,237</u>
Liabilities:			
Interfund Loans Payable	2,800	0	2,800
Deferred Revenue	2,061	0	2,061
Total Liabilities	<u>4,861</u>	<u>0</u>	<u>4,861</u>
Fund Balances:			
Committed	0	147,437	147,437
Unassigned	(2,061)	0	(2,061)
Total Fund Balances	<u>(2,061)</u>	<u>147,437</u>	<u>145,376</u>
Total Liabilities and Funds Balances	<u>\$ 2,800</u>	<u>\$ 147,437</u>	<u>\$ 150,237</u>

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016***

	Fire Facility Training Grant	CIP Funding Reserve	Total Nonmajor Capital Project Funds
Revenues:			
Intergovernmental Revenues	\$ 26,964	\$ 0	\$ 26,964
Total Revenue	<u>26,964</u>	<u>0</u>	<u>26,964</u>
Expenditures:			
Capital Outlay	29,025	23,000	52,025
Total Expenditures	<u>29,025</u>	<u>23,000</u>	<u>52,025</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,061)	(23,000)	(25,061)
Other Financing Sources (Uses):			
Transfers In	0	25,000	25,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>25,000</u>	<u>25,000</u>
Net Change In Fund Balance	(2,061)	2,000	(61)
Fund Balances at Beginning of Year	<u>0</u>	<u>145,437</u>	<u>145,437</u>
Fund Balances (Deficit) End of Year	<u>\$ (2,061)</u>	<u>\$ 147,437</u>	<u>\$ 145,376</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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 249,180	\$ 250,694	\$ 250,694	\$ 0
Municipal Income Taxes	3,770,610	4,767,960	4,767,960	0
Other Local Taxes	515,000	515,950	515,950	0
Intergovernmental Revenues	233,020	243,126	243,126	0
Charges for Services	298,650	305,513	305,513	0
Licenses and Permits	64,000	75,027	75,027	0
Investment Earnings	46,050	76,952	76,952	0
Fines and Forfeitures	192,300	191,092	191,092	0
All Other Revenues	288,090	248,826	248,826	0
Total Revenues	<u>5,656,900</u>	<u>6,675,140</u>	<u>6,675,140</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	1,726,100	1,550,635	1,550,635	0
Materials and Supplies	85,116	71,935	71,935	0
Contractual Services	157,530	114,045	114,045	0
Other Expenditures	5,800	1,244	1,244	0
Capital Outlay	0	10,806	10,806	0
Total Police	<u>1,974,546</u>	<u>1,748,665</u>	<u>1,748,665</u>	<u>0</u>
Fire:				
Personal Services	949,400	926,883	926,883	0
Materials and Supplies	62,700	47,436	47,401	35
Contractual Services	119,160	101,711	101,711	0
Total Fire	<u>1,131,260</u>	<u>1,076,030</u>	<u>1,075,995</u>	<u>35</u>
Total Security of Persons and Property	<u>3,105,806</u>	<u>2,824,695</u>	<u>2,824,660</u>	<u>35</u>
Public Health and Welfare Services:				
Cemetery:				
Personal Services	99,680	81,004	81,004	0
Materials and Supplies	13,750	9,011	9,011	0
Contractual Services	13,680	11,705	11,385	320
Total Public Health and Welfare Services	<u>127,110</u>	<u>101,720</u>	<u>101,400</u>	<u>320</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, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	93,590	91,942	91,942	0
Materials and Supplies	2,850	1,430	1,430	0
Contractual Services	17,060	10,236	9,986	250
Other Expenditures	1,000	150	150	0
Total Building Inspection	114,500	103,758	103,508	250
Economic Development:				
Contractual Services	34,000	36,387	36,387	0
Other Expenditures	0	7,654	7,654	0
Total Economic Development	34,000	44,041	44,041	0
Total Community Environment	148,500	147,799	147,549	250
General Government:				
City Council:				
Personal Services	4,592	3,676	3,613	63
Materials and Supplies	400	266	266	0
Contractual Services	1,056	388	381	7
Other Expenditures	700	912	912	0
Total City Council	6,748	5,242	5,172	70
Mayor:				
Personal Services	1,890	1,597	1,570	27
Materials and Supplies	200	162	162	0
Contractual Services	2,310	2,244	2,244	0
Other Expenditures	50	65	65	0
Total Mayor	4,450	4,068	4,041	27
City Manager - Administration:				
Personal Services	22,950	18,144	18,144	0
Materials and Supplies	169	52	51	1
Contractual Services	2,712	1,632	1,605	27
Other Expenditures	500	289	289	0
Total City Manager - Administration	26,331	20,117	20,089	28
City Manager - Human Resources:				
Personal Services	87,260	85,007	85,007	0
Materials and Supplies	1,300	1,215	1,214	1
Contractual Services	9,240	44,788	44,787	1
Other Expenditures	500	39	39	0
Total City Manager - Human Resources	98,300	131,049	131,047	2

(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, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	10,861	12,022	12,022	0
Materials and Supplies	282	30	30	0
Contractual Services	6,727	4,280	4,208	72
Other Expenditures	500	0	0	0
Total Law Director	18,370	16,332	16,260	72
Finance - Administration:				
Personal Services	48,335	39,153	39,153	0
Materials and Supplies	2,130	2,374	2,374	0
Contractual Services	11,696	9,380	9,220	160
Other Expenditures	1,250	987	987	0
Total Finance - Administration	63,411	51,894	51,734	160
Finance - Utility Billing:				
Personal Services	13,521	10,527	10,348	179
Materials and Supplies	4,506	3,794	3,729	65
Contractual Services	5,946	3,813	3,762	51
Total Finance - Utility Billing	23,973	18,134	17,839	295
Finance - Income Tax Collection:				
Personal Services	145,230	142,092	142,092	0
Materials and Supplies	9,300	10,714	10,714	0
Contractual Services	20,780	30,029	30,029	0
Capital Outlay	1,300	899	899	0
Total Finance - Income Tax Collection	176,610	183,734	183,734	0
Finance - Information Systems:				
Personal Services	145,620	109,793	109,793	0
Materials and Supplies	19,800	16,784	16,784	0
Contractual Services	23,000	19,533	19,533	0
Total Finance - Information Systems	188,420	146,110	146,110	0
City Engineer:				
Personal Services	39,073	30,956	30,956	0
Materials and Supplies	1,033	537	528	9
Contractual Services	6,236	4,766	4,589	177
Other Expenditures	1,000	88	88	0
Total City Engineer	47,342	36,347	36,161	186

(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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	509,010	460,929	460,929	0
Materials and Supplies	32,450	33,133	33,133	0
Contractual Services	54,760	50,638	50,638	0
Other Expenditures	230	148	148	0
Total Municipal Court	596,450	544,848	544,848	0
Service - Buildings, Property and Equipment:				
Personal Services	7,010	5,660	5,564	96
Materials and Supplies	1,557	634	623	11
Contractual Services	511	277	262	15
Other Expenditures	100	0	0	0
Total Service - Buildings, Property and Equ	9,178	6,571	6,449	122
Miscellaneous:				
Materials and Supplies	1,341	762	742	20
Contractual Services	25,921	15,379	14,976	403
Other Expenditures	33,971	14,195	13,823	372
Total Miscellaneous	61,233	30,336	29,541	795
Total General Government	1,320,816	1,194,782	1,193,025	1,757
Total Expenditures	4,702,232	4,268,996	4,266,634	2,362
Excess (Deficiency) of Revenues Over (Under) Expenditures	954,668	2,406,144	2,408,506	2,362
Other Financing Sources (Uses):				
Sale of Capital Assets	0	33,755	33,755	0
Transfers In	42,000	44,169	44,169	0
Transfers Out	(1,839,970)	(2,299,561)	(2,299,561)	0
Total Other Financing Sources (Uses)	(1,797,970)	(2,221,637)	(2,221,637)	0
Net Change In Fund Balance	(843,302)	184,507	186,869	2,362
Fund Balance at Beginning of Year	1,213,039	1,213,039	1,213,039	0
Prior Year Encumbrances	15,046	15,046	15,046	0
Fund Balance at End of Year	\$ 384,783	\$ 1,412,592	\$ 1,414,954	\$ 2,362

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, 2016***

SPECIAL ASSESSMENT BOND RETIREMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 4,040	\$ 5,977	\$ 5,977	\$ 0
Special Assessments	43,690	43,577	43,577	0
All Other Revenues	0	13,999	13,999	0
Total Revenues	<u>47,730</u>	<u>63,553</u>	<u>63,553</u>	<u>0</u>
Expenditures:				
General Government:				
Contractual Services	1,500	1,301	1,301	0
Debt Service:				
Principal Retirement	52,360	52,351	52,351	0
Interest and Fiscal Charges	6,810	6,793	6,793	0
Total Expenditures	<u>60,670</u>	<u>60,445</u>	<u>60,445</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,940)	3,108	3,108	0
Other Financing Sources (Uses):				
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	(580)	15,468	15,468	0
Fund Balance at Beginning of Year	571,709	571,709	571,709	0
Fund Balance at End of Year	<u>\$ 571,129</u>	<u>\$ 587,177</u>	<u>\$ 587,177</u>	<u>\$ 0</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, 2016**

CAPITAL IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 196,500	\$ 708,371	\$ 708,371	\$ 0
All Other Revenues	0	24,690	24,690	0
Total Revenues	<u>196,500</u>	<u>733,061</u>	<u>733,061</u>	<u>0</u>
Expenditures:				
Capital Outlay:				
City Manager	6,000	0	0	0
Law Director	2,000	0	0	0
Finance - Administration	74,667	32,149	32,149	0
Central Information System	4,400	0	0	0
Engineering	15,415	11,256	11,239	17
Municipal Court	8,920	5,913	5,913	0
Police	76,000	75,537	75,537	0
Fire	77,000	110,318	98,318	12,000
Parks and Recreation	55,800	54,784	54,784	0
Cemetery	9,700	7,000	7,000	0
Street Maintenance	1,734,608	1,368,403	1,345,197	23,206
Total Expenditures	<u>2,064,510</u>	<u>1,665,360</u>	<u>1,630,137</u>	<u>35,223</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,868,010)	(932,299)	(897,076)	35,223
Other Financing Sources (Uses):				
Transfers In	1,168,120	1,593,653	1,593,653	0
Transfers Out	(126,250)	(126,250)	(126,250)	0
Advances Out	0	(2,800)	(2,800)	0
Total Other Financing Sources (Uses)	<u>1,041,870</u>	<u>1,464,603</u>	<u>1,464,603</u>	<u>0</u>
Net Change In Fund Balance	(826,140)	532,304	567,527	35,223
Fund Balance at Beginning of Year	958,417	958,417	958,417	0
Prior Year Encumbrances	72,450	72,450	72,450	0
Fund Balance at End of Year	<u>\$ 204,727</u>	<u>\$ 1,563,171</u>	<u>\$ 1,598,394</u>	<u>\$ 35,223</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, 2016**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 375,000	\$ 369,530	\$ 369,530	\$ 0
Charges for Services	3,000	2,071	2,071	0
Investment Earnings	720	1,335	1,335	0
All Other Revenues	7,400	3,978	3,978	0
Total Revenues	<u>386,120</u>	<u>376,914</u>	<u>376,914</u>	<u>0</u>
Expenditures:				
Transportation:				
Street Maintenance:				
Personal Services	216,290	227,157	227,157	0
Materials and Supplies	86,830	51,667	51,667	0
Contractual Services	55,240	36,427	36,427	0
Other Expenditures	21,310	31,412	31,412	0
Capital Outlay	100	0	0	0
Total Street Maintenance	<u>379,770</u>	<u>346,663</u>	<u>346,663</u>	<u>0</u>
Ice and Snow Removal:				
Personal Services	32,000	15,633	15,633	0
Materials and Supplies	47,100	13,782	13,782	0
Contractual Services	18,500	5,000	5,000	0
Other Expenditures	7,000	3,463	3,463	0
Total Ice and Snow Removal	<u>104,600</u>	<u>37,878</u>	<u>37,878</u>	<u>0</u>
Storm Drainage:				
Personal Services	11,000	5,483	5,483	0
Materials and Supplies	5,000	1,621	1,621	0
Contractual Services	3,000	0	0	0
Other Expenditures	500	91	91	0
Total Storm Drainage	<u>19,500</u>	<u>7,195</u>	<u>7,195</u>	<u>0</u>
Total Expenditures	<u>503,870</u>	<u>391,736</u>	<u>391,736</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(117,750)	(14,822)	(14,822)	0
Fund Balance at Beginning of Year	126,117	126,117	126,117	0
Fund Balance at End of Year	<u>\$ 8,367</u>	<u>\$ 111,295</u>	<u>\$ 111,295</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 31,000	\$ 29,961	\$ 29,961	\$ 0
Investment Earnings	10	129	129	0
Total Revenues	<u>31,010</u>	<u>30,090</u>	<u>30,090</u>	<u>0</u>
Expenditures:				
Transportation:				
Materials and Supplies	13,400	9,204	9,204	0
Contractual Services	26,000	26,000	26,000	0
Total Expenditures	<u>39,400</u>	<u>35,204</u>	<u>35,204</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,390)	(5,114)	(5,114)	0
Fund Balance at Beginning of Year	<u>9,999</u>	<u>9,999</u>	<u>9,999</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,609</u>	<u>\$ 4,885</u>	<u>\$ 4,885</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 103,000	\$ 118,143	\$ 118,143	\$ 0
Investment Earnings	2,310	3,798	3,798	0
Total Revenues	<u>105,310</u>	<u>121,941</u>	<u>121,941</u>	<u>0</u>
Expenditures:				
Transportation:				
Materials and Supplies	67,450	51,084	51,084	0
Contractual Services	40,000	30,986	30,986	0
Total Expenditures	<u>107,450</u>	<u>82,070</u>	<u>82,070</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,140)	39,871	39,871	0
Other Financing Sources (Uses):				
Transfers Out	<u>(12,360)</u>	<u>(12,360)</u>	<u>(12,360)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(12,360)</u>	<u>(12,360)</u>	<u>(12,360)</u>	<u>0</u>
Net Change In Fund Balance	(14,500)	27,511	27,511	0
Fund Balance at Beginning of Year	<u>367,700</u>	<u>367,700</u>	<u>367,700</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 353,200</u>	<u>\$ 395,211</u>	<u>\$ 395,211</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

EMS TRANSPORT SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,000	\$ 0	\$ 0	\$ 0
Charges for Services	338,000	336,826	336,826	0
Total Revenues	<u>341,000</u>	<u>336,826</u>	<u>336,826</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	39,006	35,561	34,534	1,027
Contractual Services	114,000	99,740	99,739	1
Other Expenditures	165,000	114,290	114,290	0
Capital Outlay	4,000	2,857	2,857	0
Total Expenditures	<u>322,006</u>	<u>252,448</u>	<u>251,420</u>	<u>1,028</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,994	84,378	85,406	1,028
Other Financing Sources (Uses):				
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	(7,006)	58,378	59,406	1,028
Fund Balance at Beginning of Year	20,296	20,296	20,296	0
Prior Year Encumbrances	1,506	1,506	1,506	0
Fund Balance at End of Year	<u>\$ 14,796</u>	<u>\$ 80,180</u>	<u>\$ 81,208</u>	<u>\$ 1,028</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, 2016**

RECREATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 224,370	\$ 209,635	\$ 209,635	\$ 0
Investment Earnings	2,240	4,105	4,105	0
All Other Revenues	44,100	49,227	49,227	0
Total Revenues	<u>270,710</u>	<u>262,967</u>	<u>262,967</u>	<u>0</u>
Expenditures:				
Leisure Time Activities:				
Administration:				
Personal Services	93,460	93,653	93,653	0
Materials and Supplies	7,250	6,335	6,335	0
Contractual Services	3,040	2,674	2,674	0
Other Expenditures	2,250	250	250	0
Total Administration	<u>106,000</u>	<u>102,912</u>	<u>102,912</u>	<u>0</u>
Golf Course Operations:				
Personal Services	144,520	146,784	146,784	0
Materials and Supplies	71,229	60,666	60,024	642
Contractual Services	15,050	15,794	15,794	0
Capital Outlay	0	2,178	2,178	0
Total Golf Course Operations	<u>230,799</u>	<u>225,422</u>	<u>224,780</u>	<u>642</u>
Pool Operations:				
Personal Services	47,380	46,783	46,783	0
Materials and Supplies	25,087	26,760	26,672	88
Contractual Services	28,130	25,189	25,189	0
Capital Outlay	38,500	37,024	37,024	0
Total Pool Operations	<u>139,097</u>	<u>135,756</u>	<u>135,668</u>	<u>88</u>
Parks and Programs:				
Personal Services	234,370	234,471	234,471	0
Materials and Supplies	84,850	74,441	74,321	120
Contractual Services	46,940	40,083	40,083	0
Total Parks and Programs	<u>366,160</u>	<u>348,995</u>	<u>348,875</u>	<u>120</u>
Total Expenditures	<u>842,056</u>	<u>813,085</u>	<u>812,235</u>	<u>850</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(571,346)	(550,118)	(549,268)	850

(Continued)

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, 2016***

	RECREATION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Other Financing Sources (Uses):				
Transfers In	520,000	654,608	654,608	0
Total Other Financing Sources (Uses)	520,000	654,608	654,608	0
 Net Change In Fund Balance	(51,346)	104,490	105,340	850
 Fund Balance at Beginning of Year	289,097	289,097	289,097	0
Prior Year Encumbrances	1,816	1,816	1,816	0
Fund Balance at End of Year	<u>\$ 239,567</u>	<u>\$ 395,403</u>	<u>\$ 396,253</u>	<u>\$ 850</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, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 84,000	\$ 88,338	\$ 88,338	\$ 0
Total Revenues	<u>84,000</u>	<u>88,338</u>	<u>88,338</u>	<u>0</u>
Expenditures:				
General Government:				
Contractual Services	<u>42,000</u>	<u>44,169</u>	<u>44,169</u>	<u>0</u>
Total Expenditures	<u>42,000</u>	<u>44,169</u>	<u>44,169</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,000	44,169	44,169	0
Other Financing Sources (Uses):				
Transfers Out	<u>(42,000)</u>	<u>(44,169)</u>	<u>(44,169)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(42,000)</u>	<u>(44,169)</u>	<u>(44,169)</u>	<u>0</u>
Net Change In Fund Balance	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

**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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 20,000	\$ 20,000	\$ 0
Total Revenues	<u>0</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	20,000	20,000	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>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	CDBG INCOME FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 5,772	\$ 5,772	\$ 0
Total Revenues	<u>0</u>	<u>5,772</u>	<u>5,772</u>	<u>0</u>
Expenditures:				
Community Environment:				
Contractual Services	<u>50,000</u>	<u>41,275</u>	<u>41,275</u>	<u>0</u>
Total Expenditures	<u>50,000</u>	<u>41,275</u>	<u>41,275</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(35,503)	(35,503)	0
Fund Balance at Beginning of Year	<u>51,773</u>	<u>51,773</u>	<u>51,773</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,773</u>	<u>\$ 16,270</u>	<u>\$ 16,270</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 390	\$ 658	\$ 658	\$ 0
Fines and Forfeitures	8,000	4,996	4,996	0
Total Revenues	<u>8,390</u>	<u>5,654</u>	<u>5,654</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>25,000</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Total Expenditures	<u>25,000</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,610)	3,154	3,154	0
Fund Balance at Beginning of Year	<u>63,469</u>	<u>63,469</u>	<u>63,469</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 46,859</u>	<u>\$ 66,623</u>	<u>\$ 66,623</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 30	\$ 46	\$ 46	\$ 0
Fines and Forfeitures	1,000	856	856	0
Total Revenues	<u>1,030</u>	<u>902</u>	<u>902</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Contractual Services	900	708	708	0
Capital Outlay	500	535	535	0
Total Expenditures	<u>4,400</u>	<u>1,243</u>	<u>1,243</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,370)	(341)	(341)	0
Fund Balance at Beginning of Year	<u>4,650</u>	<u>4,650</u>	<u>4,650</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,280</u>	<u>\$ 4,309</u>	<u>\$ 4,309</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 630	\$ 1,118	\$ 1,118	\$ 0
Fines and Forfeitures	28,000	42,494	42,494	0
Total Revenues	<u>28,630</u>	<u>43,612</u>	<u>43,612</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	1,000	181	181	0
Other Expenditures	10,000	10,000	10,000	0
Capital Outlay	3,600	3,600	3,600	0
Total Expenditures	<u>14,600</u>	<u>13,781</u>	<u>13,781</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,030	29,831	29,831	0
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	14,030	29,831	29,831	0
Fund Balance at Beginning of Year	96,189	96,189	96,189	0
Fund Balance at End of Year	<u>\$ 110,219</u>	<u>\$ 126,020</u>	<u>\$ 126,020</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 10	\$ 11	\$ 11	\$ 0
Total Revenues	<u>10</u>	<u>11</u>	<u>11</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	500	0	0	0
Capital Outlay	<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(990)	11	11	0
Fund Balance at Beginning of Year	<u>1,093</u>	<u>1,093</u>	<u>1,093</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 103</u>	<u>\$ 1,104</u>	<u>\$ 1,104</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 130	\$ 169	\$ 169	\$ 0
Fines and Forfeitures	900	1,726	1,726	0
Total Revenues	<u>1,030</u>	<u>1,895</u>	<u>1,895</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Other Expenditures	5,500	648	648	0
Capital Outlay	0	4,911	4,911	0
Total Expenditures	<u>8,500</u>	<u>5,559</u>	<u>5,559</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,470)	(3,664)	(3,664)	0
Fund Balance at Beginning of Year	<u>19,925</u>	<u>19,925</u>	<u>19,925</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,455</u>	<u>\$ 16,261</u>	<u>\$ 16,261</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 18,000	\$ 0	\$ 0	\$ 0
Investment Earnings	2,870	4,751	4,751	0
Total Revenues	<u>20,870</u>	<u>4,751</u>	<u>4,751</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	<u>16,000</u>	<u>10,041</u>	<u>10,041</u>	<u>0</u>
Total Expenditures	<u>16,000</u>	<u>10,041</u>	<u>10,041</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,870	(5,290)	(5,290)	0
Other Financing Sources (Uses):				
Transfers In	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	<u>0</u>
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	76,870	66,710	66,710	0
Fund Balance at Beginning of Year	<u>463,567</u>	<u>463,567</u>	<u>463,567</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 540,437</u>	<u>\$ 530,277</u>	<u>\$ 530,277</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MUNICIPAL PROBATION SERVICE FUND				
Revenues:				
Investment Earnings	\$ 320	\$ 585	\$ 585	\$ 0
Fines and Forfeitures	19,000	29,099	29,099	0
Total Revenues	<u>19,320</u>	<u>29,684</u>	<u>29,684</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	3,610	3,145	3,145	0
Contractual Services	10,200	7,219	7,219	0
Other Expenditures	500	360	360	0
Total Expenditures	<u>14,310</u>	<u>10,724</u>	<u>10,724</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,010	18,960	18,960	0
Fund Balance at Beginning of Year	<u>49,112</u>	<u>49,112</u>	<u>49,112</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 54,122</u>	<u>\$ 68,072</u>	<u>\$ 68,072</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 49,290	\$ 50,590	\$ 50,590	\$ 0
Total Revenues	<u>49,290</u>	<u>50,590</u>	<u>50,590</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	49,290	49,289	49,289	0
Contractual Services	0	801	801	0
Other Expenditures	0	500	500	0
Total Expenditures	<u>49,290</u>	<u>50,590</u>	<u>50,590</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>4,244</u>	<u>4,244</u>	<u>4,244</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,244</u>	<u>\$ 4,244</u>	<u>\$ 4,244</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 65,000	\$ 84,821	\$ 84,821	\$ 0
Total Revenues	<u>65,000</u>	<u>84,821</u>	<u>84,821</u>	<u>0</u>
Expenditures:				
Debt Service:				
Principal Retirement	45,000	45,000	45,000	0
Interest and Fiscal Charges	<u>20,730</u>	<u>20,725</u>	<u>20,725</u>	<u>0</u>
Total Expenditures	<u>65,730</u>	<u>65,725</u>	<u>65,725</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(730)	19,096	19,096	0
Fund Balance at Beginning of Year	<u>212,382</u>	<u>212,382</u>	<u>212,382</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 211,652</u>	<u>\$ 231,478</u>	<u>\$ 231,478</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
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

***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, 2016***

POLICE PENSION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 74,270	\$ 74,563	\$ 74,563	\$ 0
Intergovernmental Revenues	10,130	11,609	11,609	0
Total Revenues	<u>84,400</u>	<u>86,172</u>	<u>86,172</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>84,410</u>	<u>86,055</u>	<u>86,055</u>	<u>0</u>
Total Expenditures	<u>84,410</u>	<u>86,055</u>	<u>86,055</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10)	117	117	0
Fund Balance at Beginning of Year	<u>10</u>	<u>10</u>	<u>10</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 127</u>	<u>\$ 127</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	FIRE PENSION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 37,130	\$ 37,600	\$ 37,600	\$ 0
Intergovernmental Revenues	5,070	5,480	5,480	0
Total Revenues	<u>42,200</u>	<u>43,080</u>	<u>43,080</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>42,200</u>	<u>43,017</u>	<u>43,017</u>	<u>0</u>
Total Expenditures	<u>42,200</u>	<u>43,017</u>	<u>43,017</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	63	63	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>\$ 63</u>	<u>\$ 63</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	CEMETERY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 4,500	\$ 3,020	\$ 3,020	\$ 0
Total Revenues	<u>4,500</u>	<u>3,020</u>	<u>3,020</u>	<u>0</u>
Expenditures:				
Community Environment:				
Materials and Supplies	<u>6,000</u>	<u>5,395</u>	<u>5,395</u>	<u>0</u>
Total Expenditures	<u>6,000</u>	<u>5,395</u>	<u>5,395</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500)	(2,375)	(2,375)	0
Fund Balance at Beginning of Year	<u>73,429</u>	<u>73,429</u>	<u>73,429</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 71,929</u>	<u>\$ 71,054</u>	<u>\$ 71,054</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

LAW ENFORCEMENT OT GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Security of Persons and Property:				
Other Expenditures	0	15,283	15,283	0
Total Expenditures	0	15,283	15,283	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(15,283)	(15,283)	0
Fund Balance at Beginning of Year	15,283	15,283	15,283	0
Fund Balance at End of Year	\$ 15,283	\$ 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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 4,620	\$ 4,620	\$ 0
Total Revenues	<u>0</u>	<u>4,620</u>	<u>4,620</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	5,000	0	0	0
Contractual Services	500	0	0	0
Total Expenditures	<u>5,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,500)	4,620	4,620	0
Fund Balance at Beginning of Year	<u>7,064</u>	<u>7,064</u>	<u>7,064</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,564</u>	<u>\$ 11,684</u>	<u>\$ 11,684</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

INDIGENT DRIVERS INTERLOCK / ALCOHOL FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 4,800	\$ 5,415	\$ 5,415	\$ 0
Total Revenues	<u>4,800</u>	<u>5,415</u>	<u>5,415</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	5,000	0	0	0
Total Expenditures	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200)	5,415	5,415	0
Fund Balance at Beginning of Year	37,086	37,086	37,086	0
Fund Balance at End of Year	<u>\$ 36,886</u>	<u>\$ 42,501</u>	<u>\$ 42,501</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 32,840	\$ 32,838	\$ 32,838	\$ 0
Total Revenues	<u>32,840</u>	<u>32,838</u>	<u>32,838</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	11,070	8,855	8,855	0
Materials and Supplies	715	715	715	0
Contractual Services	<u>20,000</u>	<u>17,539</u>	<u>17,539</u>	<u>0</u>
Total Expenditures	<u>31,785</u>	<u>27,109</u>	<u>27,109</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,055	5,729	5,729	0
Fund Balance at Beginning of Year	9,031	9,031	9,031	0
Prior Year Encumbrances	<u>715</u>	<u>715</u>	<u>715</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,801</u>	<u>\$ 15,475</u>	<u>\$ 15,475</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 4,026	\$ 4,026	\$ 0
Total Revenues	<u>0</u>	<u>4,026</u>	<u>4,026</u>	<u>0</u>
Expenditures:				
Debt Service:				
Principal Retirement	35,000	35,000	35,000	0
Interest and Fiscal Charges	<u>39,380</u>	<u>39,375</u>	<u>39,375</u>	<u>0</u>
Total Expenditures	<u>74,380</u>	<u>74,375</u>	<u>74,375</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,380)	(70,349)	(70,349)	0
Other Financing Sources (Uses):				
Transfers In	<u>55,250</u>	<u>55,250</u>	<u>55,250</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>55,250</u>	<u>55,250</u>	<u>55,250</u>	<u>0</u>
Net Change In Fund Balance	(19,130)	(15,099)	(15,099)	0
Fund Balance at Beginning of Year	<u>28,749</u>	<u>28,749</u>	<u>28,749</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,619</u>	<u>\$ 13,650</u>	<u>\$ 13,650</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay:				
Street Maintenance	23,100	23,100	23,000	100
Total Expenditures	23,100	23,100	23,000	100
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,100)	(23,100)	(23,000)	100
Other Financing Sources (Uses):				
Transfers In	25,000	25,000	25,000	0
Total Other Financing Sources (Uses)	25,000	25,000	25,000	0
Net Change In Fund Balance	1,900	1,900	2,000	100
Fund Balance at Beginning of Year	122,337	122,337	122,337	0
Prior Year Encumbrances	23,100	23,100	23,100	0
Fund Balance at End of Year	\$ 147,337	\$ 147,337	\$ 147,437	\$ 100

CITY OF NAPOLEON, OHIO

**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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 21,903	\$ 21,903	\$ 0
Total Revenues	0	21,903	21,903	0
Expenditures:				
Capital Outlay:				
Parks and Recreation	0	25,972	25,972	0
Total Expenditures	0	25,972	25,972	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(4,069)	(4,069)	0
Fund Balance at Beginning of Year	4,069	4,069	4,069	0
Fund Balance at End of Year	\$ 4,069	\$ 0	\$ 0	\$ 0

CITY OF NAPOLEON, OHIO

**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, 2016**

FIRE FACILITY TRAINING GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 26,964	\$ 26,964	\$ 0
Total Revenues	<u>0</u>	<u>26,964</u>	<u>26,964</u>	<u>0</u>
Expenditures:				
Capital Outlay:				
Fire	0	29,690	29,690	0
Total Expenditures	<u>0</u>	<u>29,690</u>	<u>29,690</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(2,726)	(2,726)	0
Other Financing Sources (Uses):				
Advances In	0	2,800	2,800	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>2,800</u>	<u>2,800</u>	<u>0</u>
Net Change In Fund Balance	0	74	74	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 74</u>	<u>\$ 74</u>	<u>\$ 0</u>

Fiduciary Funds

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

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, 2016**

	Balance December 31, 2015	Additions	Deductions	Balance December 31, 2016
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$2,996	\$1,303,068	(\$1,299,595)	\$6,469
Total Assets	<u>\$2,996</u>	<u>\$1,303,068</u>	<u>(\$1,299,595)</u>	<u>\$6,469</u>
Liabilities:				
Due to Others	\$2,996	\$1,303,068	(\$1,299,595)	\$6,469
Total Liabilities	<u>\$2,996</u>	<u>\$1,303,068</u>	<u>(\$1,299,595)</u>	<u>\$6,469</u>
<u>Law Library</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$0	\$0	\$0
Total Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$0	\$0	\$0
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Payroll Withholding</u>				
Assets:				
Cash and Cash Equivalents	\$16,981	\$52,167	(\$53,873)	\$15,275
Total Assets	<u>\$16,981</u>	<u>\$52,167</u>	<u>(\$53,873)</u>	<u>\$15,275</u>
Liabilities:				
Due to Others	\$16,981	\$52,167	(\$53,873)	\$15,275
Total Liabilities	<u>\$16,981</u>	<u>\$52,167</u>	<u>(\$53,873)</u>	<u>\$15,275</u>
<u>Totals - Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$19,977	\$1,355,235	(\$1,353,468)	\$21,744
Total Assets	<u>\$19,977</u>	<u>\$1,355,235</u>	<u>(\$1,353,468)</u>	<u>\$21,744</u>
Liabilities:				
Due to Others	\$19,977	\$1,355,235	(\$1,353,468)	\$21,744
Total Liabilities	<u>\$19,977</u>	<u>\$1,355,235</u>	<u>(\$1,353,468)</u>	<u>\$21,744</u>



STATISTICAL SECTION



Historical Marker



STATISTICAL TABLES

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

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	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.	
Debt Capacity	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.	
Economic and Demographic Information	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.	
Operating Information	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.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

City of Napoleon, Ohio

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

	2007	2008	2009	2010
Governmental Activities:				
Net Investment in Capital Assets	\$24,814,158	\$28,323,805	\$29,555,216	\$29,541,627
Restricted	5,668,640	3,625,081	4,298,992	4,512,545
Unrestricted (Deficit)	3,267,539	2,815,897	1,948,134	1,663,304
Total Governmental Activities Net Position	<u>\$33,750,337</u>	<u>\$34,764,783</u>	<u>\$35,802,342</u>	<u>\$35,717,476</u>
Business-type Activities:				
Net Investment in Capital Assets	\$13,254,500	\$15,258,691	\$16,271,445	\$19,332,790
Unrestricted	17,723,570	16,121,443	16,531,170	15,426,346
Total Business-type Activities Net Position	<u>\$30,978,070</u>	<u>\$31,380,134</u>	<u>\$32,802,615</u>	<u>\$34,759,136</u>
Primary Government:				
Net Investment in Capital Assets	\$38,068,658	\$43,582,496	\$45,826,661	\$48,874,417
Restricted	5,668,640	3,625,081	4,298,992	4,512,545
Unrestricted	20,991,109	18,937,340	18,479,304	17,089,650
Total Primary Government Net Position	<u>\$64,728,407</u>	<u>\$66,144,917</u>	<u>\$68,604,957</u>	<u>\$70,476,612</u>

Source: Finance Director's Office

City of Napoleon, Ohio

2011	2012	2013	2014	2015	2016
\$30,121,697	\$29,930,771	\$32,448,052	\$31,960,590	\$33,433,083	\$34,214,705
3,885,950	2,461,068	2,768,235	2,990,372	2,806,677	2,858,956
1,537,086	2,684,562	3,533,369	3,332,982	(1,392,832)	(1,146,059)
<u>\$35,544,733</u>	<u>\$35,076,401</u>	<u>\$38,749,656</u>	<u>\$38,283,944</u>	<u>\$34,846,928</u>	<u>\$35,927,602</u>
\$21,120,371	\$22,297,444	\$20,699,687	\$20,700,229	\$22,542,372	\$23,498,665
14,694,663	16,236,989	19,237,386	19,439,411	18,129,077	19,777,496
<u>\$35,815,034</u>	<u>\$38,534,433</u>	<u>\$39,937,073</u>	<u>\$40,139,640</u>	<u>\$40,671,449</u>	<u>\$43,276,161</u>
\$51,242,068	\$52,228,215	\$53,147,739	\$52,660,819	\$55,975,455	\$57,713,370
3,885,950	2,461,068	2,768,235	2,990,372	2,806,677	2,858,956
16,231,749	18,921,551	22,770,755	22,772,393	16,736,245	18,631,437
<u>\$71,359,767</u>	<u>\$73,610,834</u>	<u>\$78,686,729</u>	<u>\$78,423,584</u>	<u>\$75,518,377</u>	<u>\$79,203,763</u>

City of Napoleon, Ohio

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

	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,424,326	\$3,979,748	\$3,099,089	\$3,125,458
Public Health and Welfare Services	137,358	106,214	103,153	112,440
Leisure Time Activities	885,586	933,722	899,442	904,829
Community Environment	725,183	486,196	757,040	517,452
Transportation	1,364,559	872,400	1,702,924	1,299,067
General Government	1,067,981	678,405	991,969	1,122,335
Interest and Fiscal Charges	100,392	121,860	77,480	85,901
<i>Total Governmental Activities Expenses</i>	<u>7,705,385</u>	<u>7,178,545</u>	<u>7,631,097</u>	<u>7,167,482</u>
Business-type Activities:				
Electric	12,864,738	12,489,602	13,852,433	14,396,085
Water	2,043,701	2,175,036	2,543,426	2,474,059
Sewer	2,247,335	2,648,013	3,235,829	2,782,393
Sanitation	661,575	677,146	626,167	768,173
<i>Total Business-type Activities Expenses</i>	<u>17,817,349</u>	<u>17,989,797</u>	<u>20,257,855</u>	<u>20,420,710</u>
<i>Total Primary Government Expenses</i>	<u>\$25,522,734</u>	<u>\$25,168,342</u>	<u>\$27,888,952</u>	<u>\$27,588,192</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,066,435	\$1,027,828	\$1,028,246	\$1,082,152
Public Health and Welfare Services	23,600	18,463	14,660	17,125
Leisure Time Activities	244,598	255,949	301,100	258,421
Community Environment	6,895	3,758	2,935	3,265
Transportation	6,581	9,985	10,083	16,311
General Government	144,827	126,883	148,898	109,391
Operating Grants and Contributions	1,067,046	634,910	618,192	894,469
Capital Grants and Contributions	258,787	797	154,816	157,440
<i>Total Governmental Activities Program Revenues</i>	<u>2,818,769</u>	<u>2,078,573</u>	<u>2,278,930</u>	<u>2,538,574</u>

City of Napoleon, Ohio

2011	2012	2013	2014	2015	2016
\$3,318,795	\$3,461,564	\$3,509,977	\$3,897,632	\$3,654,789	\$3,546,651
123,641	109,157	119,347	121,621	130,226	107,520
868,775	920,814	837,829	979,834	885,152	896,040
1,263,518	381,223	889,241	152,816	133,083	1,057,736
760,223	1,316,777	1,081,351	1,646,040	1,508,973	225,516
1,086,864	1,329,567	1,037,778	1,089,719	895,716	1,108,794
96,494	63,709	67,818	71,185	49,078	64,017
<u>7,518,310</u>	<u>7,582,811</u>	<u>7,543,341</u>	<u>7,958,847</u>	<u>7,257,017</u>	<u>7,006,274</u>
14,714,910	14,533,499	15,784,619	16,111,027	14,525,667	15,578,395
3,229,358	2,621,913	2,471,001	2,725,757	2,483,792	2,820,862
2,921,313	2,663,795	3,175,055	3,114,530	3,298,500	3,322,734
733,632	793,380	718,019	742,677	756,482	829,618
<u>21,599,213</u>	<u>20,612,587</u>	<u>22,148,694</u>	<u>22,693,991</u>	<u>21,064,441</u>	<u>22,551,609</u>
<u>\$29,117,523</u>	<u>\$28,195,398</u>	<u>\$29,692,035</u>	<u>\$30,652,838</u>	<u>\$28,321,458</u>	<u>\$29,557,883</u>
\$1,008,026	\$1,032,637	\$1,204,603	\$1,103,728	\$1,062,603	\$1,045,704
24,203	16,388	18,877	18,668	22,665	14,655
207,272	215,192	275,990	278,108	240,539	260,055
4,968	4,798	4,742	6,288	5,280	3,270
6,267	11,267	13,878	8,997	14,115	7,486
113,089	103,218	100,503	42,022	21,996	51,590
1,323,169	830,875	1,517,992	950,214	586,830	621,783
104,301	111,784	66,201	76,151	931,660	802,876
<u>2,791,295</u>	<u>2,326,159</u>	<u>3,202,786</u>	<u>2,484,176</u>	<u>2,885,688</u>	<u>2,807,419</u>

(continued)

City of Napoleon, Ohio

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

	2007	2008	2009	2010
Business-type Activities:				
Charges for Services				
Electric	12,876,770	13,330,787	14,499,715	14,984,767
Water	2,301,840	2,438,644	2,448,655	2,822,576
Sewer	3,059,283	3,427,831	3,349,175	3,136,055
Sanitation	629,809	638,020	861,016	853,623
Capital Grants and Contributions	276,363	311,544	2,150,584	403,881
<i>Total Business-type Activities Program Revenues</i>	19,144,065	20,146,826	23,309,145	22,200,902
<i>Total Primary Government Program Revenues</i>	21,962,834	22,225,399	25,588,075	24,739,476
Net (Expense)/Revenue				
Governmental Activities	(4,886,616)	(5,099,972)	(5,352,167)	(4,628,908)
Business-type Activities	1,326,716	2,157,029	3,051,290	1,780,192
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$3,559,900)	(\$2,942,943)	(\$2,300,877)	(\$2,848,716)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
Property Taxes	\$662,906	\$494,106	\$146,252	\$386,482
Municipal Income Taxes	2,503,814	2,255,314	2,361,108	2,796,692
Other Local Taxes (kWh Tax)	555,353	536,676	493,053	515,545
Grants and Entitlements not				
Restricted to Specific Programs	208,113	5,953	788,511	629,483
Investment Earnings	598,440	403,619	202,278	92,083
Miscellaneous	459,416	202,010	485,517	123,757
Transfers	220,000	2,260,946	1,913,007	0
<i>Total Governmental Activities</i>	5,208,042	6,158,624	6,389,726	4,544,042
Business-type Activities:				
Investment Earnings	610,469	461,775	284,198	176,329
Transfers	(220,000)	(2,260,946)	(1,913,007)	0
<i>Total Business-type Activities</i>	390,469	(1,799,171)	(1,628,809)	176,329
<i>Total Primary Government</i>	\$5,598,511	\$4,359,453	\$4,760,917	\$4,720,371
Change in Net Position				
Governmental Activities	\$321,426	\$1,058,652	\$1,037,559	(\$84,866)
Business-type Activities	1,717,185	357,858	1,422,481	1,956,521
<i>Total Primary Government Change in Net Position</i>	\$2,038,611	\$1,416,510	\$2,460,040	\$1,871,655

Source: Finance Director's Office

City of Napoleon, Ohio

2011	2012	2013	2014	2015	2016
15,490,550	15,189,640	15,693,889	15,391,341	14,970,816	16,250,617
2,610,784	3,154,088	2,862,800	3,218,817	3,309,819	3,233,144
3,412,565	3,445,027	3,340,375	3,343,019	3,904,365	4,054,675
858,054	858,402	867,760	867,626	860,787	874,071
113,431	412,650	3,455,321	0	167,351	624,929
<u>22,485,384</u>	<u>23,059,807</u>	<u>26,220,145</u>	<u>22,820,803</u>	<u>23,213,138</u>	<u>25,037,436</u>
<u>25,276,679</u>	<u>25,385,966</u>	<u>29,422,931</u>	<u>25,304,979</u>	<u>26,098,826</u>	<u>27,844,855</u>
(4,727,015)	(5,256,652)	(4,340,555)	(5,474,671)	(4,371,329)	(4,198,855)
886,171	2,447,220	4,071,451	126,812	2,148,697	2,485,827
<u>(\$3,840,844)</u>	<u>(\$2,809,432)</u>	<u>(\$269,104)</u>	<u>(\$5,347,859)</u>	<u>(\$2,222,632)</u>	<u>(\$1,713,028)</u>
\$382,639	\$369,498	\$368,837	\$371,815	\$365,123	\$358,670
2,826,623	3,265,008	3,588,267	3,821,982	4,097,468	4,120,044
522,615	524,942	524,529	512,414	520,952	515,950
691,333	509,026	448,430	50,375	798,480	5,422
91,360	67,633	49,515	40,475	8,164	99,506
139,873	165,688	277,279	211,898	397,832	79,387
(118,388)	(113,475)	2,756,953	0	116,754	100,550
<u>4,536,055</u>	<u>4,788,320</u>	<u>8,013,810</u>	<u>5,008,959</u>	<u>6,304,773</u>	<u>5,279,529</u>
155,535	158,704	88,142	75,755	103,486	219,435
118,388	113,475	(2,756,953)	0	(116,754)	(100,550)
<u>273,923</u>	<u>272,179</u>	<u>(2,668,811)</u>	<u>75,755</u>	<u>(13,268)</u>	<u>118,885</u>
<u>\$4,809,978</u>	<u>\$5,060,499</u>	<u>\$5,344,999</u>	<u>\$5,084,714</u>	<u>\$6,291,505</u>	<u>\$5,398,414</u>
(\$190,960)	(\$468,332)	\$3,673,255	(\$465,712)	\$1,933,444	\$1,080,674
1,160,094	2,719,399	1,402,640	202,567	2,135,429	2,604,712
<u>\$969,134</u>	<u>\$2,251,067</u>	<u>\$5,075,895</u>	<u>(\$263,145)</u>	<u>\$4,068,873</u>	<u>\$3,685,386</u>

City of Napoleon, Ohio

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

	2007	2008	2009	2010
General Fund				
Nonspendable	\$0	\$0	\$0	\$5,889
Committed	0	0	0	9,956
Assigned	0	0	0	43,792
Unassigned	0	0	0	1,961,094
Reserved	22,238	45,413	36,369	0
Unreserved	2,230,909	1,888,658	1,950,630	0
<i>Total General Fund</i>	<u>2,253,147</u>	<u>1,934,071</u>	<u>1,986,999</u>	<u>2,020,731</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$0	\$119,506
Restricted	0	0	0	2,530,239
Committed	0	0	0	898,911
Assigned	0	0	0	9,520
Unassigned	0	0	0	(82,196)
Reserved	818,971	287,883	251,799	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,689,219	1,021,024	981,549	0
Debt Service Funds	516,266	502,806	884,855	0
Capital Projects Funds	106,351	545,746	764,329	0
<i>Total All Other Governmental Funds</i>	<u>3,130,807</u>	<u>2,357,459</u>	<u>2,882,532</u>	<u>3,475,980</u>
<i>Total Governmental Funds</i>	<u>\$5,383,954</u>	<u>\$4,291,530</u>	<u>\$4,869,531</u>	<u>\$5,496,711</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

2011	2012	2013	2014	2015	2016
\$5,761	\$7,456	\$7,706	\$9,120	\$9,409	\$44,283
93,945	67,783	19,966	11,772	13,022	11,196
42,032	67,913	871,172	777,758	838,819	590,274
1,810,169	1,714,410	1,030,178	1,162,723	1,265,731	1,301,015
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,951,907</u>	<u>1,857,562</u>	<u>1,929,022</u>	<u>1,961,373</u>	<u>2,126,981</u>	<u>1,946,768</u>
\$120,535	\$195,635	\$177,587	\$170,935	\$229,196	\$252,736
2,105,312	2,269,103	2,391,541	2,434,009	2,279,047	2,442,470
1,010,839	800,226	1,439,374	1,555,291	1,912,226	2,586,537
9,528	22,214	27,767	9,554	28,749	13,650
(81,974)	(73,767)	(29,206)	(27,902)	(28,492)	(29,300)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>3,164,240</u>	<u>3,213,411</u>	<u>4,007,063</u>	<u>4,141,887</u>	<u>4,420,726</u>	<u>5,266,093</u>
<u>\$5,116,147</u>	<u>\$5,070,973</u>	<u>\$5,936,085</u>	<u>\$6,103,260</u>	<u>\$6,547,707</u>	<u>\$7,212,861</u>

City of Napoleon, Ohio

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:				
Taxes	\$3,518,822	\$3,245,315	\$3,220,684	\$3,722,602
Intergovernmental Revenues	2,187,335	1,891,032	1,605,562	1,380,019
Charges for Services	660,349	732,494	803,479	807,930
Licenses and Permits	64,289	64,957	63,825	63,599
Investment Earnings	646,848	421,070	185,858	114,664
Special Assessments	113,080	105,288	106,700	101,853
Fines and Forfeitures	363,862	381,139	407,561	371,916
All Other Revenue	440,028	388,066	797,505	456,874
Total Revenue	<u>7,994,613</u>	<u>7,229,361</u>	<u>7,191,174</u>	<u>7,019,457</u>
Expenditures:				
Current:				
Security of Persons and Property	3,163,034	3,946,531	2,900,346	2,949,630
Public Health and Welfare Services	102,920	98,955	92,695	101,383
Leisure Time Activities	845,965	875,791	783,006	821,199
Community Environment	796,478	483,116	538,556	515,451
Transportation	673,933	604,199	539,327	582,589
General Government	1,023,651	1,114,009	847,258	1,027,824
Capital Outlay	2,075,703	901,518	688,609	873,383
Debt Service:				
Principal Retirement	111,357	111,550	112,550	112,557
Interest and Fiscal Charges	101,500	122,968	76,940	85,058
Total Expenditures	<u>8,894,541</u>	<u>8,258,637</u>	<u>6,579,287</u>	<u>7,069,074</u>
Excess (Deficiency) of Revenues Over Expenditures	(899,928)	(1,029,276)	611,887	(49,617)

City of Napoleon, Ohio

2011	2012	2013	2014	2015	2016
\$3,749,404	\$4,170,959	\$4,458,946	\$4,660,798	\$4,969,922	\$4,998,063
2,220,622	1,426,432	1,719,738	1,248,507	2,272,156	1,283,816
800,287	805,926	1,012,086	819,227	869,489	865,305
68,203	76,513	73,435	70,252	70,735	75,027
95,435	68,959	54,013	34,162	11,047	89,533
92,238	84,532	49,694	28,815	37,142	33,107
363,988	331,022	369,351	354,229	306,292	363,060
400,885	453,642	365,253	464,363	339,064	343,855
<u>7,791,062</u>	<u>7,417,985</u>	<u>8,102,516</u>	<u>7,680,353</u>	<u>8,875,847</u>	<u>8,051,766</u>

3,278,087	3,216,671	3,293,773	3,559,821	3,426,149	3,271,532
110,917	98,178	105,132	107,365	111,598	100,039
799,615	809,897	722,535	717,360	792,662	808,066
1,260,984	378,447	885,933	151,254	132,277	192,306
596,226	530,317	503,534	554,015	671,335	498,095
962,827	1,009,104	897,863	936,313	852,115	1,030,993
650,487	1,095,962	471,986	1,177,632	2,271,611	1,337,778
142,751	138,951	129,951	119,151	124,151	124,351
96,938	64,594	70,247	71,499	49,428	64,423
<u>7,898,832</u>	<u>7,342,121</u>	<u>7,080,954</u>	<u>7,394,410</u>	<u>8,431,326</u>	<u>7,427,583</u>

(107,770)	75,864	1,021,562	285,943	444,521	624,183
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(Continued)

City of Napoleon, Ohio

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

	2007	2008	2009	2010
Other Financing Sources (Uses):				
Sale of Capital Assets	21,991	202	10,941	11,224
General Obligation Notes Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	760,000
Transfers In	2,357,900	2,210,781	1,907,304	2,053,509
Transfers Out	(2,245,900)	(2,258,101)	(1,946,385)	(2,134,769)
Other Financing Sources - Capital Leases	0	0	0	0
Total Other Financing Sources (Uses)	<u>133,991</u>	<u>(47,118)</u>	<u>(28,140)</u>	<u>689,964</u>
Net Change in Fund Balance	<u>(\$765,937)</u>	<u>(\$1,076,394)</u>	<u>\$583,747</u>	<u>\$640,347</u>
 Debt Service as a Percentage of Noncapital Expenditures	 3.41%	 3.86%	 3.31%	 3.33%

Source: Finance Director's Office

City of Napoleon, Ohio

2011	2012	2013	2014	2015	2016
26	19,300	38,700	17,289	20,954	33,755
0	0	0	0	0	0
0	0	0	0	0	0
2,174,344	1,923,114	1,878,718	2,137,016	2,185,044	2,457,040
(2,447,105)	(2,167,589)	(2,056,218)	(2,266,206)	(2,264,290)	(2,508,340)
0	28,818	0	0	0	0
<u>(272,735)</u>	<u>(196,357)</u>	<u>(138,800)</u>	<u>(111,901)</u>	<u>(58,292)</u>	<u>(17,545)</u>
<u>(\$380,505)</u>	<u>(\$120,493)</u>	<u>\$882,762</u>	<u>\$174,042</u>	<u>\$386,229</u>	<u>\$606,638</u>
3.88%	3.27%	3.31%	3.16%	2.95%	4.02%

City of Napoleon, Ohio

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Income Tax Rate	1.20%	1.20%	(1) 1.50%	1.50%
Estimated Personal Income	\$296,442,852	\$300,589,362	\$302,853,636	\$284,359,998
Total Tax Collected	\$2,917,159	\$2,808,030	\$2,905,178	\$3,378,498
Income Tax Receipts				
Withholding	2,138,258	2,140,997	2,212,313	2,529,184
Percentage	73.30%	76.24%	76.15%	74.86%
Corporate	326,668	269,755	263,809	366,726
Percentage	11.20%	9.61%	9.08%	10.85%
Individuals	452,233	397,278	429,056	482,588
Percentage	15.50%	14.15%	14.77%	14.29%

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

2011	2012	2013	2014	2015	2016
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$288,367,040	\$308,842,682	\$321,298,252	\$340,074,000	\$339,299,820	\$343,994,115
\$3,453,702	\$3,653,543	\$3,766,944	\$4,002,571	\$4,233,916	\$4,906,698
2,620,422	2,819,529	2,815,263	2,885,428	3,021,851	3,372,317
75.88%	77.17%	74.74%	72.09%	71.37%	68.73%
333,369	343,738	426,751	561,348	608,345	807,938
9.65%	9.41%	11.32%	14.02%	14.37%	16.47%
499,911	490,276	524,930	555,795	603,721	726,443
14.47%	13.42%	13.94%	13.89%	14.26%	14.80%



City of Napoleon, Ohio

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2016				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	3,047	50.51%	\$19,702,162	10.32%
20,000 - 49,999	1,729	28.66%	56,218,668	29.46%
50,000 - 74,999	640	10.61%	38,970,462	20.42%
75,000 - 99,999	284	4.71%	24,453,970	12.81%
Over 100,000	332	5.51%	51,508,065	26.99%
Total	6,032	100.00%	\$190,853,327	100.00%

Calendar Year 2007				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,474	50.03%	\$17,101,651	10.56%
20,000 - 49,999	1,376	27.83%	45,724,152	28.22%
50,000 - 74,999	579	11.71%	35,328,262	21.81%
75,000 - 99,999	275	5.56%	23,541,163	14.53%
Over 100,000	241	4.87%	40,313,024	24.88%
Total	4,945	100.00%	\$162,008,252	100.00%

Source: Finance Director's Office

City of Napoleon, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2007	2008	2009
Governmental Activities ⁽¹⁾			
General Obligation Bonds Payable	\$630,000	\$605,000	\$580,000
Special Assessment Bonds Payable	533,553	459,353	384,153
Ohio Public Works Commission Loan Payable	123,512	111,162	98,812
Business-type Activities ⁽¹⁾			
Ohio Water Development Authority Loans Payable	3,389,225	3,039,222	2,663,802
Ohio Public Works Commission Loans Payable	44,214	540,530	511,846
Ohio Water and Sewer Rotary Commission Loans Payable	666,070	666,070	666,070
Water Pollution Control Loan Fund Loans Payable	0	587,200	5,204,566
Long-Term Notes Payable	0	0	4,000,000
General Obligation Bonds Payable	2,115,000	1,995,000	1,870,000
Special Assessment Bond Payable	89,446	84,646	79,846
Revenue Bonds Payable	4,410,000	7,600,000	7,150,000
Total Primary Government	<u>\$12,001,020</u>	<u>\$15,688,183</u>	<u>\$23,209,095</u>
Population ⁽²⁾			
City of Napoleon	9,318	9,318	9,318
Outstanding Debt Per Capita	\$1,288	\$1,684	\$2,491
Income ⁽³⁾			
Personal (in thousands)	296,443	300,589	302,854
Percentage of Personal Income	4.05%	5.22%	7.66%

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

2010	2011	2012	2013	2014	2015	2016
\$1,315,000	\$1,250,000	\$1,180,000	\$1,105,000	\$1,030,000	\$950,000	\$870,000
308,953	243,553	186,954	144,354	112,554	80,754	48,754
86,455	74,104	61,753	49,402	37,051	24,700	12,349
2,261,064	1,828,963	1,365,382	1,257,105	1,142,870	1,022,324	916,078
483,159	454,475	425,791	397,106	368,421	339,736	311,051
659,186	310,945	310,945	307,669	300,832	300,832	300,832
7,653,135	7,251,586	6,966,622	6,593,088	6,235,432	5,874,191	5,509,329
0	1,200,000	0	2,500,000	2,500,000	2,500,000	3,900,000
1,740,000	1,610,000	1,470,000	1,325,000	1,180,000	1,025,000	865,000
75,046	69,446	63,046	56,646	49,446	42,246	34,246
10,290,000	9,885,000	10,545,000	10,070,000	9,585,000	9,085,000	8,575,000
<u>\$24,871,998</u>	<u>\$24,178,072</u>	<u>\$22,575,493</u>	<u>\$23,805,370</u>	<u>\$22,541,606</u>	<u>\$21,244,783</u>	<u>\$21,342,639</u>
8,749	8,749	8,702	8,782	9,000	8,940	8,851
\$2,843	\$2,764	\$2,594	\$2,711	\$2,505	\$2,376	\$2,411
284,360	288,367	308,843	321,298	340,074	339,300	343,994
8.75%	8.38%	7.31%	7.41%	6.63%	6.26%	6.20%

City of Napoleon, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2007	2008	2009	2010
Population ⁽¹⁾	9,318	9,318	9,318	8,749
Assessed Value ⁽²⁾	\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$2,745,000	\$2,600,000	\$2,450,000	\$3,055,000
Resources Available to Pay Principal ⁽⁴⁾	\$43,211	\$9,737	\$37,048	\$9,520
Net General Bonded Debt	\$2,701,789	\$2,590,263	\$2,412,952	\$3,045,480
Ratio of Net Bonded Debt to Assessed Value	1.80%	1.70%	1.60%	2.00%
Net Bonded Debt per Capita	\$289.95	\$277.98	\$258.96	\$348.09

Source:

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

(2) Henry County Auditor

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

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

City of Napoleon, Ohio

2011	2012	2013	2014	2015	2016
8,749	8,702	8,782	9,000	8,940	8,851
\$143,316,660	\$144,228,260	\$144,710,680	\$140,680,550	\$140,849,400	\$140,501,870
\$2,860,000	\$2,650,000	\$2,430,000	\$2,210,000	\$1,975,000	\$1,735,000
\$9,528	\$22,214	\$27,767	\$9,554	\$28,749	\$13,650
\$2,850,472	\$2,627,786	\$2,402,233	\$2,200,446	\$1,946,251	\$1,721,350
1.99%	1.82%	1.66%	1.56%	1.38%	1.23%
\$325.81	\$301.97	\$273.54	\$244.49	\$217.70	\$194.48



City of Napoleon, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2016*

<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>
Direct:			
City of Napoleon	\$5,635,000	100.00%	\$5,635,000
Overlapping:			
Napoleon City School District	30,525,000	41.65%	12,713,663
Liberty Center School District	19,136,926	2.56%	489,905
Four County Vocational School District	2,555,000	4.13%	105,522
		Subtotal	<u>13,309,090</u>
		Total	<u><u>\$18,944,090</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	2007	2008	2009	2010
Total Debt				
Net Assessed Valuation	\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940
Legal Debt Limitation (%) ⁽¹⁾	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) ⁽¹⁾	15,803,911	15,973,461	15,817,941	15,960,204
City Debt Outstanding ⁽²⁾	630,000	605,000	580,000	1,315,000
Less: Applicable Debt Service Fund Amounts	<u>(43,211)</u>	<u>(9,737)</u>	<u>(37,048)</u>	<u>(9,520)</u>
Net Indebtedness Subject to Limitation	<u>586,789</u>	<u>595,263</u>	<u>542,952</u>	<u>1,305,480</u>
Overall Legal Debt Margin	<u><u>\$15,217,122</u></u>	<u><u>\$15,378,198</u></u>	<u><u>\$15,274,989</u></u>	<u><u>\$14,654,724</u></u>
Unvoted Debt				
Net Assessed Valuation	\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940
Legal Debt Limitation (%) ⁽¹⁾	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) ⁽¹⁾	8,278,239	8,367,051	8,285,588	8,360,107
City Debt Outstanding ⁽²⁾	630,000	605,000	580,000	1,315,000
Less: Applicable Debt Service Fund Amounts	<u>(43,211)</u>	<u>(9,737)</u>	<u>(37,048)</u>	<u>(9,520)</u>
Net Indebtedness Subject to Limitation	<u>586,789</u>	<u>595,263</u>	<u>542,952</u>	<u>1,305,480</u>
Overall Legal Debt Margin	<u><u>\$7,691,450</u></u>	<u><u>\$7,771,788</u></u>	<u><u>\$7,742,636</u></u>	<u><u>\$7,054,627</u></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

2011	2012	2013	2014	2015	2016
\$143,316,660	\$144,228,260	\$144,710,680	\$140,680,550	\$140,849,400	\$140,501,870
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
15,048,249	15,143,967	15,194,621	14,771,458	14,789,187	14,752,696
1,250,000	1,180,000	1,105,000	1,030,000	950,000	870,000
(9,528)	(22,214)	(27,767)	(9,554)	(28,749)	(13,650)
1,240,472	1,157,786	1,077,233	1,020,446	921,251	856,350
\$13,807,777	\$13,986,181	\$14,117,388	\$13,751,012	\$13,867,936	\$13,896,346
\$143,316,660	\$144,228,260	\$144,710,680	\$140,680,550	\$140,849,400	\$140,501,870
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
7,882,416	7,932,554	7,959,087	7,737,430	7,746,717	7,727,603
1,250,000	1,180,000	1,105,000	1,030,000	950,000	870,000
(9,528)	(22,214)	(27,767)	(9,554)	(28,749)	(13,650)
1,240,472	1,157,786	1,077,233	1,020,446	921,251	856,350
\$6,641,944	\$6,774,768	\$6,881,854	\$6,716,984	\$6,825,466	\$6,871,253

City of Napoleon, Ohio

Pledged Revenue Coverage Last Ten Years

	2007	2008	2009	2010
Sewer System Bonds (1 a)				
Gross Revenues (2)	\$3,250,149	\$3,589,269	\$3,463,044	\$3,225,591
Direct Operating Expenses (3)	1,545,755	1,929,369	2,440,970	2,286,816
Net Revenue Available for Debt Service	1,704,394	1,659,900	1,022,074	938,775
Annual Debt Service Requirement (4)	272,985	276,088	273,663	245,684
Coverage	6.24	6.01	3.73	3.82
Electric System Bonds (1 b)				
Gross Revenues (2)	\$13,138,486	\$13,400,514	\$14,398,829	\$14,892,869
Direct Operating Expenses (3)	12,220,066	11,858,934	13,225,462	13,496,084
Net Revenue Available for Debt Service	918,420	1,541,580	1,173,367	1,396,785
Annual Debt Service Requirement (4)	254,777	253,325	256,575	0
Coverage	3.60	6.09	4.57	N/A
Electric System Amp-Ohio (1 b)				
Gross Revenues (5)	\$12,872,163	\$13,182,141	\$14,283,334	\$14,823,120
Direct Operating Expenses (3)	11,444,835	11,082,996	12,434,280	13,496,084
Net Revenue Available for Debt Service	1,427,328	2,099,145	1,849,054	1,327,036
Annual Debt Service Requirement (4)	775,231	775,938	791,182	0
Coverage	1.84	2.71	2.34	N/A
Water System Bonds (1 c)				
Gross Revenues (5)	N/A	N/A	\$2,489,814	\$2,843,139
Direct Operating Expenses (3)	N/A	N/A	1,999,194	1,913,351
Net Revenue Available for Debt Service	N/A	N/A	490,620	929,788
Annual Debt Service Requirement (4)	N/A	N/A	263,819	264,619
Coverage	N/A	N/A	1.86	3.51

(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

2011	2012	2013	2014	2015	2016
\$3,484,605	\$3,513,056	\$3,373,988	\$3,412,809	\$3,936,723	\$4,159,750
1,862,369	1,886,347	2,159,341	2,118,671	2,309,699	2,295,638
1,622,236	1,626,709	1,214,647	1,294,138	1,627,024	1,864,112
543,135	591,708	650,633	640,676	636,597	636,732
2.99	2.75	1.87	2.02	2.56	2.93
\$15,414,354	\$15,361,398	\$15,603,439	\$15,991,230	\$14,965,308	\$16,208,908
14,214,131	14,001,754	15,220,282	15,555,991	13,960,055	14,997,692
1,200,223	1,359,644	383,157	435,239	1,005,253	1,211,216
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A
\$15,353,250	\$15,299,299	\$15,571,064	\$15,961,782	\$14,927,117	\$16,153,201
14,214,131	14,001,754	15,220,282	15,555,991	13,960,055	14,997,692
1,139,119	1,297,545	350,782	405,791	967,062	1,155,509
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A
\$2,643,832	\$3,174,903	\$2,889,431	\$3,317,029	\$3,335,865	\$3,278,782
2,697,472	2,068,821	1,856,073	2,123,585	1,884,289	2,212,787
(53,640)	1,106,082	1,033,358	1,193,444	1,451,576	1,065,995
321,889	525,902	544,556	529,806	538,471	528,884
(0.17)	2.10	1.90	2.25	2.70	2.02

City of Napoleon, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2007	2008	2009	2010
Population ⁽¹⁾				
City of Napoleon	9,318	9,318	9,318	8,749
Henry County	29,310	29,310	29,310	28,215
Income ^{(2) (a)}				
Total Personal (in thousands)	296,443	300,589	302,854	284,360
Per Capita	31,814	32,259	32,502	32,502
Unemployment Rate ⁽³⁾				
Federal	4.6%	5.8%	9.3%	9.4%
State	5.6%	6.6%	10.2%	9.5%
Henry County	6.3%	8.0%	13.3%	11.0%
Civilian Work Force Estimates ⁽³⁾				
State	5,976,500	5,986,400	5,970,000	5,894,000
Henry County	15,900	15,900	15,900	15,600

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

2011	2012	2013	2014	2015	2016
8,749	8,702	8,782	9,000	8,940	8,851
28,215	28,064	28,045	28,092	27,937	27,816
288,367	308,843	321,298	340,074	339,300	343,994
32,960	35,491	36,586	37,786	37,953	38,865
8.9%	7.8%	6.7%	5.6%	5.0%	4.7%
8.6%	6.7%	7.1%	5.1%	4.8%	5.0%
9.7%	7.5%	7.2%	5.5%	5.5%	5.5%
5,806,000	5,729,000	5,758,000	5,726,000	5,694,000	5,687,000
15,300	15,000	15,300	13,700	13,500	13,500



City of Napoleon, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2016		
		Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	475	1	6.15%
Wal-Mart Stores	Retail	379	2	4.91%
Henry County	County Government	371	3	4.81%
Campbel Soup Supply Co LLC	Soup Manufacturer	344	4	4.46%
Henry County Hospital Inc	Health Care	318	5	4.12%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	239	6	3.10%
City of Napoleon	Local Government	227	7	2.94%
Oldcastle APG Inc	Manufacturing	193	8	2.50%
Automatic Feed	Steel Handling Equipment	89	9	1.15%
Custon Ari System	Millwright Grain Handeling	73	10	0.95%
Total		<u>2,708</u>		
Total Employment within the City		<u>7,719</u>		

Employer	Nature of Business	2007		
		Number of Employees	Rank	Percentage of Total Employment
Campbell Soup Company	Canned Food Processing	389	1	3.22%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	272	2	2.25%
Napoleon City School District	Education	484	3	4.01%
Henry County Hospital	Health Care	286	4	2.37%
Henry County	County Government	351	5	2.90%
City of Napoleon	Local Government	231	6	1.91%
Automatic Feed Company	Steel Handling Equipment	97	7	0.80%
Wal-Mart Stores	Retail	469	8	3.88%
The Lutheran Home	Long-term Health Care	264	9	2.18%
Alex Products	Automobile Parts Manufacturer	127	10	1.05%
Total		<u>2,970</u>		
Total Employment within the City		<u>12,084</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities				
General Government				
Finance	10.00	9.00	11.00	10.00
Legal/Court	9.00	9.00	9.00	8.00
Administration	10.00	10.00	11.00	9.00
Maintenance	4.00	4.00	3.00	4.00
Security of Persons and Property				
Police	21.00	22.00	22.00	22.00
Fire	8.00	8.00	8.00	8.00
Transportation				
Street	7.00	7.00	6.00	7.00
Leisure Time Activities				
Recreation/Seniors	5.00	5.00	4.00	5.00
Community Environment				
Service - Cemetery	1.00	1.00	1.00	1.00
Business-Type Activities				
Utilities - Electric	15.00	15.00	14.00	14.00
Water	10.00	10.00	9.00	10.00
Sewer	6.00	6.00	7.00	7.00
Solid Waste	3.00	3.00	3.00	3.00
<i>Total Employees</i>	<u>109.00</u>	<u>109.00</u>	<u>108.00</u>	<u>108.00</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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
10.00	10.00	9.00	9.00	9.00	9.00
9.00	9.00	10.00	10.00	9.00	9.00
10.00	10.00	10.00	10.00	10.00	10.00
4.00	3.00	3.00	3.00	3.00	3.00
22.00	22.00	21.00	22.00	21.00	23.00
10.00	8.00	9.00	9.00	9.00	9.00
6.00	4.00	3.00	3.00	3.00	3.00
4.00	5.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00
13.00	13.00	14.00	14.00	14.00	14.00
9.00	8.00	9.00	9.00	9.00	10.00
7.00	7.00	7.00	7.00	7.00	7.00
3.00	3.00	3.00	3.00	2.00	3.00
<u>108.00</u>	<u>103.00</u>	<u>104.00</u>	<u>105.00</u>	<u>102.00</u>	<u>106.00</u>

City of Napoleon

Operating Indicators by Function Last Ten Years

	2007	2008	2009	2010
Governmental Activities				
General Government				
Licenses and Permits				
Number of Building Permits	382	387	302	222
Number of Commercial Permits	67	28	21	15
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	990	927	878	834
Number of Parking Tickets	97	184	191	125
Number of Law Violations:				
Criminal/Juvenile Citations	1,129	1,022	1,644	1,508
Fire				
Number of Fire Calls Answered	233	173	144	178
Number of EMS Runs	903	866	919	1,003
Number of Inspections	12	66	30	45
Transportation				
Street				
Facilities and Services: Miles of Streets	72	72	72	72
Business-Type Activities				
Water				
Number of Service Connections	3,679	3,679	4,114	4,114
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	3,679	3,679	3,593	3,593
Daily Average Sewage Treatment (gallons)	1.8M	1.8M	1.8M	1.8M
Maximum Daily Capacity of Treatment (gallons)	2.5M	2.5M	4.5M	4.5M

Source: Finance Director's Office

City of Napoleon

2011	2012	2013	2014	2015	2016
222	117	99	87	181	139
18	14	13	17	7	13
816	596	1,070	741	741	565
142	28	16	83	83	59
611	1,392	832	713	713	827
133	220	246	237	227	170
1,041	1,149	1,135	1,147	1,237	1,339
67	96	97	36	188	107
72	72	72	72	72	72
4,114	4,114	3,663	3,663	3,663	3,663
1.3M	1.3M	1.3M	1.3M	1.3M	1.3M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M
3,593	4	4,360	3,553	3,553	3,553
1.8M	1.8M	1.8M	1.8M	1.8M	1.8M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M

City of Napoleon

Capital Asset Statistics by Function Last Ten Years

	2007	2008	2009	2010	2011
Governmental Activities					
General Government					
Area (square miles)	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	9	9	8	8	7
Fire					
Stations	1	1	1	1	1
Vehicles	10	10	11	11	11
Transportation					
Street					
Vehicles	9	9	9	9	10
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	1
Baseball/Softball Diamonds	7	7	7	7	7
Golf Courses	1	1	1	1	1
Business-Type Activities					
Utilities					
Water					
Waterlines (Miles)	58	58	58	58	58
Number of Purification Plants	1	1	2	2	2
Number of Hydrants	599	599	599	599	599
Number of Water Towers	2	2	2	2	2
Sewer					
Sewerlines (Miles)	45	45	47	47	47
Number of Treatment Plants	1	1	1	1	1
Storm Water Drainage					
Miles of Storm Sewers	30	30	37	37	37

Source: Finance Director's Office

City of Napoleon

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
7	7	7	7	7
1	1	1	1	1
7	7	7	7	7
1	1	1	1	1
11	11	11	11	11
10	9	9	9	9
225	225	225	225	225
9	9	9	9	9
1	1	1	1	1
1	1	1	1	1
7	7	7	7	7
1	1	1	1	1
63	63	63	63	63
2	2	2	2	2
653	653	653	653	653
2	2	2	2	2
47	47	47	47	47
1	1	1	1	1
37	37	37	37	37





THE HENRY COUNTY COURTHOUSE

Henry County was organized in 1834 and Napoleon became the county seat in 1835. The first Court was held in a two-story log cabin located at the corner of Perry and Front Streets.

The first Courthouse was a plain two-story structure costing \$2,000. It was constructed in 1844 and destroyed by fire in 1847, with all records lost.

The second Courthouse was of brick, in the Federal Style. It was built in 1849-50 on the present site for \$7,495. In 1879 the Courthouse, along with twenty-two other buildings, were destroyed in the "Dutch Row" fire. Records were saved.

Architect David Gibbs designed the present Courthouse in the Empire Style. It was built of limestone and locally made brick at a cost of \$95,000. The cornerstone was laid on July 10, 1880, and the building was completed in 1882. The fifteen foot 'Goddess of Justice' tops the clock tower.

Names of the 1880 county commissioners Charles Horning, Daniel Yarnell, and Rueben Reiter are cast on the tower bell.

LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES
PLAQUE BY THE NAPOLEON HERITAGE SOCIETY

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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
JULY 20, 2017