



**Auditor of State
Betty Montgomery**

CITY OF NAPOLEON
HENRY COUNTY

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**Auditor of State
Betty Montgomery**

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

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

We have audited the financial statements of the City of Napoleon as of and for the year ended December 31, 2002, and have issued our report thereon dated June 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated June 13, 2003.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 13, 2003.

City of Napoleon
Henry County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

June 13, 2003

THE CITY OF NAPOLEON

HENRY COUNTY, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

THE CITY OF NAPOLEON, OHIO

HENRY COUNTY

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002

Prepared by:
Gregory J. Heath
Director of Finance

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INTRODUCTORY SECTION



Shown here are examples of the varied residential character to be found in the City of Napoleon.





City of Napoleon, Ohio

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Napoleon, Ohio 43545-0151

Phone (419) 599-1235

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June 20, 2003

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

I am pleased to present the Seventh (7th) Comprehensive Annual Financial Report (CAFR) of the City of Napoleon, Ohio, (the City) for the year ended December 31, 2002. The report has been prepared in accordance with generally accepted accounting principles 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.

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Napoleon, and its officers, to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

The Report

This report is comprised of three major sections:

1. *The Introductory Section* includes this Letter of Transmittal which addresses the organization, accomplishments and operational structure of the City, a list of the Principal City Officials, and an Organizational Chart;
2. *The Financial Section* contains the Report of Independent Accountants, the General Purpose Financial Statements, which include explanatory notes and provide an overview of the City's financial position and operating results, and the Combining Financial Statements of the Individual Funds and Account Groups that provide detailed information to the General Purpose Financial Statements;
3. *The Statistical Section* presents social, economic, and historical data which can be used to identify financial trends and data relative to the fiscal capacity of the City.

The Reporting Entity

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

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

Early History

The City of Napoleon is located in Henry County in Northwest Ohio and occupies land that was once part of a vast area in this region originally known as "The Great Black Swamp of Ohio." This expanse of forest, water, and black soil was a tract of land 120 miles in length covering an average breadth of 40 miles. Through it passes a winding river called the "Maumee" 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 later 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 of Napoleon is currently located.

After the war of 1812, more trappers, traders, and pioneering farm families began moving into the area, and Henry County was officially formed in 1820. The Miami and Erie Canal, completed in 1843, passed directly through Napoleon and opened the area to early European emigration. The canal helped to foster development throughout the county, and the town began to grow in both population and industry. Agriculture and products based on agriculture were at the heart of the area's early growth and continues in importance to current 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, and looking forward into the 21st century, Napoleon has a thriving 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 was made the county seat of Henry County. The name of "Napoleon" was first given to the township by a group of Frenchmen who inhabited the area. Local citizens adopted the name and the town was officially incorporated as the Village of Napoleon in 1863. In 1950 the Village of Napoleon officially became the "*City of Napoleon*".

Current day City is located on the Maumee River, and is about 40 miles southwest of Toledo, Ohio, 50 miles north of Lima, Ohio, 65 miles east of Fort Wayne, Indiana, 110 miles southwest of Detroit, Michigan, and 130 miles west of Cleveland, Ohio. Two national highways, US 6 and US 24 running east and west, bypass on the north edge of the City. Two state routes, SR 108 and SR 109 run through the City north and south. Two (2) entrances to the Ohio Turnpike, Interstate I-80/90 are off SR 108 and 109, located 12 miles north and northeast of the City, and Interstate I-75 is 25 miles east of the City off US 6. The City has limited rail service through the Miami and Western Railroad with a spur that runs through the City connecting to CSX and Norfolk and Southern to the west in Defiance, Ohio. Main lines of CSX and Norfolk and Southern run east and west through southern Henry County, and north and south lines of Canadian National Railroad are to the east in Wood County. Amtrak service is available in Bryan, Ohio, Toledo, Ohio, and Fort Wayne, Indiana. Toledo Express Airport, a full service passenger and freight airport, is located 30 miles to the northeast.

Municipal Services

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

The City also operates four enterprise activities: water treatment and distribution; wastewater collection and treatment; electric distribution for residential, commercial and industrial customers; and residential solid waste collection and disposal, including a curbside recycling program and a yard waste site.

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

The City is one (1) of the 86 member municipalities in the American Municipal Power-Ohio (AMP-Ohio). AMP-Ohio is a non-profit corporation organized in Ohio in 1971 for the purpose of owning and operating electric facilities and providing for the generation, transmission and distribution of electric power and energy to its members. AMP-Ohio purchases wholesale electric power and energy and sells it to members at rates based on purchase price plus a small service fee. The organization also develops alternative power sources to best meet member's short and long-term needs and operates a power dispatch center 24 hours a day, 365 days a year, to serve its member communities. The City has been and is continuing to position itself to be an electric power provider for retail choice on electric services.

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

Form of Government

The Village of Napoleon officially became the "**City of Napoleon,**" in 1950. The citizens of Napoleon, who were determined to exercise home rule authority, voted to become a Chartered City effective January 1, 1952. The Charter was recently amended in its entirety on November 7, 2000, with an effective date of July 1, 2001.

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

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

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

The local economy showed signs of growth in early 2002 but has remained relatively flat for the balance of the year. The overall economic activity for the area declined in 2002 following the national trend. Business profit taxes rebounded from prior year lower levels and withholding taxes were up slightly for a net gain in Income Taxes of 5.9% in 2002 over 2001. The events of 9/11, and the national actions taken since then, have had minimal impact locally and actually may have caused increased economic activity in certain areas. With incentives on automobiles, and higher soup demand as people turned to childhood favorites, local suppliers to these products have been doing well. Commercially, the Scott Street (State Route 108) area located north of the downtown, has experienced steady growth in 2002. This is due to the recent construction and opening of a Super Wal-Mart store in the Heritage Towne Center. A number of other stores who have built new or upgraded their facilities includes Sam Goodys, Burger King, Fashion Bug, Shoe Show, Rent-a-Center, Sub-Way, Photo Processing, Curves (Exercise Club), Chinese Restaurant, Specialty Store and McDonalds.

The Campbell Soup Supply Company, LLC (Campbell's), a manufacturer of soups and various other drinks (V-8 & Splash), among other canned items, is located adjacent to the City and continues to be the largest employer in Henry County. Campbell's employment remained level in 2002 and is projected currently at one thousand four hundred (1,400) persons. A substantial investment was made in the local plant in 2002 to upgrade production capability.

The Silgan Can Company, located in the Campbell complex, employs about two hundred and forty (240) persons. They have expanded their market to include Toronto, Canada and Mexico. A warehouse was recently completed adjacent to the plant to handle the increased production.

A company called We-Pack recently occupied the City sponsored spec-building located in the industrial park. We-Pack repackages various products (soups, package foods, etc.) for resale in major chain stores.

Automatic Feed Company, a supplier of steel handling equipment and presses, has seen a slight downturn due to the economy. Recently they have diversified by selling a software product they developed for use in the manufacturing process.

Other positive aspects, relative to manufacturing, include the introduction of the new Jeep Liberty in Toledo, which has resulted in additional suppliers locating in the area. GM Powertrain in Defiance, Ohio has added aluminum parts production to its operations and will see suppliers move to the area. Alex Products, located in Ridgeville Corners (six miles NE of the City in Henry County), is a prime supplier for the auto industry and will be expanding in 2003.

The diversity of job opportunities in Henry County has helped the unemployment rate remain consistently lower in the County versus many other parts of the state. As of December 31, 2002, the state recorded an average unemployment rate of 5.7%, and the national seasonally adjusted unemployment rate was 5.8%. The unemployment rate in Henry County for the same period was 5.3%. While specific data is unavailable from the Ohio Bureau of Employment Services (OBES), it is estimated that the City unemployment rate is approximately the same as the county at 5.3%.

Business

In addition to the agricultural based industries, there are many businesses located directly in Napoleon and in the surrounding area that are associated with the automotive industry producing various automotive parts for tool and die machines used in the manufacture of automobiles. Automotive parts manufactured in Napoleon are shipped for use in various assembly plants throughout Ohio, Michigan, other areas of the Midwest, and foreign countries. Napoleon is ideally located as a distribution center to these suppliers.

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

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

Excluding Campbell's, Silgan Can and Alex Products, all of which are located outside the City limits, the listed industries and service providers' employ over 2,000 persons in both full and part-time positions. Campbell's is the largest single employer in the County, and they are estimated to employ 1,400 persons, with another 240 persons employed in the Silgan Can Company.

Future

Other development includes developer plans for the Oakwood Plaza (Prior location of Wal-Mart, Fashion Bug, Rent-a-Center and Shoe Show stores). Two new commerce parks are being developed: the Napoleon Commerce Park with recent construction of a spec-building; and the North Pointe Commerce Park that involves 400 acres of land recently annexed by the City. Two (2) businesses have committed to relocating in the North Pointe Commerce Park with other new businesses inquiring about available space. A subdivision on the South side of Napoleon is continuing to construct several new single-family homes. There are three condominium developments currently under construction or in the later planning stages. The State will be replacing the Perry Street Bridge starting in 2005, with a continuing feasibility study for a second bridge crossing sometime in the next fifteen (15) years.

The downtown area continues to have a relatively low vacancy rate, but there has been recent turnover and some store fronts are vacant. The potential improvements on US 24 from Toledo, Ohio, to Fort Wayne, Indiana, known as the "Port to Fort Project" is a four lane limited access highway, and when completed, will position the City as an ideal location for both industrial and commercial development.

MAJOR INITIATIVES

For the Year

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

- Completed major street improvements and other infrastructure projects.
- Completed major electric 69kV and other distribution line replacements and upgrades.
- Constructed new community center on the south side of river in Oberhaus Park.
- Upgraded or replaced major equipment in many of the Departments.
- Upgraded various Department computers and software.
- Completed major sewer separations on the sanitary sewer system.
- Completed waterline upgrades on the water distribution system.
- Completed construction of 20,000 sq/ft addition to operations/electric building.

For the Future

Napoleon plans to continue to update and expand City services as necessary to keep abreast of infrastructure needs and provide for required improvements as continued growth and development occurs. The following are some of the major goals and projects for the future:

- Complete and implement a new City Master Plan to assist in City growth and direction.
- Continued development of industrial and commercial sites for expanded and new industries.
- On-going road improvements and other infrastructure street repairs.
- Building of a new water tower on the south side to improve water pressure and quality.
- Expansion of water and sewer lines to new development areas in the City.
- Elimination of sanitary sewer and combined sewer overflows.
- River bridge demolition and replacement by the State of Ohio in 2005.
- Major equipment and utility infrastructure upgrades and replacements.

Department Accomplishments

A transitional work program, a program designed to transition injured workers back into productive status, was recently completed and approved by the City and its unions. Management reviews continue for all departmental operations which have resulted in operational changes, enhancing the efficiency and effectiveness of those departments. Continuing education and skill training programs remained a priority item for all departments. Safety (OSHA) training programs have been implemented and required for all departments. Renovations to the electric/operations service building have been completed. This will allow better utilization of shared services. The City is continuing the process of updating department policies and procedures for more efficient operations and to reflect recent changes to City code.

FINANCIAL INFORMATION

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.

Budgetary Controls

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

Personal Services:

- Salary and Wages
- Fringe Benefits

Other Expenditures:

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

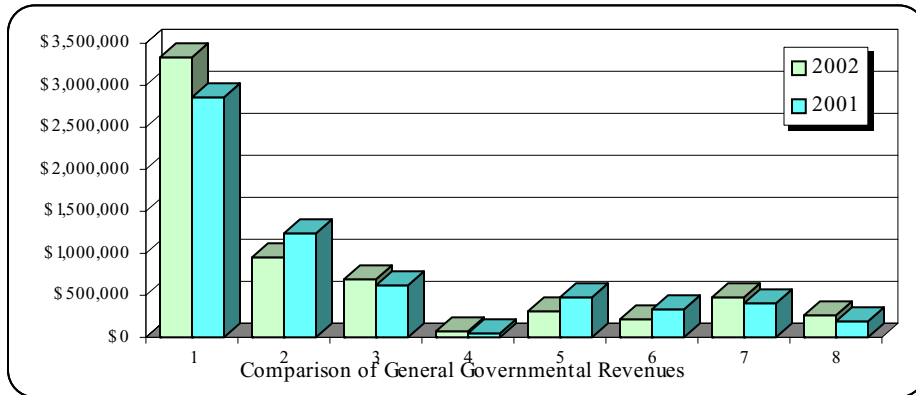
Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level 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 to another. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year. Fiscal Year currently coincides with the calendar year.

FINANCIAL HIGHLIGHTS

Governmental Operations

Revenues for general governmental functions (including all governmental fund types except capital projects funds) totaled \$6,323,839, representing an increase of \$146,279 or 2.4% above 2001. The following schedule presents a summary of general governmental revenues for the year ended December 31, 2002, the percentage of total revenues for the year and the amount of increase/(decrease) in relation to 2001 revenue.

Revenue Source	Total 2002 Revenues	Percent of Total	Increase (Decrease) over 2001
1. Taxes	\$3,337,819	52.78%	\$485,876
2. Intergovernmental Revenue	963,001	15.23%	(280,383)
3. Charges for Services	681,839	10.78%	66,226
4. Licenses and Permits	66,533	1.05%	13,718
5. Investment Earnings	317,932	5.03%	(162,798)
6. Special Assessments	205,720	3.26%	(133,440)
7. Fines and Forfeitures	480,217	7.59%	69,744
8. All Other Revenues	270,778	4.28%	87,336
Total	<u>\$6,323,839</u>	<u>100.00%</u>	<u>\$146,279</u>



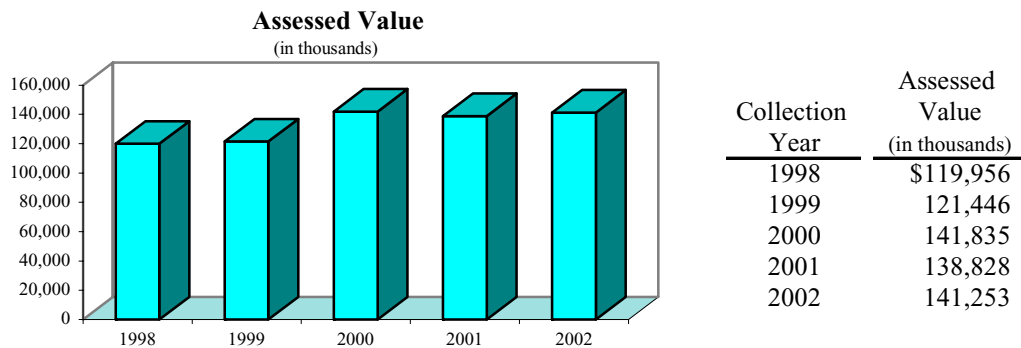
Revenue Narrative

The City's income tax continues to be its primary source of revenue for general government activities with 2002 collections totaling \$2,677,590. That is an increase of \$228,189 or a 9.3% increase as compared to the previous year. The largest gain was in Business (Net Profit) returns, with Individuals slightly below and Withholdings slightly above previous year collection levels. The 1.2% tax applies to all wages, salaries, commissions and other compensation paid by employers and/or the net proceeds from the operation of a business, profession or other enterprise activity. Income tax rates of cities within the State of Ohio are limited to a maximum of 1% unless increased by a voted majority of the resident voters of the city. The initial tax rate of 1.0% started in the 1950's and was increased to 1.2% by voter approval in 1986. The addition of 0.2% was recently re-approved by City residents in 2000, effective in 2001.

The City receives estate (inheritance) tax collected by the County. This tax source varies greatly up or down in any given year. In 2002, collections totaled \$61,346. This is a reduction of (\$173,031) or a (74%) decrease as compared to the previous year. Lodge tax collections were up \$4,170 or a 5.7% increase as compared to the previous year. kWH tax collected in 2002, representing the first full year of collections as credited to City's General Fund, was \$564,944.

Property and Real Estate taxes are levied by the City and are billed and collected at the county level. After collection, the county distributes portions of the taxes collected to the various political subdivisions within its geographic boundaries. The property tax rate for the City is 2.90 mills, which represents \$2.90 per \$1,000 of taxable valuation. The tax rate is applied to the assessed value of the property located within the City. Assessed value is approximately 35% of appraised value. Increases in the property tax rate can only occur with the approval of the City's voters. Special Assessments are not included in the property tax revenues. Revenues from property taxes are used for general fund operations, including Police and Fire Pension Funds. In 2002, property and real estate tax cash receipts collected and forwarded to the City were down (\$16,655) or a (4.4%) decrease from 2001, which was due to lowered reported inventories and assessed values from 2001.

Total assessed values in the City over the past five (5) years are shown below:



City investment earnings cash receipted in 2002 decreased 39.1% compared to 2001. Portfolio investment balances remained steady at about \$18 Million; however the decrease follows a steady decline of interest rates from 2001 through 2002. Interest rates have continued to decline into 2003 and have reached their lowest levels in over 45 years. The City's average investment is less than two (2) years. The current rate levels will negatively impact future interest earnings into 2003. The City's investment policies are discussed later in more detail under the topic of "Cash Management."

Intergovernmental revenues consist primarily of state income, sales, corporate franchise and public utility taxes collected by the State of Ohio and redistributed to other political subdivisions from the local government fund and local government revenue assistance fund. The State also provides a reimbursement for real and personal property tax reductions, gasoline tax, state-levied motor vehicle license tax, inheritance tax and permissive motor vehicle license tax. These revenues are collected by the State or County and partially redistributed to the City and other political subdivisions. The major decrease experienced in the intergovernmental revenues for 2002 was in Estate Taxes where they down (\$173,030). Permissive Taxes were down (\$45,000).

The increase in charges for services from 2001 to 2002 is attributed to higher EMS fees and higher collection rates.

The special assessment revenue will vary with the nature and timing of special assessment projects completed by the City of Napoleon. The 2002 decrease is due to the non-payment of one larger assessment that was not received prior to year end. However, this assessment was paid in 2003.

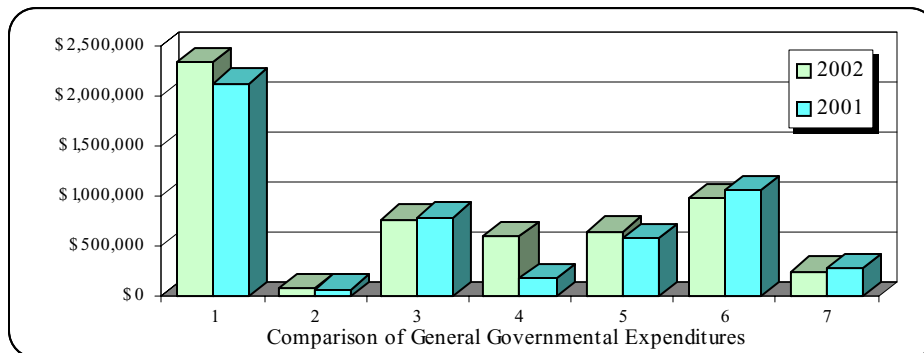
Fines and forfeitures will vary by year dependent on caseload and type of cases filed. There was a major increase in 2002 over 2001 due to increased caseload and increases in fines and court costs levied.

All other revenue is in a miscellaneous category. This includes a variety of less significant revenue sources, including miscellaneous rental income, donations and certain refunds. The category of all other revenues increased in 2002 by \$87,336. This increase was primarily due to receipts from utility reimbursements (full year in 2002 vs. partial year in 2001). Normally "other revenues" represents a very minor percentage of the City's total receipts.

General Governmental Expenditures

Expenditures for general governmental purposes, including the general, special revenue and debt service funds, totaled \$5,655,419, representing an increase of \$545,190 or 10.6% above 2001. Expenditures for the major functions of the City, the percentage of total expenditures for 2002 and the amount of increase/(decrease) over 2001 are shown in the following table:

Expenditures	Total 2002 Expenditures	Percent of Total	Increase (Decrease) over 2001
1. Security of Persons and Property	\$2,334,971	41.30%	\$202,404
2. Public Health and Welfare Services	80,577	1.42%	902
3. Leisure Time Activities	770,783	13.63%	(15,347)
4. Community Environment	599,187	10.59%	418,424
5. Transportation	645,695	11.42%	60,989
6. General Government	977,419	17.28%	(82,794)
7. Debt Service	246,787	4.36%	(39,388)
Total	\$5,655,419	100.00%	\$545,190



Expenditure Narrative

Expenditures for security of persons and property increased in 2002 as compared to 2001 as a result of wage increases for patrolmen, fireman and dispatchers, plus normal health insurance increases. Additional overtime was required on the homeland security issues.

The community environment increase of \$418,424 in 2002 was in expenditures for the purchase and development of Industrial Park land and represents a one time expenditure in 2002.

Transportation expenditures increased due to the street improvements charged directly, and for snow removal services.

General government expenditures decreased (\$82,794) in 2002 when compared to 2001. This was due to a large reduction in the amount of income tax refunds paid in 2002 versus 2001. Large refunds were made on business accounts in 2001 due to business slowdown and lowered net profits, this situation did not occur in 2002 and refunds were more normal.

Proprietary Operations

Enterprise Funds:

The City operates four enterprise funds: a water treatment plant and distribution system, wastewater collection system and treatment plant, electric distribution system and a residential solid waste collection and disposal system, which includes curbside recycling and a yardwaste site. Revenues derived from user charges support the enterprise funds.

Certain pertinent data relating to the enterprise operations of the City is presented below.

	<u>Total Assets</u>	<u>Net Income (Loss)</u>	<u>Return on Assets</u>
Electric	\$ 21,699,174	\$ (31,409)	(0.14%)
Water	\$ 5,529,209	\$ 181,611	3.28%
Sewer	\$ 13,186,541	\$ 320,088	2.43%
Sanitation	\$ 922,790	\$ 60,836	6.59%

Internal Service Fund:

The City's internal service fund is used to account for the financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis. The City maintains one internal service fund, which is the Garage Rotary Fund. The purpose of the Garage Rotary Fund is to provide centralized service and repairs on all City-owned vehicles and other specialty equipment.

Fiduciary Operations

Trust and agency funds are established 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. The City maintains two expendable trust funds with assets totaling \$100,213. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Total assets and liabilities of the agency funds of the City amounted to \$19,923.

Debt Administration

The debt service funds accumulate resources for the payment of principal, interest and associated administrative costs on the City's general and special assessment (with governmental commitment) long-term debt. Resources come from general revenues, enterprise revenues, special assessments and investment earnings.

The City's general obligation bonds have an excellent rating. Moody's Investors Service last rated the City's bond credit rating at "A2." The total bonded general obligation debt of the City at December 31, 2002, was \$1,525,000 in Waterworks System Improvements and \$1,397,000 in Special Assessment Bonds.

In 1998, the City issued \$3,245,000 in 20 year Electric System Revenue Bonds for its 2nd Interconnect Project, and issued \$3,480,000 in 20 year Sewer System Revenue Bonds for its Wastewater Plant Improvements Project. These bond issues will be repaid from the revenues of each respective fund. The principal amount outstanding of revenue backed debt at December 31, 2002, was \$5,800,000. In addition, the City has several loans obtained from the Ohio Water Development Authority (OWDA), which were used to finance the construction of the wastewater treatment plant improvements and waterline improvements. The loans are being repaid from the revenues of the Sewer and Water Funds. The principal amount outstanding of the OWDA loans at December 31, 2002 was \$2,974,633.

In addition to General Obligation and Revenue Backed Debt, the City has a balance of \$247,896 in zero percent (0%) interest loans from Ohio Public Works Commission for an Unimproved Street project, and \$88,341 in deferred loans from Ohio Sewer and Water Rotary Commission for the Palmer Ditch Sewer project.

The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position. The City's debt position as of December 31, 2002 was as follows:

Overall Legal Debt Margin	\$15,581,931
Unvoted Legal Debt Margin	\$ 8,161,964

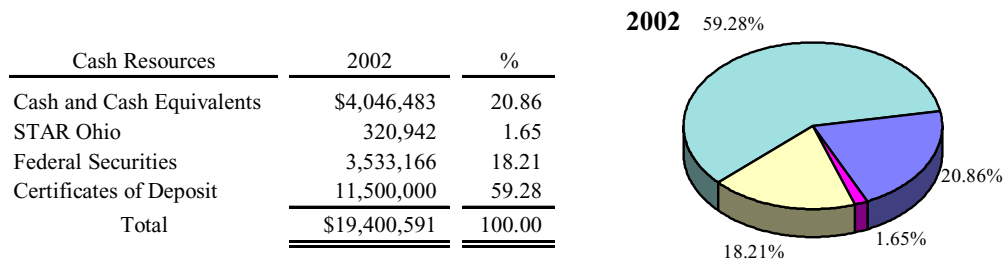
A more thorough presentation of the calculation of these figures is located in the statistical section of this report.

Cash Management

Cash management is an integral component of the City's overall financial plan. The City's goal is to earn a market rate of return consistent with providing the liquidity needed to pay obligations on a timely basis. Cash flow forecasting and the use of short-term investments, such as repurchase agreements and the State Treasurer's Asset Reserve account (STAR Ohio), allows the City to earn interest on all funds.

The City's investment policy was updated in 2000 and generally complies with Section 135.14 of the Ohio Revised Code. Current policy has a maximum maturity limited to five (5) years. Most investments mature within two (2) fiscal years. Interest earnings are allocated to funds according to City ordinance. As required by law, all deposits and repurchase agreements are covered by eligible collateral, while the Ohio Revised Code and the City's investment policy specifically permit investment in securities (treasuries and agency/instrumentality issues).

The City's cash resources were invested as follows at December 31, 2002:



At December 31, 2002, the City had bank balances of \$16,454,609. Federal depository insurance covered \$700,000 of the bank balance. Of the bank balance \$1,642,185 was classified as Category 2 and all remaining deposits were classified as Category 3. In addition, the City had \$2,500 cash on hand. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). 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. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority.

The primary objectives of the City's investment program, in order of priority, are as follows:

1. Safety – The safety of principal balances is the City's foremost objective and all investments are undertaken in a manner to insure the preservation of capital.
2. Liquidity – All investments should be sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment portfolio should consist of securities with active resale markets, and with no measure of possible erosion in response to interest rate shifts.
3. Yield – Return on investment is of least importance compared to the safety and liquidity objectives described above. Investments are limited to low risk securities with the expectation of earning a fair return relative to the risk assumed.

All eligible financial institutions must meet the requirements of the Uniform Depository Act, which requires the financial institution to maintain a full service facility located in the City of Napoleon and to have a current Agreement for Deposit of Interim Funds with the City.

Authorized investments are described in detail in Note 3 of the footnotes to the general purpose financial statements included within the financial section of this Comprehensive Annual Financial Report. The City seeks to utilize those funds not needed for daily obligations most effectively by purchasing marketable, short-term instruments at higher yields. Currently, the City uses short-term treasury notes, agency/instrumentality discount notes, and bank certificates of deposit in its investment program.

The yield curve and the yield spreads direct the City toward those instruments providing the highest, short-term yield at the time of the investment. The City uses eligible financial institutions as specified in the Ohio Revised Code for deposit and securities transactions. All depository relationships are based on requirements within the Ohio Revised Code. All securities are currently placed in safekeeping with National City Bank, Cleveland, Ohio.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City participates with other cities in the Buckeye Ohio Risk Management Agency, Inc., (BORMA, Inc.) in jointly funded risk financing programs administered by Arthur J. Gallagher & Co. The BORMA, Inc. programs include two separate pools, which provide separate and distinct coverages.

The first pool provides comprehensive automobile liability, automobile physical damage, comprehensive general liability, crime and property liability and public officials' liability coverage up to specified limits. The pool includes the following municipalities: Bowling Green, Defiance, Huron, Napoleon, Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. On December 31, 2002, the pool cash reserves were \$731,235, which, in the opinion of management, is adequate for any claims against the pool. The amount of risk retained within the pool at the end of 2002 was \$150,000 per claim for property and crime, and \$150,000 for liability, general liability and auto, \$1,000,000 per occurrence, plus \$9,000,000 excess liability coverage with an aggregate total of \$10,000,000. Various insurance carriers cover claims in excess of \$25,000 up to \$10,000,000. Current individual deductible is \$1,000 for property and \$0 for liability.

The second pool is for employee health benefits and includes life insurance, accidental death and dismemberment insurance, health insurance and prescription drug insurance. Each member has an option on the coverage it has elected to provide for its employees. Napoleon provides to its employees all available options offered by the pool. The employee benefits pool for 2002 includes the following municipalities: Archbold, Bowling Green, Carey, Clyde, Defiance, Fayette, Hicksville, Napoleon, Oberlin, Sandusky, Upper Sandusky and Willard. On December 31, 2002, the pool had cash reserves of \$3,440,794 and, in the opinion of management, is adequate for any claims against the pool.

Premiums for 2002 are paid to the employee benefits pool at a cost of \$632.79 for family coverage and \$220.82 for single coverage. Life insurance monthly premium is \$5.20. During 2002 the City paid \$677,609 of premiums into the pool for coverage. The cost of coverage is paid by the funds that pay the salary of the individual employees. The amount of risk retained within the employee benefits pool is \$100,000 per individual with excess claims coverage provided by the American National Insurance Company.

The individual BORMA, Inc. members are not considered "participants having equity interest" as defined by GASB Statement No. 14 since members have no rights to any assets of BORMA, Inc. other than possible residual claims upon dissolution. Therefore, BORMA, Inc. is a multi-jurisdictional arrangement that has the characteristics of a joint venture but has additional features that distinguish it, for financial reporting purposes, from the traditional joint venture defined in GASB Statement No. 14.

BORMA, Inc. has 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 amounts have been reserved in the financial statements. Audited financial statements are maintained separately by BORMA, Inc.

The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll plus administrative costs. The rate is determined based upon the accident history of the Ohio Rural Water Association (ORWA) joint rating pool, of which the City became a member in 1999 and continues into 2003. The City reviews closely all Workers' Compensation claims to control costs. A Transitional Work Program was recently developed and adopted by the City. This program cuts lost time claims and allows gradual transition of injured workers from light duty to normal duty over a period of time.

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

OTHER INFORMATION

Independent Audit

Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2002, by the Auditor of State in Ohio. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

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 generally accepted accounting principles (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, 2001. I believe this, our seventh (7th) Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting, so therefore, I am submitting it to GFOA for certification.

Public Disclosure

The publication of this Comprehensive Annual Financial Report 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 and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

Acknowledgments

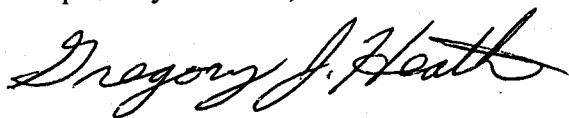
The City is grateful to the many agencies and organizations that continue to contribute to make this report possible, including the Henry County Auditor's Office, the Henry County Chamber of Commerce, the Community Improvement Corporation and the Audit Division of the State Auditor's Office. Special credits go to Ms. Andrea Borstelman for her artistic contribution to the front cover.

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

Finally, I would especially like to recognize my staff, all of whom exhibited dedication and proficiency throughout the many hours required in preparing this report. A special thank you is extended to Mr. Ted Rohrs, Assistant Finance Director, who assisted in overseeing this project.

Respectfully submitted,

A handwritten signature in black ink, reading "Gregory J. Heath". The signature is written in a cursive, flowing style with a prominent initial "G".

Gregory J. Heath
Director of Finance

**THE CITY OF NAPOLEON, OHIO
HENRY COUNTY
PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2002**

<u>Elected Officials</u>				
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
J. Andrew Small	Mayor	12/31/03	3	A
Mike DeWit	President of Council	12/31/03	10	A
Jim Hershberger	Council	12/31/05	16	A
Glen Miller	Council	12/31/05	4	A
Steve Small	Council	12/31/05	1	A
Travis Sheaffer	Council	12/31/05	7	A
Terri Williams	Council	12/31/03	16	A
John Helberg	Council	12/31/03	3	A
John Collier	Municipal Judge	12/31/03	6	A

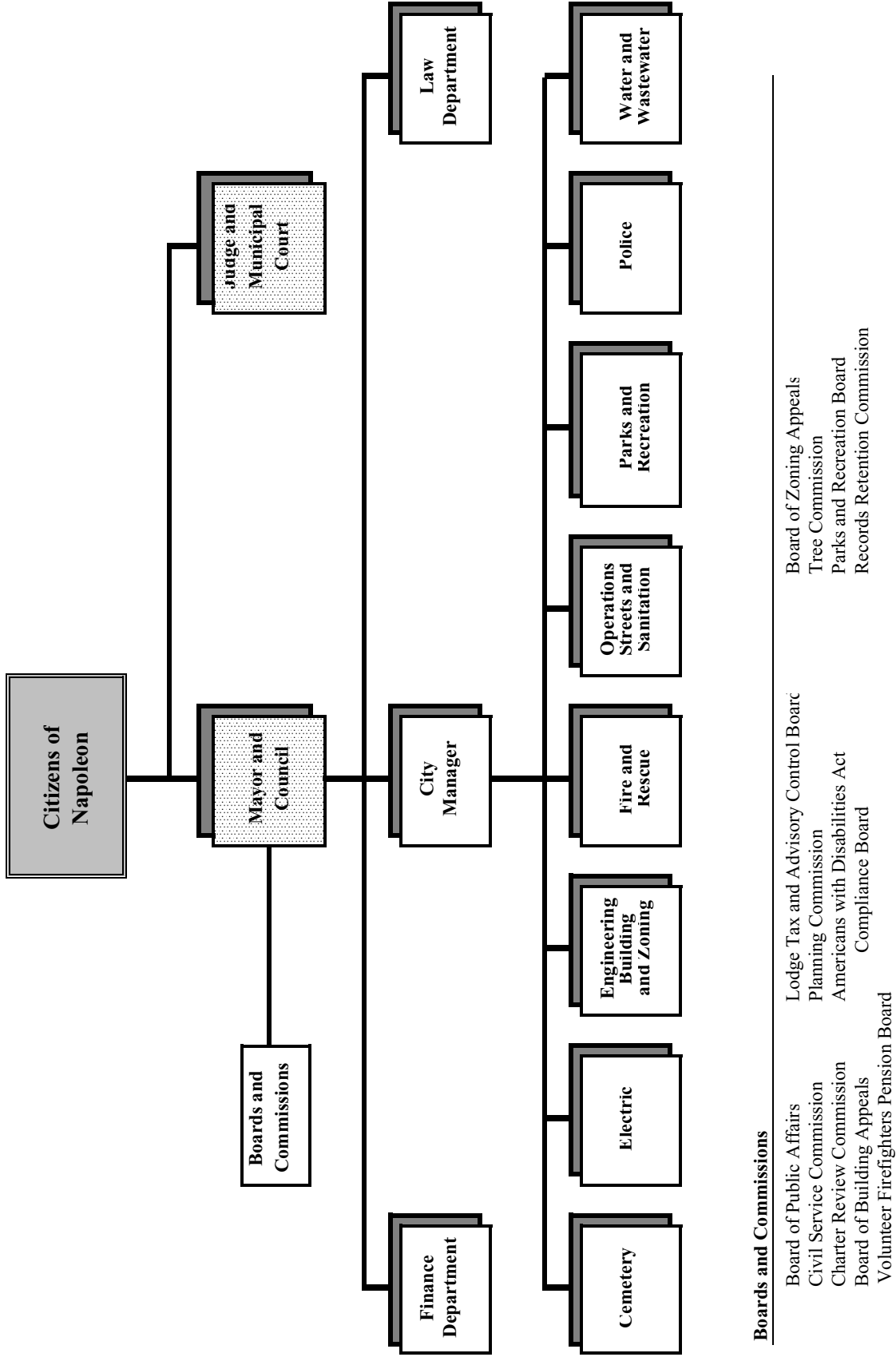
<u>Appointed Officials</u>				
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Jon Bisher	City Manager	Indefinite	4	A
Gregory Heath	Director of Finance	Indefinite	7	A
Ted Rohrs	Asst. Director of Finance	Indefinite	17	A
Betty Marihugh	Clerk of Courts	Indefinite	19	A
David Grahn	Law Director	Indefinite	9	A

(A) BORMA Insurance Company, \$50,000

City Address:
City of Napoleon
255 West Riverview Avenue
Napoleon, Ohio 43545

The City of Napoleon, Ohio

Organizational Chart



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, 2001

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



President

Executive Director



FINANCIAL SECTION



The Moorings, one of the newer subdivision, is located along the scenic Maumee River.





**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Napoleon
Henry County
255 W. Riverview Avenue
Napoleon, Ohio 43545-1766

To the Honorable Mayor and Members of Council:

We have audited the accompanying general-purpose financial statements of the City of Napoleon, Henry County, (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Napoleon, Henry County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2003 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

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

Betty Montgomery
Auditor of State

June 13, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 2002 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY AND NONEXPENDABLE TRUST FUNDS FOR THE YEAR THEN ENDED.

THE CITY OF NAPOLEON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$336,667	\$632,881	\$63,701	\$120,763
Investments	1,664,814	1,454,704	299,961	595,254
Receivables (net of allowance for doubtful accounts):				
Taxes	875,196	128,087	0	0
Accounts	29,765	231,295	0	0
Special Assessments	0	0	1,872,281	0
Loans	0	150,000	0	0
Interest	51,878	12,862	2,638	0
Intergovernmental Receivables	278,544	189,438	0	75,451
Interfund Loans Receivable	83,166	0	0	0
Inventory of Supplies at Cost	3,589	57,326	0	0
Investment in Joint Ventures	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$3,323,619	\$2,856,593	\$2,238,581	\$791,468

THE CITY OF NAPOLEON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$2,431,666	\$70,635	\$120,136	\$0	\$0	\$3,776,449
11,018,433	0	0	0	0	15,033,166
0	0	0	0	0	1,003,283
1,900,057	0	0	0	0	2,161,117
1,494,726	0	0	0	0	3,367,007
0	0	0	0	0	150,000
75,220	0	0	0	0	142,598
0	0	0	0	0	543,433
0	0	0	0	0	83,166
1,149,722	4,744	0	0	0	1,215,381
631,510	0	0	0	0	631,510
590,976	0	0	0	0	590,976
22,045,404	8,542	0	8,313,645	0	30,367,591
0	0	0	0	364,647	364,647
0	0	0	0	1,535,949	1,535,949
<u>\$41,337,714</u>	<u>\$83,921</u>	<u>\$120,136</u>	<u>\$8,313,645</u>	<u>\$1,900,596</u>	<u>\$60,966,273</u>

(Continued)

THE CITY OF NAPOLEON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$14,355	\$8,212	\$0	\$18,430
Accrued Wages and Benefits	156,094	96,582	0	0
Interfund Loans Payable	0	0	0	83,166
Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	0
Deferred Revenue	564,748	274,463	1,873,934	74,326
Compensated Absences Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds Payable with Governmental Commitment	0	0	0	0
Mortgage Revenue Bonds Payable	0	0	0	0
Ohio Sewer and Water Rotary Commission Deferred Loan Payable	0	0	0	0
Ohio Public Works Commission Loan Payable	0	0	0	0
Ohio Water Development Authority Loans Payable	0	0	0	0
Total Liabilities	<u>735,197</u>	<u>379,257</u>	<u>1,873,934</u>	<u>175,922</u>
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	11,494	809,602	0	326,308
Reserved for Supplies Inventory	3,589	57,326	0	0
Reserved for Loans Receivable	0	150,000	0	0
Reserved for Debt Service	0	0	364,647	0
Unreserved:				
Undesignated	2,573,339	1,460,408	0	289,238
Total Equity and Other Credits	<u>2,588,422</u>	<u>2,477,336</u>	<u>364,647</u>	<u>615,546</u>
Total Liabilities, Equity and Other Credits	<u>\$3,323,619</u>	<u>\$2,856,593</u>	<u>\$2,238,581</u>	<u>\$791,468</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF NAPOLEON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$692,319	\$493	\$0	\$0	\$0	\$733,809
101,991	5,755	0	0	0	360,422
0	0	0	0	0	83,166
0	0	26,835	0	0	26,835
21,444	0	0	0	0	21,444
0	0	0	0	0	2,787,471
179,881	5,073	0	0	426,946	611,900
3,760,000	0	0	0	0	3,760,000
1,525,000	0	0	0	0	1,525,000
108,612	0	0	0	1,288,388	1,397,000
5,800,000	0	0	0	0	5,800,000
88,341	0	0	0	0	88,341
62,634	0	0	0	185,262	247,896
2,974,633	0	0	0	0	2,974,633
<u>15,314,855</u>	<u>11,321</u>	<u>26,835</u>	<u>0</u>	<u>1,900,596</u>	<u>20,417,917</u>
0	0	0	8,313,645	0	8,313,645
3,672,162	1,495	0	0	0	3,673,657
22,350,697	71,105	0	0	0	22,421,802
0	0	0	0	0	1,147,404
0	0	0	0	0	60,915
0	0	0	0	0	150,000
0	0	0	0	0	364,647
0	0	93,301	0	0	4,416,286
<u>26,022,859</u>	<u>72,600</u>	<u>93,301</u>	<u>8,313,645</u>	<u>0</u>	<u>40,548,356</u>
<u>\$41,337,714</u>	<u>\$83,921</u>	<u>\$120,136</u>	<u>\$8,313,645</u>	<u>\$1,900,596</u>	<u>\$60,966,273</u>



THE CITY OF NAPOLEON, OHIO
COMBINED STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds		Expendable Trust Funds
Revenues:						
Taxes	\$3,106,153	\$231,666	\$0	\$0	\$0	\$3,337,819
Intergovernmental Revenues	473,133	489,868	0	314,545	0	1,277,546
Charges for Services	152,902	528,937	0	0	4,785	686,624
Licenses and Permits	66,533	0	0	0	0	66,533
Investment Earnings	241,085	60,072	16,775	0	0	317,932
Special Assessments	0	0	205,720	0	0	205,720
Fines and Forfeitures	337,349	142,868	0	0	0	480,217
All Other Revenues	191,439	76,298	3,041	0	0	270,778
Total Revenues	<u>4,568,594</u>	<u>1,529,709</u>	<u>225,536</u>	<u>314,545</u>	<u>4,785</u>	<u>6,643,169</u>
Expenditures:						
Current:						
Security of Persons and Property	1,920,529	414,442	0	0	0	2,334,971
Public Health and Welfare Services	80,577	0	0	0	0	80,577
Leisure Time Activities	0	770,783	0	0	0	770,783
Community Environment	82,778	516,409	0	0	0	599,187
Transportation	0	645,695	0	0	0	645,695
General Government	905,715	67,058	4,646	0	0	977,419
Capital Outlay	0	0	0	1,003,002	0	1,003,002
Debt Service:						
Principal Retirement	0	0	159,156	0	0	159,156
Interest and Fiscal Charges	0	0	87,631	0	0	87,631
Total Expenditures	<u>2,989,599</u>	<u>2,414,387</u>	<u>251,433</u>	<u>1,003,002</u>	<u>0</u>	<u>6,658,421</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,578,995	(884,678)	(25,897)	(688,457)	4,785	(15,252)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	4,880	75,158	0	0	0	80,038
Operating Transfers In	89,150	753,695	2,823	1,049,988	10,566	1,906,222
Operating Transfers Out	<u>(2,028,923)</u>	<u>(145,510)</u>	<u>0</u>	<u>(40,000)</u>	<u>0</u>	<u>(2,214,433)</u>
Total Other Financing Sources (Uses)	<u>(1,934,893)</u>	<u>683,343</u>	<u>2,823</u>	<u>1,009,988</u>	<u>10,566</u>	<u>(228,173)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(355,898)	(201,335)	(23,074)	321,531	15,351	(243,425)
Fund Balance Beginning of Year	2,944,365	2,664,649	387,721	294,015	77,950	6,368,700
Increase (Decrease) in Inventory Reserve	(45)	14,022	0	0	0	13,977
Fund Balance End of Year	<u>\$2,588,422</u>	<u>\$2,477,336</u>	<u>\$364,647</u>	<u>\$615,546</u>	<u>\$93,301</u>	<u>\$6,139,252</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF NAPOLEON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$2,857,490	\$2,857,416	(\$74)	\$231,750	\$231,666	(\$84)
Intergovernmental Revenues	473,190	473,134	(56)	499,859	500,320	461
Charges for Services	151,800	152,112	312	480,341	479,630	(711)
Licenses and Permits	66,130	66,533	403	0	0	0
Investment Earnings	246,400	246,406	6	69,740	69,995	255
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	321,000	321,116	116	140,850	141,185	335
All Other Revenues	190,810	191,439	629	68,260	68,338	78
Total Revenues	<u>4,306,820</u>	<u>4,308,156</u>	<u>1,336</u>	<u>1,490,800</u>	<u>1,491,134</u>	<u>334</u>
Expenditures:						
Current:						
Security of Persons and Property	1,939,996	1,923,275	16,721	416,966	414,926	2,040
Public Health and Welfare Services	81,890	80,500	1,390	0	0	0
Leisure Time Activities	0	0	0	784,099	773,452	10,647
Community Environment	83,110	82,469	641	1,472,020	1,461,943	10,077
Transportation	0	0	0	681,707	660,855	20,852
General Government	1,284,034	1,253,875	30,159	67,760	67,058	702
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>3,389,030</u>	<u>3,340,119</u>	<u>48,911</u>	<u>3,422,552</u>	<u>3,378,234</u>	<u>44,318</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	917,790	968,037	50,247	(1,931,752)	(1,887,100)	44,652
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	4,880	4,880	0	75,100	75,158	58
Operating Transfers In	654,929	655,012	83	753,670	753,695	25
Operating Transfers Out	(2,028,923)	(2,028,923)	0	(145,510)	(145,510)	0
Advances In	0	0	0	0	0	0
Advances Out	(83,166)	(83,166)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(1,452,280)</u>	<u>(1,452,197)</u>	<u>83</u>	<u>683,260</u>	<u>683,343</u>	<u>83</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(534,490)	(484,160)	50,330	(1,248,492)	(1,203,757)	44,735
Fund Balance at Beginning of Year	2,418,141	2,418,141	0	1,220,945	1,220,945	0
Prior Year Encumbrances	40,760	40,760	0	1,250,781	1,250,781	0
Fund Balance at End of Year	<u>\$1,924,411</u>	<u>\$1,974,741</u>	<u>\$50,330</u>	<u>\$1,223,234</u>	<u>\$1,267,969</u>	<u>\$44,735</u>

The notes to the general purpose financial statements are an integral part of this statement.

(Continued)

THE CITY OF NAPOLEON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<i>Debt Service Funds</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	327,400	327,386	(14)
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Investment Earnings	18,700	18,712	12	0	0	0
Special Assessments	205,670	205,720	50	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
All Other Revenues	3,000	3,041	41	0	0	0
Total Revenues	227,370	227,473	103	327,400	327,386	(14)
Expenditures:						
Current:						
Security of Persons and Property	0	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
General Government	4,649	4,646	3	0	0	0
Capital Outlay	0	0	0	1,443,670	1,391,859	51,811
Debt Service:						
Principal Retirement	162,350	162,350	0	0	0	0
Interest and Fiscal Charges	93,981	93,974	7	0	0	0
Total Expenditures	260,980	260,970	10	1,443,670	1,391,859	51,811
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,610)	(33,497)	113	(1,116,270)	(1,064,473)	51,797
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Operating Transfers In	12,360	12,360	0	1,049,988	1,049,988	0
Operating Transfers Out	0	0	0	(40,000)	(40,000)	0
Advances In	0	0	0	83,166	83,166	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	12,360	12,360	0	1,093,154	1,093,154	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(21,250)	(21,137)	113	(23,116)	28,681	51,797
Fund Balance at Beginning of Year	383,849	383,849	0	179,658	179,658	0
Prior Year Encumbrances	0	0	0	162,940	162,940	0
Fund Balance at End of Year	\$362,599	\$362,712	\$113	\$319,482	\$371,279	\$51,797

(Continued)

THE CITY OF NAPOLEON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<i>Expendable Trust Funds</i>			<i>Totals (Memorandum Only)</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$0	\$0	\$0	\$3,089,240	\$3,089,082	(\$158)
Intergovernmental Revenues	0	0	0	1,300,449	1,300,840	391
Charges for Services	4,700	4,785	85	636,841	636,527	(314)
Licenses and Permits	0	0	0	66,130	66,533	403
Investment Earnings	0	0	0	334,840	335,113	273
Special Assessments	0	0	0	205,670	205,720	50
Fines and Forfeitures	0	0	0	461,850	462,301	451
All Other Revenues	5,000	5,051	51	267,070	267,869	799
Total Revenues	9,700	9,836	136	6,362,090	6,363,985	1,895
Expenditures:						
Current:						
Security of Persons and Property	0	0	0	2,356,962	2,338,201	18,761
Public Health and Welfare Services	0	0	0	81,890	80,500	1,390
Leisure Time Activities	0	0	0	784,099	773,452	10,647
Community Environment	0	0	0	1,555,130	1,544,412	10,718
Transportation	0	0	0	681,707	660,855	20,852
General Government	0	0	0	1,356,443	1,325,579	30,864
Capital Outlay	0	0	0	1,443,670	1,391,859	51,811
Debt Service:						
Principal Retirement	0	0	0	162,350	162,350	0
Interest and Fiscal Charges	0	0	0	93,981	93,974	7
Total Expenditures	0	0	0	8,516,232	8,371,182	145,050
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,700	9,836	136	(2,154,142)	(2,007,197)	146,945
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	79,980	80,038	58
Operating Transfers In	10,500	10,566	66	2,481,447	2,481,621	174
Operating Transfers Out	(1,000)	(918)	82	(2,215,433)	(2,215,351)	82
Advances In	0	0	0	83,166	83,166	0
Advances Out	0	0	0	(83,166)	(83,166)	0
Total Other Financing Sources (Uses)	9,500	9,648	148	345,994	346,308	314
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	19,200	19,484	284	(1,808,148)	(1,660,889)	147,259
Fund Balance at Beginning of Year	80,729	80,729	0	4,283,322	4,283,322	0
Prior Year Encumbrances	0	0	0	1,454,481	1,454,481	0
Fund Balance at End of Year	\$99,929	\$100,213	\$284	\$3,929,655	\$4,076,914	\$147,259

THE CITY OF NAPOLEON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	Nonexpendable Trust Fund	
<u>Operating Revenues:</u>				
Charges for Services	\$15,010,637	\$89,440	\$0	\$15,100,077
Other Charges for Services	225,123	3,491	0	228,614
Total Operating Revenues	<u>15,235,760</u>	<u>92,931</u>	<u>0</u>	<u>15,328,691</u>
<u>Operating Expenses:</u>				
Personal Services	1,820,855	95,067	0	1,915,922
Materials and Supplies	1,581,065	57,750	0	1,638,815
Contractual Services	751,738	693	0	752,431
Utilities	8,657,769	772	0	8,658,541
Depreciation	758,339	1,763	0	760,102
Other Operating Expenses	1,372,877	0	0	1,372,877
Total Operating Expenses	<u>14,942,643</u>	<u>156,045</u>	<u>0</u>	<u>15,098,688</u>
Operating Income (Loss)	293,117	(63,114)	0	230,003
<u>Nonoperating Revenues (Expenses):</u>				
Gain on Investment in Joint Ventures	47,754	0	0	47,754
Other Local Taxes	109,543	0	0	109,543
Investment Earnings	295,922	0	0	295,922
Interest and Fiscal Charges	(469,767)	0	0	(469,767)
Capital Contributions	0	5,395	0	5,395
Total Nonoperating Revenues (Expenses)	<u>(16,548)</u>	<u>5,395</u>	<u>0</u>	<u>(11,153)</u>
Income (Loss) Before Operating Transfers	276,569	(57,719)	0	218,850
<u>Operating Transfers:</u>				
Operating Transfers In	254,557	64,220	0	318,777
Operating Transfers Out	0	0	(10,566)	(10,566)
Total Operating Transfers	<u>254,557</u>	<u>64,220</u>	<u>(10,566)</u>	<u>308,211</u>
Net Income (Loss)	531,126	6,501	(10,566)	527,061
Retained Earnings/Fund Balance at Beginning of Year	<u>21,819,571</u>	<u>64,604</u>	<u>10,566</u>	<u>21,894,741</u>
Retained Earnings/Fund Balance at End of Year	<u>\$22,350,697</u>	<u>\$71,105</u>	<u>\$0</u>	<u>\$22,421,802</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF NAPOLEON, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Proprietary</u>		<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Fund Types</u>		<u>Fund Type</u>	
	Enterprise Funds	Internal Service Fund	Nonexpendable Trust Fund	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$15,341,276	\$92,931	\$0	\$15,434,207
Cash Payments for Goods and Services	(11,668,674)	(56,977)	0	(11,725,651)
Cash Payments to Employees	(1,790,283)	(92,725)	0	(1,883,008)
Net Cash Provided (Used) by Operating Activities	1,882,319	(56,771)	0	1,825,548
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	254,557	64,220	0	318,777
Transfers Out to Other Funds	0	0	(10,566)	(10,566)
Receipts of Other Local Taxes	109,543	0	0	109,543
Receipts of Special Assessments	146,735	0	0	146,735
Net Cash Provided (Used) by Noncapital Financing Activities	510,835	64,220	(10,566)	564,489
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(2,311,589)	0	0	(2,311,589)
Proceeds From General Obligation Notes	3,760,000	0	0	3,760,000
Principal Paid on General Obligation Notes	(2,400,000)	0	0	(2,400,000)
Principal Paid on Special Assessment Bond	(3,194)	0	0	(3,194)
Principal Paid on General Obligation Bonds	(65,000)	0	0	(65,000)
Principal Paid on Mortgage Revenue Bonds	(245,000)	0	0	(245,000)
Principal Paid on Ohio Public Works Commission Loan	(3,684)	0	0	(3,684)
Principal Paid on Ohio Water Development Authority Loans	(227,471)	0	0	(227,471)
Interest Paid on All Debt	(435,125)	0	0	(435,125)
Net Cash Used for Capital and Related Financing Activities	(1,931,063)	0	0	(1,931,063)
<u>Cash Flows from Investing Activities:</u>				
Sale of Investments	1,986,308	0	0	1,986,308
Purchase of Investments	(832,967)	0	0	(832,967)
Receipts of Interest	392,774	0	0	392,774
Net Cash Provided by Investing Activities	1,546,115	0	0	1,546,115
Net Increase (Decrease) in Cash and Cash Equivalents	2,008,206	7,449	(10,566)	2,005,089
Cash and Cash Equivalents at Beginning of Year	1,014,436	63,186	10,566	1,088,188
Cash and Cash Equivalents at End of Year	\$3,022,642	\$70,635	\$0	\$3,093,277
<u>Reconciliation of Cash and</u>				
<u>Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$2,431,666	\$70,635	\$120,136	\$2,622,437
Add: Restricted Cash and Cash Equivalents	590,976	0	0	590,976
Less: Cash and Cash Equivalents in Agency Funds	0	0	(19,923)	(19,923)
Less: Cash and Cash Equivalents in Expendable Trust Funds	0	0	(100,213)	(100,213)
Cash and Cash Equivalents at End of Year	\$3,022,642	\$70,635	\$0	\$3,093,277

(Continued)

THE CITY OF NAPOLEON, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Proprietary</u>		<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Fund Types</u>		<u>Fund Type</u>	
	Enterprise Funds	Internal Service Fund	Nonexpendable Trust Fund	
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$293,117	(\$63,114)	\$0	\$230,003
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	758,339	1,763	0	760,102
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	105,516	0	0	105,516
Decrease in Inventory	107,750	1,745	0	109,495
Increase in Accounts Payable	587,628	493	0	588,121
Increase in Accrued Wages and Benefits	13,773	1,288	0	15,061
Decrease in Customer Deposits	(603)	0	0	(603)
Increase In Compensated Absences	16,799	1,054	0	17,853
Total Adjustments	<u>1,589,202</u>	<u>6,343</u>	<u>0</u>	<u>1,595,545</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,882,319</u>	<u>(\$56,771)</u>	<u>\$0</u>	<u>\$1,825,548</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2002, the Electric Fund had outstanding liabilities of \$70,101 for the purchase of certain capital assets. During 2002 the fair value of investments increased by \$20,443, \$2,971, \$9,529 and \$1,939 in the Electric, Water, Sewer and Sanitation Funds respectively.

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF NAPOLEON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

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 current Charter, as amended, was adopted November 3, 1992 and became effective January 1, 1993.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types and the cash flows of the proprietary and similar trust funds. The financial statements are presented as of December 31, 2002 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 general purpose financial statements comply with the provisions of the GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, 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 15 "Joint Ventures."

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 15 "Joint Ventures."

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 15 "Joint Ventures."

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 following is a summary of its significant accounting policies:

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

Governmental Funds

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

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 Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds - These funds are used for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal and interest other than those accounted for in the proprietary funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

Internal Service Fund - This fund is used to account for the financing of services provided by one department to other departments or agencies of the governmental unit or to other governmental units on a cost-reimbursement basis. The City created the Central Garage Rotary Internal Service Fund to account for revenues and expenses associated with maintaining the City's motor transport equipment.

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City maintains expendable trust funds, a nonexpendable trust fund and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as the proprietary funds since capital maintenance is critical. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt of the City except those accounted for in the proprietary funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes, which are measurable at December 31, 2002 but are not intended to finance 2002 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in See Note 4.

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

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 and expendable trust funds are required to be reported. 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.

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 2002.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations (Continued)

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 2002, 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 "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types and Expendable Trust Funds" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the governmental funds and the expendable trust funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expendable Trust Funds
GAAP Basis (as reported)	(\$355,898)	(\$201,335)	(\$23,074)	\$321,531	\$15,351
Increase (Decrease):					
Accrued Revenues at December 31, 2002 received during 2003	(753,801)	(437,219)	(985)	(1,125)	0
Accrued Revenues at December 31, 2001 received during 2002	648,962	235,821	832	13,966	0
Accrued Expenditures at December 31, 2002 paid during 2003	170,449	104,794	0	101,596	6,912
Accrued Expenditures at December 31, 2001 paid during 2002	(186,605)	(103,629)	0	(62,549)	(2,779)
2001 Adjustment to Fair Value	19,473	17,427	3,040	0	0
2002 Adjustment to Fair Value	(5,270)	(4,604)	(950)	0	0
Outstanding Encumbrances	(21,470)	(815,012)	0	(344,738)	0
Budget Basis	<u>(\$484,160)</u>	<u>(\$1,203,757)</u>	<u>(\$21,137)</u>	<u>\$28,681</u>	<u>\$19,484</u>

E. 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 general purpose 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. Restricted assets are comprised of the Electric and Sewer Bond Reserve fund balances held by the City. 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 3, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 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 3, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2002. 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, 2002.

G. 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.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by the ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

The City has elected not to record depreciation in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment (water and sewer lines) acquired by the proprietary funds are stated at estimated historical cost. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (Years)
Buildings	25
Improvements other than Buildings/Infrastructure	10 - 50
Vehicles	5 - 20
Machinery, Equipment, Furniture and Fixtures	5 - 25

I. Long-Term Obligations

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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, the portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The remaining portion of the liability is reported in the General Long-Term Obligations Account Group.

K. Pensions

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

L. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City did not perform any residual equity transfers in 2002.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Reservations of Fund Balance/Retained Earnings

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories, debt service, loans receivable and encumbered amounts not accrued at year end. Retained earnings are reserved for debt service requirements and revenue bond indenture.

N. Contributed Capital

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings. Capital contributions received after December 31, 2000 are recorded as revenue in the proprietary funds.

O. Total Columns on the Combined Financial Statements

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2002 of \$32,777 in the Police Pension Fund, \$19,311 in the Fire Pension Fund (special revenue funds) and \$83,160 in the Greenfield Open Space 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. The deficits do not exist under the cash basis of accounting. The General Fund provides operating transfers when cash is required, not when accruals occur.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds.

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.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). 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. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, *"Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,"* collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end the carrying amount of the City's deposits was \$15,543,983 and the bank balance was \$16,454,609. Federal depository insurance covered \$700,000 of the bank balance. Of the bank balance, \$1,642,185 was classified as Category 2 and all remaining deposits were classified as Category 3. In addition, the City had \$2,500 cash on hand.

B. Investments

The City's investments at December 31, 2002 are summarized below:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Fair Value</u>
U.S. Government Securities	\$3,533,166	\$3,533,166
 <u>Non-Categorized Investments</u>		
STAR Ohio	N/A	320,942
Total Non-Categorized Investments	N/A	320,942
Total Investments	<u>\$3,533,166</u>	<u>\$3,854,108</u>

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is treated as a cash equivalent. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents *	Investments
Per Combined Balance Sheet	\$4,367,425	\$15,033,166
Certificates of Deposit (with maturities of more than 3 months)	11,500,000	(11,500,000)
Investments:		
STAR Ohio	(320,942)	320,942
Per GASB Statement No. 3	<u>\$15,546,483</u>	<u>\$3,854,108</u>

* Includes cash on hand.

NOTE 4 - 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 2002 were levied after October 1, 2001 on assessed values as of January 1, 2001, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed for tax year 2000. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semi-annually, the first payment is due by February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; the remainder payable by September 20.

NOTE 4 - 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, 2002 was \$2.90 per \$1,000 of assessed value. The assessed value upon which the 2002 receipts were based was \$141,252,773. This amount constitutes \$105,734,600 in real property assessed value, \$1,952,600 in public utility assessed value and \$33,565,573 in tangible personal property assessed value.

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

B. Income Tax

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

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

NOTE 5 - RECEIVABLES

Receivables at December 31, 2002 consisted of taxes, interest, accounts receivable, special assessments, interfund loans, loans and intergovernmental receivables arising from shared revenues.

NOTE 6 - INTERFUND BALANCES

Individual interfund balances at December 31, 2002 are as follows:

<u>Fund</u>	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$83,166	\$0
Capital Projects Fund:		
Greenfield Open Space Fund	0	83,166
Totals	<u>\$83,166</u>	<u>\$83,166</u>

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2002:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$89,150	\$2,028,923
Special Revenue Funds:		
Street Construction, Maintenance and Repair Fund	222,340	0
Motor Vehicle License Tax Fund	0	36,360
EMS Transport Service Fund	0	20,000
Recreation Fund	446,355	0
Special Events Fund	25,000	0
Hotel/Motel Tax Fund	0	39,150
Fire Equipment Fund	60,000	50,000
Total Special Revenue Funds	753,695	145,510
Debt Service Fund:		
Special Assessment Bond Retirement Fund	2,823	0
Capital Projects Funds:		
Capital Improvement Fund	1,014,134	40,000
Greenfield Open Space Fund	35,854	0
Total Capital Projects Funds	1,049,988	40,000
Expendable Trust Fund:		
Cemetery Trust Fund	10,566	0
Enterprise Funds:		
Electric Fund	245,020	0
Sewer Fund	9,537	0
Total Enterprise Funds	254,557	0
Internal Service Fund:		
Central Garage Rotary Fund	64,220	0
Non Expendable Trust Fund:		
Forest Hill Cemetery Trust Fund	0	10,566
Totals	<u>\$2,224,999</u>	<u>\$2,224,999</u>

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by Category of Changes in General Fixed Assets:

Category	December 31, 2001	Additions	Deletions	December 31, 2002
Land	\$1,647,180	\$0	\$0	\$1,647,180
Buildings	2,044,571	0	0	2,044,571
Improvements	161,002	298,943	0	459,945
Machinery and Equipment	3,950,495	265,656	(60,097)	4,156,054
Construction in Progress	245,374	5,895	(245,374)	5,895
Totals	<u>\$8,048,622</u>	<u>\$570,494</u>	<u>(\$305,471)</u>	<u>\$8,313,645</u>

Summary by Category and Investment at December 31, 2002:

General Fixed Assets		Investment in General Fixed Assets	
Land	\$1,647,180	General Fund	\$442,351
Buildings	2,044,571	Special Revenue Funds	191,093
Improvements	459,945	Capital Projects Funds	7,096,576
Machinery and Equipment	4,156,054	Enterprise Funds	580,725
Construction in Progress	5,895	Internal Service Fund	400
Total	<u>\$8,313,645</u>	Donated	2,500
		Total	<u>\$8,313,645</u>

B. Proprietary Fixed Assets

Summary by Category at December 31, 2002:

Category	Historic Cost	Accumulated Depreciation	Book Value
Enterprise			
Land	\$349,695	\$0	\$349,695
Buildings	6,655,428	(2,322,377)	4,333,051
Improvements	22,118,835	(7,023,159)	15,095,676
Machinery and Equipment	5,878,475	(4,416,152)	1,462,323
Construction in Progress	804,659	0	804,659
Property, Plant and Equipment	<u>\$35,807,092</u>	<u>(\$13,761,688)</u>	<u>\$22,045,404</u>
Internal Service			
Machinery and Equipment	\$40,152	(\$31,610)	\$8,542
Property, Plant and Equipment	<u>\$40,152</u>	<u>(\$31,610)</u>	<u>\$8,542</u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System (the “Ohio PERS”)

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the Ohio PERS, a cost-sharing multiple employer defined benefit pension plan. The Ohio PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2002 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2002, 2001 and 2000 were \$497,333, \$467,008 and \$351,599, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll which amounted to \$183,518.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2001 is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2002, 2001 and 2000 were \$133,012, \$124,324 and \$110,562 for police and \$89,037, \$81,655 and \$74,793 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2002 covered payroll that was used to fund postemployment health care benefits was \$52,864 representing 7.75% of covered payroll for police and \$28,752 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 2001, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,174 for police and 10,239 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2001 were \$122,298,771, which was net of member contributions of \$6,874,699.

NOTE 10 – 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, 2002, the total accumulated unpaid sick leave, vacation and compensation time recorded in the General Long-Term Obligations Account Group was:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	42,310	\$232,234
Vacation Time	9,786	177,399
Compensation Time	<u>1,081</u>	<u>17,313</u>
Total	<u><u>53,177</u></u>	<u><u>\$426,946</u></u>

The compensated absences attributable to the enterprise funds and the internal service fund have been recorded within the respective fund and are not included in the figures presented above.

NOTE 11 - NOTES PAYABLE

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

	<u>Issue Date</u>	<u>Balance December 31, 2001</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 2002</u>
Enterprise Funds Notes Payable:				
2.27% Electric Capital Facilities	10/30/01	\$1,100,000	(\$1,100,000)	\$0
1.64% Electric Capital Facilities	10/30/02	\$0	900,000	900,000
3.27% Water System Improvements	5/15/01	1,300,000	(1,300,000)	0
2.05% Water System Improvements	5/15/02	0	1,040,000	1,040,000
1.64% North Pointe Water Improvements	10/30/02	0	540,000	540,000
1.64% North Pointe Sewer Improvements	10/30/02	<u>0</u>	<u>1,280,000</u>	<u>1,280,000</u>
Total Notes Payable		<u><u>\$2,400,000</u></u>	<u><u>\$1,360,000</u></u>	<u><u>\$3,760,000</u></u>

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2002 were as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2001	Issued (Retired)	Balance December 31, 2002
General Obligation Bonds:						
1980	7.25%	Waterworks System Improvement	2004	\$45,000	(\$15,000)	\$30,000
1994	6.00%	Waterworks System Improvements	2019	1,545,000	(50,000)	1,495,000
Total General Obligation Bonds				1,590,000	(65,000)	1,525,000
Mortgage Revenue Bonds:						
1998	4.00%	Sewer System Improvement	2018	3,130,000	(125,000)	3,005,000
1998	4.00%	Electric System Improvement	2018	2,915,000	(120,000)	2,795,000
Total Mortgage Revenue Bonds				6,045,000	(245,000)	5,800,000
Special Assessment Bond: (with Governmental Commitment)						
2000	5.00%	West Main, Wested and Vine Improvements	2020	111,806	(3,194)	108,612
Ohio Sewer and Water Rotary Commission Deferred Loan:						
1998		OSWRC - Palmer Ditch Project		88,341	0	88,341
Ohio Public Works Commission Loan:						
1999		Railroad Street Sewer Separation	2019	66,318	(3,684)	62,634
Ohio Water Development Authority Loans (OWDA):						
1986	8.720%	OWDA - Project #0613	2002	43,557	(43,557)	0
1990	7.840%	OWDA - Project #1089	2013	2,800,987	(169,720)	2,631,267
1992	9.185%	OWDA - Malinta Waterline	2016	357,560	(14,194)	343,366
Total Ohio Water Development Authority Loans				3,202,104	(227,471)	2,974,633
Total Enterprise Long-Term Debt				\$11,103,569	(\$544,349)	\$10,559,220
Special Assessment Bonds:						
1985	9.500%	Sheffield Street Improvements	2004	\$20,000	(\$5,000)	\$15,000
1990	7.250%	Oberhaus Creek Sewer Improvements	2009	135,000	(15,000)	120,000
1991	5.65-6.55%	Street Improvements	2010	560,000	(90,000)	470,000
1992	5.70-6.10%	Street Improvements	2011	215,000	(15,000)	200,000
1993	5.400%	Street Improvements	2012	97,000	(6,000)	91,000
1996	7.500%	Street Improvements	2016	160,000	(5,000)	155,000
1998	4.50%	Street Improvements	2019	146,720	(6,680)	140,040
1998	4.50%	Street Improvements	2019	73,280	(3,320)	69,960
2000	5.00%	West Main, Wested and Vine Improvements	2020	28,194	(806)	27,388
Total Special Assessment Bonds (with Governmental Commitment)				1,435,194	(146,806)	1,288,388
Ohio Public Works Commission Loan:						
1998		Unimproved Street Program	2018	197,612	(12,350)	185,262
Compensated Absences				285,648	141,298	426,946
Total General Long-Term Debt and Other Long-Term Obligations				\$1,918,454	(\$17,858)	\$1,900,596

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment debt outstanding at December 31, 2002, \$1,397,000, 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 \$361,606 in the Special Assessment Bond Retirement Fund at December 31, 2002 is reserved for the retirement of outstanding special assessment bonds in the General Long-Term Debt Account Group. The Sewer Fund will be collecting special assessments to retire the enterprise funds' special assessment debt.

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, 2002 follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$65,000	\$87,870	\$250,000	\$274,937	\$160,000	\$84,577
2004	75,000	86,783	270,000	264,313	172,000	74,538
2005	60,000	82,185	280,000	252,702	182,000	63,712
2006	60,000	78,675	290,000	240,523	182,000	52,257
2007	70,000	75,165	300,000	227,762	78,000	40,846
2008-2012	400,000	311,240	1,725,000	918,464	373,000	132,710
2013-2017	535,000	177,905	2,180,000	462,762	197,000	45,299
2018-2020	260,000	23,700	505,000	25,250	53,000	4,903
Totals	<u>\$1,525,000</u>	<u>\$923,523</u>	<u>\$5,800,000</u>	<u>\$2,666,713</u>	<u>\$1,397,000</u>	<u>\$498,842</u>

Years	OWDA Loans		OPWC Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$198,322	\$232,971	\$16,036	\$0	\$689,358	\$680,355
2004	213,860	217,433	16,035	0	746,895	643,067
2005	230,614	200,678	16,035	0	768,649	599,277
2006	248,682	182,611	16,035	0	796,717	554,066
2007	268,165	163,127	16,035	0	732,200	506,900
2008-2012	1,690,805	465,659	80,175	0	4,268,980	1,828,073
2013-2017	124,185	22,729	80,174	0	3,116,359	708,695
2018-2020	0	0	7,371	0	825,371	53,853
Totals	<u>\$2,974,633</u>	<u>\$1,485,208</u>	<u>\$247,896</u>	<u>\$0</u>	<u>\$11,944,529</u>	<u>\$5,574,286</u>

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

The City has received an advance to meet the portion of the cost of extension of waterlines 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 upon expiration of the maximum time for which the deferments were made or when the property no longer meets the exemption criteria. This money must be remitted to the Ohio Sewer and Water Rotary Commission within one year. If the money is not collected and remitted to the Commission within one year, the City is responsible for paying interest from the general fund of the City.

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**C. Joint Ventures**

The City is a participant in two joint ventures, one of which has issued Certificates of Beneficial Interest (See Note 15). The debt service payment obligations of the joint ventures' participants, payable from each participants' user charges, is subject only to the prior payment of the operation and maintenance expenses. In case of default by a participant, the remaining participants become liable for that participant's debt service payments. The Certificates of Beneficial Interest are fully insured in case of total default by all of the participants. No defaults have occurred to date on either of these joint ventures.

The debt associated with OMEGA JV-5 amounts to 7.35 percent of \$194,545,000 or approximately \$14,299,059. The total principal retirements and the portion that will be paid by the City is as follows:

Years	Certificates of Beneficial Interest	City of Napoleon Share
2003	\$3,445,000	\$253,208
2004	3,620,000	266,070
2005	3,800,000	279,300
2006	4,000,000	294,000
2007	4,215,000	309,803
2008-2030	175,465,000	12,896,678
Totals	<u>\$194,545,000</u>	<u>\$14,299,059</u>

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City participates with other cities in the Buckeye Ohio Risk Management Agency, Inc., (BORMA, Inc.) in jointly funded risk financing programs administered by Arthur J. Gallagher & Co. BORMA, Inc. includes two separate pools which provide separate and distinct coverages.

The first pool provides comprehensive automobile liability, automobile physical damage, comprehensive general liability, crime and property liability and public officials liability coverage up to specified limits. The pool includes the following municipalities: Bowling Green, Defiance, Huron, Napoleon, Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2002 the pool had cash reserves of \$731,235, which in the opinion of management is adequate for any claims against the pool. The amount of risk retained within the pool is \$150,000 per claim for property and crime, \$150,000 for liability, general liability and auto, \$1,000,000 per occurrence, \$9,000,000 aggregate. Claims in excess of \$25,000 up to \$9,000,000 are covered by various insurance carriers.

NOTE 13 - RISK MANAGEMENT (Continued)

The second pool is for employee benefits and includes life insurance, accidental death and dismemberment insurance, health insurance and prescription drug insurance. Each member has an option on the coverage it has elected to provide for its employees. Napoleon provides to its employees all available options offered by the pool. The employee benefits pool includes the following municipalities: Archbold, Bowling Green, Carey, Defiance, Fayette, Clyde, Hicksville, Oberlin, Upper Sandusky, Napoleon, Sandusky and Willard. As of December 31, 2002 the pool had cash reserves of \$3,440,794 which, in the opinion of management, is adequate for any claims against the pool.

Premiums are paid to the employee benefits pool at a cost of \$632.79 for family coverage and \$220.82 for single coverage. The life insurance monthly premium is \$5.20. During 2002 the City paid \$677,609 into the pool for coverage. The cost of coverage is paid by the fund that pays the salary of the individual employees. The amount of risk retained within the employee benefits pool is \$100,000 per individual with excess claims coverage provided by the American National Insurance Company.

The individual BORMA, Inc. members are not considered "participants having equity interest" as defined by GASB Statement No. 14 since members have no rights to any assets of BORMA, Inc. other than possible residual claims upon dissolution. Therefore, BORMA, Inc. is a multijurisdictional arrangement that has the characteristics of a joint venture but has additional features that distinguish it, for financial reporting purposes, from the traditional joint venture defined in GASB Statement No. 14.

BORMA, Inc. has 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 amounts have been reserved in the financial statements. Audited financial statements are maintained separately by BORMA, Inc.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll plus administrative costs. The rate is determined based on accident history of the North Central Ohio Municipal Finance Officers Association, of which the City is a member. The City also pays unemployment claims to the State of Ohio as incurred.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 14 - CONTINGENCIES

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

NOTE 15 - JOINT VENTURES

A. 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 this joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. On dissolution of the joint venture, the net assets of Omega JV-2 will be shared by the participants on a percentage basis. The Omega JV-2 is managed by AMP-Ohio which acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture. In accordance with the joint venture agreement, the City remitted \$3,162 to the joint venture for 2002. The City's net investment and its share of the operating results of Omega JV-2 are reported in the City's electric fund (an enterprise fund). The City's equity interest in Omega JV-2 was \$102,361 at December 31, 2002. Complete financial statements for Omega JV-2 can be obtained from AMP-Ohio or from the City's Finance Director.

B. 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. Omega JV-5 was created for that purpose. On dissolution of the joint venture, the net assets of Omega JV-5 will be shared by the participants on a percentage basis. The Omega JV-5 is managed by AMP-Ohio which acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture and a portion of the \$153,415,000 certificates of beneficial interest debt that was issued to construct the fixed asset. In accordance with the joint venture agreement, the City remitted \$1,303,853 to the joint venture for 2002. The City's net investment and its share of the operating results of Omega JV-5 are reported in the City's electric fund (an enterprise fund). The City's equity interest in Omega JV-5 was \$529,149 at December 31, 2002. Complete financial statements for Omega JV-5 can be obtained from AMP-Ohio or from the City's Finance Director.

C. Community Improvement Corporation (CIC)

The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. The CIC is governed by a Board of 10 Trustees. Five of these trustees are residents of the City of Napoleon and the remaining five are residents of Henry County. The City's degree of control over the Board is limited to its representation on the Board. The City has no equity interest in the CIC. The City paid \$29,000 to the CIC during 2002. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

NOTE 16 - CONTRIBUTED CAPITAL

During 2002, there were no changes to contributed capital reported by the City:

	Enterprise					Internal
	Electric	Water	Sewer	Sanitation	Total	Service Garage
Balance at 12/31/02	\$79,492	\$101,418	\$3,390,129	\$101,123	\$3,672,162	\$1,495

NOTE 17 - SEGMENT INFORMATION

The key financial information for the year ended December 31, 2002 for the enterprise activities is as follows:

	Electric	Water	Sewer	Sanitation	Total
Operating Revenues	\$11,244,419	\$1,667,882	\$1,804,460	\$518,999	\$15,235,760
Depreciation	321,259	118,665	303,615	14,800	758,339
Operating Income (Loss)	(427,128)	304,299	377,577	38,369	293,117
Operating Transfers In	245,020	0	9,537	0	254,557
Net Income (Loss)	(31,409)	181,611	320,088	60,836	531,126
Property, Plant and Equipment:					
Additions	1,500,719	420,892	370,342	0	2,291,953
Total Assets	21,699,174	5,529,209	13,186,541	922,790	41,337,714
Net Working Capital	8,751,860	(119,873)	4,066,371	795,712	13,494,070
Bonds, Notes and Loans Payable	3,695,000	3,448,366	7,175,854	0	14,319,220
Total Equity	17,206,660	1,961,757	5,953,609	900,833	26,022,859

NOTE 18 - CONDUIT DEBT OBLIGATIONS

The City issued mortgage revenue bonds to provide financial assistance to The Lutheran Orphans' and Old Folks' Home Society at Napoleon, Ohio, Inc. The City has no obligation for the debt beyond the resources provided by the mortgage revenue bonds. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2002, there were two mortgage revenue bonds outstanding with an aggregate principal amount payable of \$2,117,194.

*COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE GENERAL FUND, SPECIAL REVENUE FUNDS, ENTERPRISE FUNDS,
FIDUCIARY FUNDS AND THE GENERAL FIXED ASSETS ACCOUNT GROUP.*

GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$2,857,490	\$2,857,416	(\$74)
Intergovernmental Revenues	473,190	473,134	(56)
Charges for Services	151,800	152,112	312
Licenses and Permits	66,130	66,533	403
Investment Earnings	246,400	246,406	6
Fines and Forfeitures	321,000	321,116	116
All Other Revenues	190,810	191,439	629
Total Revenues	4,306,820	4,308,156	1,336
<u>Expenditures:</u>			
Security of Persons and Property:			
Police:			
Personal Services	1,058,210	1,057,117	1,093
Contractual Services	82,443	80,037	2,406
Materials and Supplies	41,259	38,074	3,185
Other Expenditures	4,480	4,312	168
Total Police	1,186,392	1,179,540	6,852
Fire:			
Personal Services	581,690	580,146	1,544
Contractual Services	132,500	126,979	5,521
Materials and Supplies	39,364	36,574	2,790
Other Expenditures	50	36	14
Total Fire	753,604	743,735	9,869
Total Security of Persons and Property	1,939,996	1,923,275	16,721
Public Health and Welfare Services:			
Cemetery:			
Personal Services	60,430	60,353	77
Contractual Services	8,680	8,191	489
Materials and Supplies	12,780	11,956	824
Total Cemetery	81,890	80,500	1,390
Total Public Health and Welfare Services	81,890	80,500	1,390

(Continued)

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Community Environment:			
Building Inspection:			
Personal Services	79,220	79,019	201
Contractual Services	1,480	1,360	120
Materials and Supplies	2,040	1,724	316
Other Expenditures	370	366	4
Total Building Inspection	83,110	82,469	641
Total Community Environment	83,110	82,469	641
General Government:			
City Council:			
Personal Services	10,562	10,329	233
Contractual Services	1,664	1,509	155
Other Expenditures	200	166	34
Total City Council	12,426	12,004	422
Mayor:			
Personal Services	4,351	4,248	103
Contractual Services	3,180	3,090	90
Materials and Supplies	80	72	8
Other Expenditures	100	55	45
Total Mayor	7,711	7,465	246
City Manager:			
Personal Services	66,260	64,785	1,475
Contractual Services	1,635	1,537	98
Materials and Supplies	718	663	55
Total City Manager	68,613	66,985	1,628
Law Director:			
Personal Services	53,769	52,576	1,193
Contractual Services	10,095	8,065	2,030
Materials and Supplies	1,523	999	524
Total Law Director	65,387	61,640	3,747

(Continued)

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Finance - Administration:			
Personal Services	100,181	97,902	2,279
Contractual Services	38,846	38,148	698
Other Expenditures	850	845	5
Total Finance - Administration	<u>139,877</u>	<u>136,895</u>	<u>2,982</u>
Finance - Utility Billing:			
Personal Services	43,062	41,628	1,434
Contractual Services	7,081	6,718	363
Materials and Supplies	9,264	8,918	346
Total Finance - Utility Billing	<u>59,407</u>	<u>57,264</u>	<u>2,143</u>
Finance - Income Tax Collection:			
Personal Services	104,880	104,842	38
Contractual Services	10,750	10,724	26
Materials and Supplies	4,510	4,497	13
Capital Outlay	8,609	8,601	8
Total Finance - Income Tax Collection	<u>128,749</u>	<u>128,664</u>	<u>85</u>
Finance - Information Systems:			
Personal Services	60,040	59,905	135
Contractual Services	5,290	5,182	108
Materials and Supplies	21,944	21,425	519
Total Finance - Information Systems	<u>87,274</u>	<u>86,512</u>	<u>762</u>
City Engineer:			
Personal Services	71,268	69,597	1,671
Contractual Services	24,943	24,359	584
Materials and Supplies	2,981	2,609	372
Other Expenditures	50	19	31
Total City Engineer	<u>99,242</u>	<u>96,584</u>	<u>2,658</u>
Municipal Court:			
Personal Services	287,880	287,724	156
Contractual Services	19,810	17,650	2,160
Materials and Supplies	36,011	34,725	1,286
Other Expenditures	100	94	6
Total Municipal Court	<u>343,801</u>	<u>340,193</u>	<u>3,608</u>

(Continued)

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Service - Buildings, Property, and Equipment:			
Personal Services	37,365	36,531	834
Contractual Services	1,120	918	202
Materials and Supplies	5,537	5,064	473
Other Expenditures	100	30	70
Capital Outlay	2,580	2,580	0
Total Service - Buildings, Property, and Equipment	46,702	45,123	1,579
Miscellaneous:			
Contractual Services	109,552	103,698	5,854
Materials and Supplies	13,446	12,072	1,374
Other Expenditures	101,847	98,776	3,071
Total Miscellaneous	224,845	214,546	10,299
Total General Government	1,284,034	1,253,875	30,159
Total Expenditures	3,389,030	3,340,119	48,911
Excess (Deficiency) of Revenues Over (Under) Expenditures	917,790	968,037	50,247
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	4,880	4,880	0
Operating Transfers In	654,929	655,012	83
Operating Transfers Out	(2,028,923)	(2,028,923)	0
Advances Out	(83,166)	(83,166)	0
Total Other Financing Sources (Uses)	(1,452,280)	(1,452,197)	83
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(534,490)	(484,160)	50,330
Fund Balance at Beginning of Year	2,418,141	2,418,141	0
Prior Year Encumbrances	40,760	40,760	0
Fund Balance at End of Year	\$1,924,411	\$1,974,741	\$50,330

SPECIAL REVENUE FUNDS

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Motor Vehicle License Tax Fund

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

EMS Transport Service Fund

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

Recreation Fund

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

Special Events Fund

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

Economic Development Fund

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

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

Community Housing Improvement Program (CHIP) Income Fund

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

(Continued)

SPECIAL REVENUE FUNDS

Community Development Block Grant (CDBG) Income Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Law Enforcement and Education Fund

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

Court Computerization Fund

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

Law Enforcement Trust Fund

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

Mandatory Drug Fine Fund

To account for mandatory fines collected for drug related offenses.

Fire Equipment Fund

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

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.

THE CITY OF NAPOLEON, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
<u>Assets:</u>				
Cash and Cash Equivalents	\$37,366	\$558	\$40,721	\$116,118
Investments	184,775	2,758	201,364	0
Receivables (net of allowances for doubtful accounts)				
Taxes	0	0	0	0
Accounts	7,960	0	0	214,588
Interest	1,497	43	1,754	0
Loans	0	0	0	0
Intergovernmental Receivables	115,304	9,350	28,713	0
Inventory of Supplies at Cost	57,326	0	0	0
Total Assets	<u>\$404,228</u>	<u>\$12,709</u>	<u>\$272,552</u>	<u>\$330,706</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$1,036	\$0	\$4,304	\$2,363
Accrued Wages and Benefits	21,872	0	0	0
Deferred Revenue	77,807	6,260	20,241	0
Total Liabilities	<u>100,715</u>	<u>6,260</u>	<u>24,545</u>	<u>2,363</u>
Fund Equity:				
Reserved for Encumbrances	3,462	0	9,841	0
Reserved for Supplies Inventory	57,326	0	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved	242,725	6,449	238,166	328,343
Total Fund Equity	<u>303,513</u>	<u>6,449</u>	<u>248,007</u>	<u>328,343</u>
Total Liabilities and Fund Equity	<u>\$404,228</u>	<u>\$12,709</u>	<u>\$272,552</u>	<u>\$330,706</u>

THE CITY OF NAPOLEON, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

Recreation	Special Events	Economic Development	Hotel/ Motel Tax	CDBG Income	Indigent Drivers Alcohol Treatment	Law Enforcement and Education
\$8,761	\$10,202	\$140,488	\$9,036	\$27,169	\$3,148	\$1,124
43,323	0	694,714	0	0	15,568	5,561
0	0	0	0	0	0	0
0	0	0	0	0	320	106
584	0	6,046	0	0	157	43
0	0	150,000	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$52,668</u>	<u>\$10,202</u>	<u>\$991,248</u>	<u>\$9,036</u>	<u>\$27,169</u>	<u>\$19,193</u>	<u>\$6,834</u>
\$509	\$0	\$0	\$0	\$0	\$0	\$0
19,392	0	0	0	0	0	0
366	0	3,790	0	0	98	27
<u>20,267</u>	<u>0</u>	<u>3,790</u>	<u>0</u>	<u>0</u>	<u>98</u>	<u>27</u>
69	0	791,375	0	0	0	0
0	0	0	0	0	0	0
0	0	150,000	0	0	0	0
32,332	10,202	46,083	9,036	27,169	19,095	6,807
<u>32,401</u>	<u>10,202</u>	<u>987,458</u>	<u>9,036</u>	<u>27,169</u>	<u>19,095</u>	<u>6,807</u>
<u>\$52,668</u>	<u>\$10,202</u>	<u>\$991,248</u>	<u>\$9,036</u>	<u>\$27,169</u>	<u>\$19,193</u>	<u>\$6,834</u>

(Continued)

THE CITY OF NAPOLEON, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine	Fire Equipment
<u>Assets:</u>				
Cash and Cash Equivalents	\$23,710	\$2,231	\$1,561	\$31,352
Investments	117,248	11,032	7,716	155,034
Receivables (net of allowances for doubtful accounts)				
Taxes	0	0	0	0
Accounts	4,045	0	10	0
Interest	1,069	100	72	1,355
Loans	0	0	0	0
Intergovernmental Receivables	0	0	0	0
Inventory of Supplies at Cost	0	0	0	0
Total Assets	<u>\$146,072</u>	<u>\$13,363</u>	<u>\$9,359</u>	<u>\$187,741</u>
<u>Liabilities and Fund Equity:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Deferred Revenue	670	63	45	849
Total Liabilities	<u>670</u>	<u>63</u>	<u>45</u>	<u>849</u>
<u>Fund Equity:</u>				
Reserved for Encumbrances	0	0	0	4,855
Reserved for Supplies Inventory	0	0	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved	145,402	13,300	9,314	182,037
Total Fund Equity	<u>145,402</u>	<u>13,300</u>	<u>9,314</u>	<u>186,892</u>
Total Liabilities and Fund Equity	<u>\$146,072</u>	<u>\$13,363</u>	<u>\$9,359</u>	<u>\$187,741</u>

THE CITY OF NAPOLEON, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

Municipal Probation Service	Probation Officer Grant	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension	Totals
\$3,157	\$16,842	\$157,719	\$200	\$946	\$472	\$632,881
15,611	0	0	0	0	0	1,454,704
0	0	0	0	85,391	42,696	128,087
620	0	3,646	0	0	0	231,295
142	0	0	0	0	0	12,862
0	0	0	0	0	0	150,000
0	0	0	0	33,932	2,139	189,438
0	0	0	0	0	0	57,326
<u>\$19,530</u>	<u>\$16,842</u>	<u>\$161,365</u>	<u>\$200</u>	<u>\$120,269</u>	<u>\$45,307</u>	<u>\$2,856,593</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$8,212
0	1,812	0	0	33,723	19,783	96,582
89	0	0	0	119,323	44,835	274,463
<u>89</u>	<u>1,812</u>	<u>0</u>	<u>0</u>	<u>153,046</u>	<u>64,618</u>	<u>379,257</u>
0	0	0	0	0	0	809,602
0	0	0	0	0	0	57,326
0	0	0	0	0	0	150,000
19,441	15,030	161,365	200	(32,777)	(19,311)	1,460,408
<u>19,441</u>	<u>15,030</u>	<u>161,365</u>	<u>200</u>	<u>(32,777)</u>	<u>(19,311)</u>	<u>2,477,336</u>
<u>\$19,530</u>	<u>\$16,842</u>	<u>\$161,365</u>	<u>\$200</u>	<u>\$120,269</u>	<u>\$45,307</u>	<u>\$2,856,593</u>

THE CITY OF NAPOLEON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service	Recreation
Revenues:					
Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenues	287,282	23,288	117,520	6,761	0
Charges for Services	0	0	0	255,362	242,200
Investment Earnings	5,381	1,258	7,364	0	4,619
Fines and Forfeitures	0	0	0	0	0
All Other Revenues	25,297	0	0	0	34,894
Total Revenues	317,960	24,546	124,884	262,123	281,713
Expenditures:					
Security of Persons and Property	0	0	0	195,172	0
Leisure Time Activities	0	0	0	0	770,783
Community Environment	0	0	0	0	0
Transportation	534,685	80,194	30,816	0	0
General Government	0	0	0	0	0
Total Expenditures	534,685	80,194	30,816	195,172	770,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	(216,725)	(55,648)	94,068	66,951	(489,070)
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	0	0	0	0	0
Operating Transfers In	222,340	0	0	0	446,355
Operating Transfers Out	0	0	(36,360)	(20,000)	0
Total Other Financing Sources (Uses)	222,340	0	(36,360)	(20,000)	446,355
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	5,615	(55,648)	57,708	46,951	(42,715)
Fund Balance (Deficit) at Beginning of Year	283,876	62,097	190,299	281,392	75,116
Increase in Inventory Reserve	14,022	0	0	0	0
Fund Balance (Deficit) at End of Year	<u>\$303,513</u>	<u>\$6,449</u>	<u>\$248,007</u>	<u>\$328,343</u>	<u>\$32,401</u>

THE CITY OF NAPOLEON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

Special Events	Economic Development	Hotel/ Motel Tax	Fire Loss Claims	CHIP Income	CDBG Income	Indigent Drivers Alcohol Treatment	Law Enforcement and Education
\$0	\$0	\$77,553	\$0	\$39,770	\$0	\$0	\$0
0	0	0	0	0	7,169	0	0
1,375	0	0	0	0	0	0	0
0	28,042	0	0	0	0	643	232
0	0	0	0	0	0	11,342	1,232
160	6,567	0	8,000	0	0	0	0
1,535	34,609	77,553	8,000	39,770	7,169	11,985	1,464
0	0	0	0	0	0	10,935	1,912
0	0	0	0	0	0	0	0
0	476,639	0	0	39,770	0	0	0
0	0	0	0	0	0	0	0
19,908	0	39,150	8,000	0	0	0	0
19,908	476,639	39,150	8,000	39,770	0	10,935	1,912
(18,373)	(442,030)	38,403	0	0	7,169	1,050	(448)
0	25,158	0	0	0	0	0	0
25,000	0	0	0	0	0	0	0
0	0	(39,150)	0	0	0	0	0
25,000	25,158	(39,150)	0	0	0	0	0
6,627	(416,872)	(747)	0	0	7,169	1,050	(448)
3,575	1,404,330	9,783	0	0	20,000	18,045	7,255
0	0	0	0	0	0	0	0
<u>\$10,202</u>	<u>\$987,458</u>	<u>\$9,036</u>	<u>\$0</u>	<u>\$0</u>	<u>\$27,169</u>	<u>\$19,095</u>	<u>\$6,807</u>

(Continued)

THE CITY OF NAPOLEON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine	Fire Equipment	Municipal Probation Service
Revenues:					
Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0	0
Charges for Services	0	0	0	30,000	0
Investment Earnings	4,423	434	329	6,800	547
Fines and Forfeitures	63,857	0	660	0	8,275
All Other Revenues	0	1,380	0	0	0
Total Revenues	68,280	1,814	989	36,800	8,822
Expenditures:					
Security of Persons and Property	18,980	302	870	3,000	5,347
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	0	0	0	0
Total Expenditures	18,980	302	870	3,000	5,347
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,300	1,512	119	33,800	3,475
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	0	0	0	50,000	0
Operating Transfers In	0	0	0	60,000	0
Operating Transfers Out	0	0	0	(50,000)	0
Total Other Financing Sources (Uses)	0	0	0	60,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	49,300	1,512	119	93,800	3,475
Fund Balance (Deficit) at Beginning of Year	96,102	11,788	9,195	93,092	15,966
Increase in Inventory Reserve	0	0	0	0	0
Fund Balance (Deficit) at End of Year	\$145,402	\$13,300	\$9,314	\$186,892	\$19,441

THE CITY OF NAPOLEON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

Probation Officer Grant	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension	Totals
\$0	\$0	\$0	\$76,224	\$38,119	\$231,666
35,971	0	0	7,917	3,960	489,868
0	0	0	0	0	528,937
0	0	0	0	0	60,072
0	57,502	0	0	0	142,868
0	0	0	0	0	76,298
35,971	57,502	0	84,141	42,079	1,529,709
48,216	0	0	87,152	42,556	414,442
0	0	0	0	0	770,783
0	0	0	0	0	516,409
0	0	0	0	0	645,695
0	0	0	0	0	67,058
48,216	0	0	87,152	42,556	2,414,387
(12,245)	57,502	0	(3,011)	(477)	(884,678)
0	0	0	0	0	75,158
0	0	0	0	0	753,695
0	0	0	0	0	(145,510)
0	0	0	0	0	683,343
(12,245)	57,502	0	(3,011)	(477)	(201,335)
27,275	103,863	200	(29,766)	(18,834)	2,664,649
0	0	0	0	0	14,022
<u>\$15,030</u>	<u>\$161,365</u>	<u>\$200</u>	<u>(\$32,777)</u>	<u>(\$19,311)</u>	<u>\$2,477,336</u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental Revenues	\$286,400	\$286,391	(\$9)
Investment Earnings	6,080	6,156	76
All Other Revenues	17,300	17,337	37
Total Revenues	<u>309,780</u>	<u>309,884</u>	<u>104</u>
Expenditures:			
Transportation:			
Street Maintenance:			
Personal Services	381,760	381,652	108
Contractual Services	72,505	67,818	4,687
Materials and Supplies	68,035	63,275	4,760
Other Expenditures	700	430	270
Total Street Maintenance	<u>523,000</u>	<u>513,175</u>	<u>9,825</u>
Ice and Snow Removal:			
Personal Services	7,490	7,481	9
Contractual Services	8,245	7,428	817
Materials and Supplies	585	457	128
Total Ice and Snow Removal	<u>16,320</u>	<u>15,366</u>	<u>954</u>
Storm Drainage:			
Personal Services	3,160	3,142	18
Contractual Services	120	100	20
Materials and Supplies	8,330	8,221	109
Total Storm Drainage	<u>11,610</u>	<u>11,463</u>	<u>147</u>
Total Expenditures	<u>550,930</u>	<u>540,004</u>	<u>10,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(241,150)	(230,120)	11,030
Other Financing Sources (Uses):			
Operating Transfers In	<u>222,340</u>	<u>222,340</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>222,340</u>	<u>222,340</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(18,810)	(7,780)	11,030
Fund Balance at Beginning of Year	221,568	221,568	0
Prior Year Encumbrances	3,270	3,270	0
Fund Balance at End of Year	<u><u>\$206,028</u></u>	<u><u>\$217,058</u></u>	<u><u>\$11,030</u></u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

STATE HIGHWAY IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$23,200	\$23,215	\$15
Investment Earnings	1,740	1,781	41
Total Revenues	<u>24,940</u>	<u>24,996</u>	<u>56</u>
<u>Expenditures:</u>			
Transportation:			
Contractual Services	6,450	6,450	0
Materials and Supplies	7,440	7,434	6
Capital Outlay	66,310	66,310	0
Total Expenditures	<u>80,200</u>	<u>80,194</u>	<u>6</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,260)	(55,198)	62
Fund Balance at Beginning of Year	<u>58,505</u>	<u>58,505</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$3,245</u></u>	<u><u>\$3,307</u></u>	<u><u>\$62</u></u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MOTOR VEHICLE LICENSE TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$116,800	\$116,946	\$146
Investment Earnings	7,740	7,758	18
Total Revenues	124,540	124,704	164
<u>Expenditures:</u>			
Transportation:			
Materials and Supplies	50,577	40,657	9,920
Total Expenditures	50,577	40,657	9,920
Excess (Deficiency) of Revenues Over (Under) Expenditures	73,963	84,047	10,084
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(36,360)	(36,360)	0
Total Other Financing Sources (Uses)	(36,360)	(36,360)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	37,603	47,687	10,084
Fund Balance at Beginning of Year	160,209	160,209	0
Prior Year Encumbrances	19,407	19,407	0
Fund Balance at End of Year	\$217,219	\$227,303	\$10,084

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

EMS TRANSPORT SERVICE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$6,700	\$6,761	\$61
Charges for Services	206,000	206,055	55
Total Revenues	212,700	212,816	116
<u>Expenditures:</u>			
Security of Persons and Property:			
Contractual Services	33,560	33,435	125
Materials and Supplies	14,930	13,933	997
Other Expenditures	100,000	100,000	0
Capital Outlay	47,407	47,109	298
Total Expenditures	195,897	194,477	1,420
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,803	18,339	1,536
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	(20,000)	(20,000)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,197)	(1,661)	1,536
Fund Balance at Beginning of Year	112,132	112,132	0
Prior Year Encumbrances	5,647	5,647	0
Fund Balance at End of Year	\$114,582	\$116,118	\$1,536

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

RECREATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Charges for Services	\$243,041	\$242,200	(\$841)
Investment Earnings	5,300	5,213	(87)
All Other Revenues	34,960	34,894	(66)
Total Revenues	283,301	282,307	(994)
Expenditures:			
Leisure Time Activities:			
Administration:			
Personal Services	67,120	67,069	51
Contractual Services	3,880	3,171	709
Materials and Supplies	27,280	21,734	5,546
Other Expenditures	15,020	15,000	20
Total Administration	113,300	106,974	6,326
Golf Course Operations:			
Personal Services	120,100	120,059	41
Contractual Services	15,230	15,140	90
Materials and Supplies	67,590	67,204	386
Total Golf Course Operations	202,920	202,403	517
Pool Operations:			
Personal Services	61,350	61,327	23
Contractual Services	23,420	22,184	1,236
Materials and Supplies	19,840	19,829	11
Total Pool Operations	104,610	103,340	1,270
Parks and Programs:			
Personal Services	225,950	225,828	122
Contractual Services	44,889	44,455	434
Materials and Supplies	92,430	90,452	1,978
Total Parks and Programs	363,269	360,735	2,534
Total Expenditures	784,099	773,452	10,647

(Continued)

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

RECREATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500,798)	(491,145)	9,653
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	446,330	446,355	25
Total Other Financing Sources (Uses)	446,330	446,355	25
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(54,468)	(44,790)	9,678
Fund Balance at Beginning of Year	90,849	90,849	0
Prior Year Encumbrances	5,749	5,749	0
Fund Balance at End of Year	\$42,130	\$51,808	\$9,678

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

SPECIAL EVENTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$1,300	\$1,375	\$75
All Other Revenues	100	160	60
Total Revenues	<u>1,400</u>	<u>1,535</u>	<u>135</u>
<u>Expenditures:</u>			
General Government:			
Contractual Services	17,300	16,665	635
Materials and Supplies	1,950	1,891	59
Other Expenditures	1,360	1,352	8
Total Expenditures	<u>20,610</u>	<u>19,908</u>	<u>702</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,210)	(18,373)	837
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	25,000	25,000	0
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	5,790	6,627	837
Fund Balance at Beginning of Year	<u>3,575</u>	<u>3,575</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$9,365</u></u>	<u><u>\$10,202</u></u>	<u><u>\$837</u></u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

ECONOMIC DEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$35,500	\$35,512	\$12
All Other Revenues	6,600	6,567	(33)
Total Revenues	<u>42,100</u>	<u>42,079</u>	<u>(21)</u>
<u>Expenditures:</u>			
Community Environment:			
Contractual Services	32,110	31,600	510
Capital Outlay	1,400,140	1,390,573	9,567
Total Expenditures	<u>1,432,250</u>	<u>1,422,173</u>	<u>10,077</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,390,150)	(1,380,094)	10,056
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	25,100	25,158	58
Total Other Financing Sources (Uses)	<u>25,100</u>	<u>25,158</u>	<u>58</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,365,050)	(1,354,936)	10,114
Fund Balance at Beginning of Year	183,384	183,384	0
Prior Year Encumbrances	1,213,180	1,213,180	0
Fund Balance at End of Year	<u>\$31,514</u>	<u>\$41,628</u>	<u>\$10,114</u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

HOTEL/MOTEL TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$77,400	\$77,553	\$153
Total Revenues	77,400	77,553	153
<u>Expenditures:</u>			
General Government:			
Contractual Services	39,150	39,150	0
Total Expenditures	39,150	39,150	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,250	38,403	153
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(39,150)	(39,150)	0
Total Other Financing Sources (Uses)	(39,150)	(39,150)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(900)	(747)	153
Fund Balance at Beginning of Year	9,783	9,783	0
Fund Balance at End of Year	\$8,883	\$9,036	\$153

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

FIRE LOSS CLAIMS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$8,000	\$8,000	\$0
Total Revenues	8,000	8,000	0
<u>Expenditures:</u>			
General Government:			
Other Expenditures	8,000	8,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CHIP INCOME FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$39,770	\$39,770	\$0
Total Revenues	<u>39,770</u>	<u>39,770</u>	<u>0</u>
<u>Expenditures:</u>			
Community Environment:			
Contractual Services	<u>39,770</u>	<u>39,770</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CDBG INCOME FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$7,169	\$7,169	\$0
Total Revenues	7,169	7,169	0
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	7,169	7,169	0
Fund Balance at Beginning of Year	20,000	20,000	0
Fund Balance at End of Year	\$27,169	\$27,169	\$0

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

INDIGENT DRIVERS ALCOHOL TREATMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$720	\$701	(\$19)
Fines and Forfeitures	11,200	11,282	82
Total Revenues	<u>11,920</u>	<u>11,983</u>	<u>63</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Contractual Services	10,940	10,935	5
Total Expenditures	<u>10,940</u>	<u>10,935</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	980	1,048	68
Fund Balance at Beginning of Year	<u>17,619</u>	<u>17,619</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$18,599</u></u>	<u><u>\$18,667</u></u>	<u><u>\$68</u></u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

LAW ENFORCEMENT AND EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$240	\$263	\$23
Fines and Forfeitures	1,500	1,557	57
Total Revenues	<u>1,740</u>	<u>1,820</u>	<u>80</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	1,780	1,717	63
Contractual Services	80	75	5
Capital Outlay	120	120	0
Total Expenditures	<u>1,980</u>	<u>1,912</u>	<u>68</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(240)	(92)	148
Fund Balance at Beginning of Year	<u>6,759</u>	<u>6,759</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$6,519</u></u>	<u><u>\$6,667</u></u>	<u><u>\$148</u></u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

COURT COMPUTERIZATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$4,440	\$4,524	\$84
Fines and Forfeitures	62,900	62,966	66
Total Revenues	67,340	67,490	150
<u>Expenditures:</u>			
Security of Persons and Property:			
Other Expenditures	14,400	14,362	38
Capital Outlay	4,908	4,649	259
Total Expenditures	19,308	19,011	297
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	48,032	48,479	447
Fund Balance at Beginning of Year	91,580	91,580	0
Prior Year Encumbrances	528	528	0
Fund Balance at End of Year	\$140,140	\$140,587	\$447

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

LAW ENFORCEMENT TRUST FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$420	\$471	\$51
All Other Revenues	1,300	1,380	80
Total Revenues	1,720	1,851	131
<u>Expenditures:</u>			
Security of Persons and Property:			
Capital Outlay	310	302	8
Total Expenditures	310	302	8
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,410	1,549	139
Fund Balance at Beginning of Year	11,679	11,679	0
Fund Balance at End of Year	\$13,089	\$13,228	\$139

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MANDATORY DRUG FINE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$340	\$364	\$24
Fines and Forfeitures	600	666	66
Total Revenues	940	1,030	90
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	800	795	5
Other Expenditures	80	75	5
Total Expenditures	880	870	10
Excess (Deficiency) of Revenues Over (Under) Expenditures	60	160	100
Fund Balance at Beginning of Year	9,093	9,093	0
Fund Balance at End of Year	\$9,153	\$9,253	\$100

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

FIRE EQUIPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$30,000	\$30,000	\$0
Investment Earnings	6,660	6,666	6
Total Revenues	<u>36,660</u>	<u>36,666</u>	<u>6</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Capital Outlay	7,860	7,855	5
Total Expenditures	<u>7,860</u>	<u>7,855</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,800	28,811	11
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	60,000	60,000	0
Operating Transfers Out	(50,000)	(50,000)	0
Proceeds from Sale of Fixed Assets	50,000	50,000	0
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	88,800	88,811	11
Fund Balance at Beginning of Year	89,229	89,229	0
Prior Year Encumbrances	3,000	3,000	0
Fund Balance at End of Year	<u>\$181,029</u>	<u>\$181,040</u>	<u>\$11</u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MUNICIPAL PROBATION SERVICE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$560	\$586	\$26
Fines and Forfeitures	8,100	8,145	45
Total Revenues	<u>8,660</u>	<u>8,731</u>	<u>71</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Other Expenditures	5,350	5,347	3
Total Expenditures	<u>5,350</u>	<u>5,347</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,310	3,384	74
Fund Balance at Beginning of Year	<u>15,335</u>	<u>15,335</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$18,645</u></u>	<u><u>\$18,719</u></u>	<u><u>\$74</u></u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

PROBATION OFFICER GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$47,920	\$47,961	\$41
Total Revenues	47,920	47,961	41
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	39,452	39,247	205
Contractual Services	8,799	8,780	19
Total Expenditures	48,251	48,027	224
Excess (Deficiency) of Revenues Over (Under) Expenditures	(331)	(66)	265
Fund Balance at Beginning of Year	16,908	16,908	0
Fund Balance at End of Year	<u>\$16,577</u>	<u>\$16,842</u>	<u>\$265</u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

COURT IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$56,500	\$56,519	\$19
Total Revenues	<u>56,500</u>	<u>56,519</u>	<u>19</u>
<u>Expenditures:</u>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	56,500	56,519	19
Fund Balance at Beginning of Year	<u>101,200</u>	<u>101,200</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$157,700</u></u>	<u><u>\$157,719</u></u>	<u><u>\$19</u></u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

HANDICAP PARKING FINES FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$50	\$50	\$0
Total Revenues	50	50	0
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	50	50	0
Fund Balance at Beginning of Year	150	150	0
Fund Balance at End of Year	\$200	\$200	\$0

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

POLICE PENSION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$76,390	\$76,224	(\$166)
Intergovernmental Revenues	7,810	7,917	107
Total Revenues	84,200	84,141	(59)
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	84,120	84,120	0
Total Expenditures	84,120	84,120	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	80	21	(59)
Fund Balance at Beginning of Year	925	925	0
Fund Balance at End of Year	\$1,005	\$946	(\$59)

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

FIRE PENSION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$38,190	\$38,119	(\$71)
Intergovernmental Revenues	3,860	3,960	100
Total Revenues	<u>42,050</u>	<u>42,079</u>	<u>29</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	42,070	42,070	0
Total Expenditures	<u>42,070</u>	<u>42,070</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20)	9	29
Fund Balance at Beginning of Year	<u>463</u>	<u>463</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$443</u></u>	<u><u>\$472</u></u>	<u><u>\$29</u></u>

DEBT SERVICE FUNDS

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

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.

THE CITY OF NAPOLEON, OHIO
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2002

	General Bond Retirement	Special Assessment Bond Retirement	Totals
	<u> </u>	<u> </u>	<u> </u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$3,041	\$60,660	\$63,701
Investments	0	299,961	299,961
Receivables (net of allowances for doubtful accounts)			
Special Assessments	0	1,872,281	1,872,281
Interest	<u>0</u>	<u>2,638</u>	<u>2,638</u>
Total Assets	<u>\$3,041</u>	<u>\$2,235,540</u>	<u>\$2,238,581</u>
<u>Liabilities and Fund Equity:</u>			
<u>Liabilities:</u>			
Deferred Revenue	<u>\$0</u>	<u>\$1,873,934</u>	<u>\$1,873,934</u>
Total Liabilities	<u>0</u>	<u>1,873,934</u>	<u>1,873,934</u>
<u>Fund Equity:</u>			
Reserved for Debt Service	<u>3,041</u>	<u>361,606</u>	<u>364,647</u>
Total Fund Equity	<u>3,041</u>	<u>361,606</u>	<u>364,647</u>
Total Liabilities and Fund Equity	<u>\$3,041</u>	<u>\$2,235,540</u>	<u>\$2,238,581</u>

THE CITY OF NAPOLEON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	General Bond Retirement	Special Assessment Bond Retirement	Totals
<u>Revenues:</u>			
Investment Earnings	\$0	\$16,775	\$16,775
Special Assessments	0	205,720	205,720
All Other Revenues	3,041		3,041
Total Revenues	<u>3,041</u>	<u>222,495</u>	<u>225,536</u>
<u>Expenditures:</u>			
General Governments	0	4,646	4,646
Debt Service:			
Principal Retirement	0	159,156	159,156
Interest and Fiscal Charges	<u>0</u>	<u>87,631</u>	<u>87,631</u>
Total Expenditures	<u>0</u>	<u>251,433</u>	<u>251,433</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,041	(28,938)	(25,897)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	<u>0</u>	<u>2,823</u>	<u>2,823</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>2,823</u>	<u>2,823</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,041	(26,115)	(23,074)
Fund Balance at Beginning of Year	<u>0</u>	<u>387,721</u>	<u>387,721</u>
Fund Balance at End of Year	<u><u>\$3,041</u></u>	<u><u>\$361,606</u></u>	<u><u>\$364,647</u></u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL BOND RETIREMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$3,000	\$3,041	\$41
Total Revenues	3,000	3,041	41
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,000	3,041	41
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$3,000	\$3,041	\$41

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

SPECIAL ASSESSMENT BOND RETIREMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$18,700	\$18,712	\$12
Special Assessments	205,670	205,720	50
Total Revenues	<u>224,370</u>	<u>224,432</u>	<u>62</u>
<u>Expenditures:</u>			
General Government:			
Contractual Services	4,649	4,646	3
Debt Service:			
Principal Retirement	162,350	162,350	0
Interest and Fiscal Charges	93,981	93,974	7
Total Expenditures	<u>260,980</u>	<u>260,970</u>	<u>10</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,610)	(36,538)	72
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	12,360	12,360	0
Total Other Financing Sources (Uses)	<u>12,360</u>	<u>12,360</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(24,250)	(24,178)	72
Fund Balance at Beginning of Year	<u>383,849</u>	<u>383,849</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$359,599</u></u>	<u><u>\$359,671</u></u>	<u><u>\$72</u></u>

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 Fund

To account for financial resources used for the major capital projects undertaken by the City.

Greenfield Open Space Fund

To account for grant monies and local share monies to purchase land adjacent to park area.

THE CITY OF NAPOLEON, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2002

	<u>Capital Improvement</u>	<u>Greenfield Open Space</u>	<u>Totals</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$120,757	\$6	\$120,763
Investments	595,254	0	595,254
Intergovernmental Receivables	75,451	0	75,451
Total Assets	<u>\$791,462</u>	<u>\$6</u>	<u>\$791,468</u>
<u>Liabilities and Fund Equity:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$18,430	\$0	\$18,430
Interfund Loans Payable	0	83,166	83,166
Deferred Revenue	74,326	0	74,326
Total Liabilities	<u>92,756</u>	<u>83,166</u>	<u>175,922</u>
<u>Fund Equity:</u>			
Reserved for Encumbrances	326,308	0	326,308
Unreserved	372,398	(83,160)	289,238
Total Fund Equity	<u>698,706</u>	<u>(83,160)</u>	<u>615,546</u>
Total Liabilities and Fund Equity	<u>\$791,462</u>	<u>\$6</u>	<u>\$791,468</u>

THE CITY OF NAPOLEON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Capital Improvement</u>	<u>Greenfield Open Space</u>	<u>Totals</u>
<u>Revenues:</u>			
Intergovernmental Revenues	\$314,545	\$0	\$314,545
Total Revenues	<u>314,545</u>	<u>0</u>	<u>314,545</u>
<u>Expenditures:</u>			
Capital Outlay	883,988	119,014	1,003,002
Total Expenditures	<u>883,988</u>	<u>119,014</u>	<u>1,003,002</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(569,443)	(119,014)	(688,457)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	1,014,134	35,854	1,049,988
Operating Transfers Out	<u>(40,000)</u>	<u>0</u>	<u>(40,000)</u>
Total Other Financing Sources (Uses)	<u>974,134</u>	<u>35,854</u>	<u>1,009,988</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	404,691	(83,160)	321,531
Fund Balance at Beginning of Year	<u>294,015</u>	<u>0</u>	<u>294,015</u>
Fund Balance (Deficit) at End of Year	<u><u>\$698,706</u></u>	<u><u>(\$83,160)</u></u>	<u><u>\$615,546</u></u>

CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$327,400	\$327,386	(\$14)
Total Revenues	<u>327,400</u>	<u>327,386</u>	<u>(14)</u>
<u>Expenditures:</u>			
Capital Outlay:			
City Manager	25,000	25,000	0
Law Director	500	500	0
Finance - Administration	47,530	43,440	4,090
Central Information System	36,480	36,206	274
Engineering	78,700	69,264	9,436
Municipal Court	9,637	7,637	2,000
Police	165,763	164,902	861
Fire	153,400	151,376	2,024
Building Inspections	1,572	1,570	2
Parks and Recreation	251,014	247,129	3,885
Cemetery	11,520	11,513	7
Street Maintenance	339,962	319,276	20,686
Storm Drainage	203,572	195,032	8,540
Total Expenditures	<u>1,324,650</u>	<u>1,272,845</u>	<u>51,805</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(997,250)	(945,459)	51,791
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	1,014,080	1,014,134	54
Operating Transfers Out	(40,000)	(40,000)	0
Total Other Financing Sources (Uses)	<u>974,080</u>	<u>974,134</u>	<u>54</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(23,170)	28,675	51,845
Fund Balance at Beginning of Year	179,658	179,658	0
Prior Year Encumbrances	162,940	162,940	0
Fund Balance at End of Year	<u><u>\$319,428</u></u>	<u><u>\$371,273</u></u>	<u><u>\$51,845</u></u>

CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

GREENFIELD OPEN SPACE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Capital Outlay:			
Economic Development	119,020	119,014	6
Total Capital Outlay	119,020	119,014	6
Total Expenditures	119,020	119,014	6
Excess (Deficiency) of Revenues Over (Under) Expenditures	(119,020)	(119,014)	6
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	35,854	35,854	0
Advances In	83,166	83,166	0
Total Other Financing Sources	119,020	119,020	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	6	6
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$6	\$6



ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, whereby the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

Electric Fund

To account for the operation of the City's electric distribution service.

Water Fund

To account for the operation of the City's water distribution service.

Sewer Fund

To account for the operation of the City's sanitary sewer collection service.

Sanitation Fund

To account for the operation of the City's trash collection service.

THE CITY OF NAPOLEON, OHIO
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 2002

	Electric	Water	Sewer	Sanitation	Totals
Assets:					
Cash and Cash Equivalents	\$1,509,370	\$189,780	\$608,693	\$123,823	\$2,431,666
Investments	6,457,693	938,461	3,009,978	612,301	11,018,433
Receivables (net of allowances for doubtful accounts):					
Accounts	1,440,733	193,552	197,246	68,526	1,900,057
Special Assessments	0	0	1,494,726	0	1,494,726
Interest	36,077	8,770	24,812	5,561	75,220
Inventory of Supplies at Cost	937,331	181,341	31,050	0	1,149,722
Investment in Joint Venture	631,510	0	0	0	631,510
Restricted Assets:					
Cash and Cash Equivalents	284,485	0	306,491	0	590,976
Property, Plant and Equipment	15,931,612	7,162,000	12,434,778	278,702	35,807,092
Less Accumulated Depreciation	(5,529,637)	(3,144,695)	(4,921,233)	(166,123)	(13,761,688)
Net Fixed Assets	10,401,975	4,017,305	7,513,545	112,579	22,045,404
Total Assets	<u>\$21,699,174</u>	<u>\$5,529,209</u>	<u>\$13,186,541</u>	<u>\$922,790</u>	<u>\$41,337,714</u>
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$677,697	\$5,996	\$1,945	\$6,681	\$692,319
Accrued Wages and Benefits	49,182	30,970	14,021	7,818	101,991
Accrued Interest Payable	2,465	14,811	4,168	0	21,444
Compensated Absences Payable	68,170	67,309	36,944	7,458	179,881
General Obligation Notes Payable	900,000	1,580,000	1,280,000	0	3,760,000
General Obligation Bonds Payable	0	1,525,000	0	0	1,525,000
Special Assessment Bond Payable	0	0	108,612	0	108,612
Mortgage Revenue Bonds Payable	2,795,000	0	3,005,000	0	5,800,000
Ohio Sewer and Water Rotary					
Commission Deferred Loan Payable	0	0	88,341	0	88,341
Ohio Public Works					
Commission Loan Payable	0	0	62,634	0	62,634
Ohio Water Development					
Authority Loans Payable	0	343,366	2,631,267	0	2,974,633
Total Liabilities	<u>4,492,514</u>	<u>3,567,452</u>	<u>7,232,932</u>	<u>21,957</u>	<u>15,314,855</u>
Fund Equity:					
Contributed Capital	79,492	101,418	3,390,129	101,123	3,672,162
Retained Earnings:					
Unreserved	17,127,168	1,860,339	2,563,480	799,710	22,350,697
Total Fund Equity	<u>17,206,660</u>	<u>1,961,757</u>	<u>5,953,609</u>	<u>900,833</u>	<u>26,022,859</u>
Total Liabilities and Fund Equity	<u>\$21,699,174</u>	<u>\$5,529,209</u>	<u>\$13,186,541</u>	<u>\$922,790</u>	<u>\$41,337,714</u>

THE CITY OF NAPOLEON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Totals</u>
<u>Operating Revenues:</u>					
Charges for Services	\$11,217,330	\$1,549,032	\$1,727,737	\$516,538	\$15,010,637
Other Charges for Services	27,089	118,850	76,723	2,461	225,123
Total Operating Revenues	<u>11,244,419</u>	<u>1,667,882</u>	<u>1,804,460</u>	<u>518,999</u>	<u>15,235,760</u>
<u>Operating Expenses:</u>					
Personal Services	895,997	495,610	292,340	136,908	1,820,855
Materials and Supplies	902,524	288,366	348,453	41,722	1,581,065
Contractual Services	320,092	99,025	160,696	171,925	751,738
Utilities	8,485,344	100,233	68,957	3,235	8,657,769
Depreciation	321,259	118,665	303,615	14,800	758,339
Other Operating Expenses	746,331	261,684	252,822	112,040	1,372,877
Total Operating Expenses	<u>11,671,547</u>	<u>1,363,583</u>	<u>1,426,883</u>	<u>480,630</u>	<u>14,942,643</u>
Operating Income (Loss)	(427,128)	304,299	377,577	38,369	293,117
<u>Nonoperating Revenues (Expenses):</u>					
Gain on Investment in Joint Ventures	47,754	0	0	0	47,754
Other Local Taxes	109,543	0	0	0	109,543
Investment Earnings	135,170	36,914	101,371	22,467	295,922
Interest and Fiscal Charges	(141,768)	(159,602)	(168,397)	0	(469,767)
Total Nonoperating Revenues (Expenses)	<u>150,699</u>	<u>(122,688)</u>	<u>(67,026)</u>	<u>22,467</u>	<u>(16,548)</u>
Income Before Operating Transfers	(276,429)	181,611	310,551	60,836	276,569
<u>Operating Transfers:</u>					
Operating Transfers In	245,020	0	9,537	0	254,557
Total Operating Transfers	<u>245,020</u>	<u>0</u>	<u>9,537</u>	<u>0</u>	<u>254,557</u>
Net Income	(31,409)	181,611	320,088	60,836	531,126
Retained Earnings at Beginning of Year	<u>17,158,577</u>	<u>1,678,728</u>	<u>2,243,392</u>	<u>738,874</u>	<u>21,819,571</u>
Retained Earnings at End of Year	<u>\$17,127,168</u>	<u>\$1,860,339</u>	<u>\$2,563,480</u>	<u>\$799,710</u>	<u>\$22,350,697</u>

THE CITY OF NAPOLEON, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Electric	Water	Sewer	Sanitation	Totals
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$11,339,229	\$1,662,016	\$1,819,033	\$520,998	\$15,341,276
Cash Payments for Goods and Services	(9,732,331)	(779,590)	(833,815)	(322,938)	(11,668,674)
Cash Payments to Employees	(883,267)	(485,213)	(287,283)	(134,520)	(1,790,283)
Net Cash Provided by Operating Activities	<u>723,631</u>	<u>397,213</u>	<u>697,935</u>	<u>63,540</u>	<u>1,882,319</u>
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In From Other Funds	245,020	0	9,537	0	254,557
Receipts of Other Local Taxes	109,543	0	0	0	109,543
Receipts of Special Assessments	0	0	146,735	0	146,735
Net Cash Provided by Noncapital Financing Activities	<u>354,563</u>	<u>0</u>	<u>156,272</u>	<u>0</u>	<u>510,835</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition and Construction of Assets	(1,367,683)	(573,564)	(370,342)	0	(2,311,589)
Proceeds From General Obligation Notes	900,000	1,580,000	1,280,000	0	3,760,000
Principal Paid on General Obligation Notes	(1,100,000)	(1,300,000)	0	0	(2,400,000)
Principal Paid on Special Assessment Bond	0	0	(3,194)	0	(3,194)
Principal Paid on General Obligation Bonds	0	(65,000)	0	0	(65,000)
Principal Paid on Mortgage Revenue Bonds	(120,000)	0	(125,000)	0	(245,000)
Principal Paid on Ohio Public Works Commission Loan	0	0	(3,684)	0	(3,684)
Principal Paid on Ohio Water Development Authority Loans	0	(14,194)	(213,277)	0	(227,471)
Interest Paid on All Debt	(121,603)	(171,376)	(142,146)	0	(435,125)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,809,286)</u>	<u>(544,134)</u>	<u>422,357</u>	<u>0</u>	<u>(1,931,063)</u>
<u>Cash Flows from Investing Activities:</u>					
Sale of Investments	1,696,105	267,576	0	22,627	1,986,308
Purchase of Investments	0	0	(832,967)	0	(832,967)
Receipts of Interest	206,891	49,497	109,057	27,329	392,774
Net Cash Provided (Used) by Investing Activities	<u>1,902,996</u>	<u>317,073</u>	<u>(723,910)</u>	<u>49,956</u>	<u>1,546,115</u>
Net Increase in Cash and Cash Equivalents	1,171,904	170,152	552,654	113,496	2,008,206
Cash and Cash Equivalents at Beginning of Year	621,951	19,628	362,530	10,327	1,014,436
Cash and Cash Equivalents at End of Year	<u><u>\$1,793,855</u></u>	<u><u>\$189,780</u></u>	<u><u>\$915,184</u></u>	<u><u>\$123,823</u></u>	<u><u>\$3,022,642</u></u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>					
Cash and Cash Equivalents	\$1,509,370	\$189,780	\$608,693	\$123,823	\$2,431,666
Add: Restricted Cash and Cash Equivalents	284,485	0	306,491	0	590,976
Cash and Cash Equivalents at End of Year	<u><u>\$1,793,855</u></u>	<u><u>\$189,780</u></u>	<u><u>\$915,184</u></u>	<u><u>\$123,823</u></u>	<u><u>\$3,022,642</u></u>

(Continued)

THE CITY OF NAPOLEON, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Electric	Water	Sewer	Sanitation	Totals
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided by Operating Activities:</u>					
Operating Income (Loss)	(\$427,128)	\$304,299	\$377,577	\$38,369	\$293,117
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation Expense	321,259	118,665	303,615	14,800	758,339
Changes in Assets and Liabilities:					
Decrease (Increase) in Accounts Receivable	94,810	(5,866)	14,573	1,999	105,516
Decrease (Increase) in Inventory	139,296	(30,130)	(1,416)	0	107,750
Increase (Decrease) in Accounts Payable	583,267	(152)	(1,471)	5,984	587,628
Increase in Accrued Wages and Benefits	6,455	4,276	2,479	563	13,773
Decrease in Customer Deposits	(603)	0	0	0	(603)
Increase in Compensated Absences	6,275	6,121	2,578	1,825	16,799
Total Adjustments	1,150,759	92,914	320,358	25,171	1,589,202
Net Cash Provided by Operating Activities	\$723,631	\$397,213	\$697,935	\$63,540	\$1,882,319

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2002, the Electric Fund had outstanding liabilities of \$70,101 for the purchase of certain capital assets. During 2002 the fair value of investments increased by \$20,443, \$2,971, \$9,529 and \$1,939 in the Electric, Water, Sewer and Sanitation Funds respectively.

FIDUCIARY FUND TYPES

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.

EXPENDABLE TRUST FUNDS

Unclaimed Monies Fund

To account for stale uncashed warrants held until a legitimate claim is made or until the statute of limitations prevails. (The Statement of Revenues, Expenditures and Changes in Fund Balances is not presented because there was no activity on a GAAP basis.)

Napoleon Cemetery Trust 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. (The Statement of Revenues, Expenditures and Changes in Fund Balances is not presented because there was no activity on a GAAP basis.)

AGENCY FUNDS

Municipal Court Fund

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

Payroll Withholding Fund

To account for withholding taxes until remitted to other entities.

Employee Benefits Fund

To account for funds related to the IRS 125 Employee Benefits Plan.

THE CITY OF NAPOLEON, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2002

	<u>Expendable Trust Funds</u>		<u>Agency Funds</u>		<u>Totals</u>
	<u>Unclaimed Monies</u>	<u>Napoleon Cemetery Trust</u>	<u>Municipal Court</u>	<u>Employee Benefits</u>	
<u>Assets:</u>					
Cash and Cash Equivalents	\$6,912	\$93,301	\$19,591	\$332	\$120,136
Total Assets	<u>\$6,912</u>	<u>\$93,301</u>	<u>\$19,591</u>	<u>\$332</u>	<u>\$120,136</u>
<u>Liabilities and Fund Equity:</u>					
<u>Liabilities:</u>					
Due to Others	\$6,912	\$0	\$19,591	\$332	\$26,835
Total Liabilities	<u>6,912</u>	<u>0</u>	<u>19,591</u>	<u>332</u>	<u>26,835</u>
<u>Fund Equity:</u>					
Unreserved	0	93,301	0	0	93,301
Total Fund Equity	<u>0</u>	<u>93,301</u>	<u>0</u>	<u>0</u>	<u>93,301</u>
Total Liabilities and Fund Equity	<u>\$6,912</u>	<u>\$93,301</u>	<u>\$19,591</u>	<u>\$332</u>	<u>\$120,136</u>

CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

UNCLAIMED MONIES FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$5,000	\$5,051	\$51
Total Revenues	5,000	5,051	51
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	5,051	51
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(1,000)	(918)	82
Total Other Financing Sources (Uses)	(1,000)	(918)	82
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,000	4,133	133
Fund Balance at Beginning of Year	2,779	2,779	0
Fund Balance at End of Year	\$6,779	\$6,912	\$133

CITY OF NAPOLEON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

NAPOLEON CEMETERY TRUST FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$4,700	\$4,785	\$85
Total Revenues	4,700	4,785	85
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,700	4,785	85
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	10,500	10,566	66
Total Other Financing Sources (Uses)	10,500	10,566	66
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	15,200	15,351	151
Fund Balance at Beginning of Year	77,950	77,950	0
Fund Balance at End of Year	\$93,150	\$93,301	\$151

THE CITY OF NAPOLEON, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$21,919	\$1,785,258	(\$1,787,586)	\$19,591
Total Assets	<u>\$21,919</u>	<u>\$1,785,258</u>	<u>(\$1,787,586)</u>	<u>\$19,591</u>
Liabilities:				
Due to Others	\$21,919	\$1,785,258	(\$1,787,586)	\$19,591
Total Liabilities	<u>\$21,919</u>	<u>\$1,785,258</u>	<u>(\$1,787,586)</u>	<u>\$19,591</u>
<u>Payroll Withholding</u>				
Assets:				
Cash and Cash Equivalents	\$222	\$0	(\$222)	\$0
Total Assets	<u>\$222</u>	<u>\$0</u>	<u>(\$222)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$222	\$0	(\$222)	\$0
Total Liabilities	<u>\$222</u>	<u>\$0</u>	<u>(\$222)</u>	<u>\$0</u>
<u>Employee Benefits</u>				
Assets:				
Cash and Cash Equivalents	\$25	\$1,000	(\$693)	\$332
Total Assets	<u>\$25</u>	<u>\$1,000</u>	<u>(\$693)</u>	<u>\$332</u>
Liabilities:				
Due to Others	\$25	\$1,000	(\$693)	\$332
Total Liabilities	<u>\$25</u>	<u>\$1,000</u>	<u>(\$693)</u>	<u>\$332</u>
<u>Totals - Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$22,166	\$1,786,258	(\$1,788,501)	\$19,923
Total Assets	<u>\$22,166</u>	<u>\$1,786,258</u>	<u>(\$1,788,501)</u>	<u>\$19,923</u>
Liabilities:				
Due to Others	\$22,166	\$1,786,258	(\$1,788,501)	\$19,923
Total Liabilities	<u>\$22,166</u>	<u>\$1,786,258</u>	<u>(\$1,788,501)</u>	<u>\$19,923</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2002

General Fixed Assets:

Land	\$1,647,180
Buildings	2,044,571
Improvements	459,945
Machinery and Equipment	4,156,054
Construction in Progress	5,895
	<hr/>
Total General Fixed Assets	<u><u>\$8,313,645</u></u>

Investment in General Fixed Assets:

General Fund	\$442,351
Special Revenue Funds	191,093
Capital Projects Funds	7,096,576
Enterprise Funds	580,725
Internal Service Fund	400
Donated	2,500
	<hr/>
Total Investment in General Fixed Assets	<u><u>\$8,313,645</u></u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2002

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
<u>General Government:</u>						
City Manager	\$0	\$0	\$0	\$82,142	\$0	\$82,142
Law Director	0	0	0	15,844	0	15,844
Finance	0	179,304	0	225,023	0	404,327
Tax	0	0	0	28,696	0	28,696
Engineering	0	0	1,978	79,562	0	81,540
Municipal Court	0	0	0	86,157	0	86,157
General Administration	260,320	0	0	17,040	0	277,360
Total	<u>260,320</u>	<u>179,304</u>	<u>1,978</u>	<u>534,464</u>	<u>0</u>	<u>976,066</u>
<u>Security of Persons and Property:</u>						
Police	32,729	112,500	0	528,700	0	673,929
Fire	6,514	398,474	0	1,421,539	0	1,826,527
Total	<u>39,243</u>	<u>510,974</u>	<u>0</u>	<u>1,950,239</u>	<u>0</u>	<u>2,500,456</u>
<u>Transportation:</u>						
Street	37,457	654,534	65,008	1,004,898	5,895	1,767,792
Maintenance	0	0	0	38,547	0	38,547
Total	<u>37,457</u>	<u>654,534</u>	<u>65,008</u>	<u>1,043,445</u>	<u>5,895</u>	<u>1,806,339</u>
<u>Leisure Time Activities:</u>						
Parks and Recreation	1,072,860	693,959	392,959	534,734	0	2,694,512
<u>Community Environment:</u>						
Inspection	0	0	0	11,694	0	11,694
<u>Public Health and Welfare:</u>						
Cemetery	237,300	5,800	0	81,478	0	324,578
Total General Fixed Assets	<u>\$1,647,180</u>	<u>\$2,044,571</u>	<u>\$459,945</u>	<u>\$4,156,054</u>	<u>\$5,895</u>	<u>\$8,313,645</u>

THE CITY OF NAPOLEON, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Function and Activity</u>	December 31, 2001	Additions	Deletions	December 31, 2002
<u>General Government:</u>				
City Manager	\$75,842	\$6,300	\$0	\$82,142
Law Director	15,844	0	0	15,844
Finance	399,444	4,883	0	404,327
Tax	16,562	12,134	0	28,696
Engineering	56,135	25,405	0	81,540
Municipal Court	75,390	10,767	0	86,157
General Administration	277,360	0	0	277,360
Total	<u>916,577</u>	<u>59,489</u>	<u>0</u>	<u>976,066</u>
<u>Security of Persons and Property:</u>				
Police	622,753	91,307	(40,131)	673,929
Fire	1,773,280	53,247	0	1,826,527
Total	<u>2,396,033</u>	<u>144,554</u>	<u>(40,131)</u>	<u>2,500,456</u>
<u>Transportation:</u>				
Street	1,745,399	22,393	0	1,767,792
Maintenance	38,547	0	0	38,547
Total	<u>1,783,946</u>	<u>22,393</u>	<u>0</u>	<u>1,806,339</u>
<u>Leisure Time Activities:</u>				
Parks and Recreation	2,622,815	331,752	(260,055)	2,694,512
<u>Community Environment:</u>				
Inspection	10,226	1,468	0	11,694
<u>Public Health and Welfare:</u>				
Cemetery	319,025	10,838	(5,285)	324,578
Total General Fixed Assets	<u>\$8,048,622</u>	<u>\$570,494</u>	<u>(\$305,471)</u>	<u>\$8,313,645</u>

STATISTICAL SECTION



Waterfront housing is popular along the Maumee River, above

and in the Bauman Lake Subdivision, below.



STATISTICAL TABLES

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

THE CITY OF NAPOLEON, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

Year	Security of Persons and Property	Public Health and Welfare	Leisure Time Activities	Community Environment	Trans- portation	Basic Utility Services	General Government	Capital Outlay	Debt Service	Other	Total
1993	\$1,045,095	\$74,603	\$758,785	\$396,980	\$297,945	\$15,156	\$649,044	\$189,640	\$733,647	\$11,605	\$4,172,500
1994	1,137,555	77,598	575,031	343,283	332,275	24,240	532,174	0	736,022	5,097	3,763,275
1995	1,348,173	66,816	660,108	225,456	355,099	0	627,134	0	346,984	0	3,629,770
1996	1,701,587	53,255	650,675	101,021	419,561	0	613,264	0	328,443	0	3,867,806
1997	1,620,552	66,127	594,786	322,033	369,319	0	573,955	0	340,717	0	3,887,489
1998	1,811,903	66,231	637,495	166,716	460,040	0	526,416	0	347,991	0	4,016,792
1999	1,686,473	62,354	665,529	390,281	382,531	0	655,126	0	354,329	0	4,196,623
2000	2,451,923	66,118	710,193	653,905	519,657	0	793,592	0	345,952	0	5,541,340
2001	2,132,567	79,675	786,130	180,763	584,706	0	1,060,213	0	286,175	0	5,110,229
2002	2,334,971	80,577	770,783	599,187	645,695	0	977,419	0	246,787	0	5,655,419

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

NOTE In 1995 the Income Tax and Police Pension Funds (expendable trust funds) were reclassified. Income Tax is receipted into the General Fund and the Police Pension Fund is now a special revenue fund.

THE CITY OF NAPOLEON, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS

Year	Taxes	Inter-Governmental Revenue	Charges for Service	Licenses and Permits	Investment Earnings	Fines and Forfeitures	Miscellaneous (2)	Total
1993	\$776,471	\$185,364	\$263,949	\$33,152	\$101,599	\$221,160	\$688,037	\$2,269,732
1994	847,405	503,757	285,968	32,289	128,278	247,866	663,309	2,708,872
1995	2,327,551	860,524	537,149	20,288	137,300	229,291	388,174	4,500,277
1996	2,519,304	1,132,078	720,752	60,039	362,975	261,235	470,928	5,527,311
1997	2,546,058	1,056,318	458,110	48,663	408,910	242,252	465,081	5,225,392
1998	2,726,758	1,067,245	596,375	49,531	392,843	286,415	552,914	5,672,081
1999	3,018,876	1,311,630	531,657	50,966	388,960	271,662	655,030	6,228,781
2000	2,991,556	1,536,355	582,955	52,682	487,111	293,545	481,167	6,425,371
2001	2,851,943	1,243,384	615,613	52,815	480,730	410,473	522,602	6,177,560
2002	3,337,819	963,001	681,839	66,533	317,932	480,217	476,498	6,323,839

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund
(2) Includes Special Assessments and All Other Revenues

NOTE In 1995 the Income Tax and Police Pension Funds (expendable trust funds) were reclassified. Income Tax is reported into the General Fund and the Police Pension Fund is now reported as a special revenue fund.

THE CITY OF NAPOLEON, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
1993	\$283,536	\$267,210	\$6,500	\$273,710	96.53%	\$2,799	0.99%
1994	289,896	284,806	3,569	288,375	99.48%	3,532	1.22%
1995	295,504	288,137	4,645	292,782	99.08%	5,131	1.74%
1996	301,210	295,186	5,991	301,177	99.99%	4,599	1.53%
1997	336,308	312,912	5,826	318,738	94.78%	5,345	1.59%
1998	330,297	259,303	9,015	268,318	81.24%	1,475	0.45%
1999	352,182	270,412	8,344	278,756	79.15%	3,118	0.89%
2000	405,869	302,381	9,308	311,689	76.80%	2,169	0.53%
2001	409,633	304,113	7,639	311,752	76.11%	3,089	0.75%
2002	409,257	297,008	10,445	307,453	75.12%	3,089	0.75%

Source: Henry County Auditor

**THE CITY OF NAPOLEON, OHIO
TANGIBLE TAX COLLECTED
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1993	\$67,413
1994	66,153
1995	71,558
1996	73,621
1997	61,252
1998	100,576
1999	104,762
2000	92,597
2001	106,276
2002	85,015

Source: Henry County Auditor

THE CITY OF NAPOLEON, OHIO
ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1993	\$65,019,730	\$185,770,657	\$3,686,860	\$4,189,614	\$22,763,639	\$84,309,774	\$91,470,229	\$274,270,045	33.35%
1994	75,566,330	215,903,800	3,699,790	4,204,307	24,025,675	88,983,981	103,291,795	309,092,088	33.42%
1995	76,051,100	217,288,857	3,936,490	4,473,284	24,382,578	90,305,844	104,370,168	312,067,985	33.44%
1996	77,681,990	221,948,543	3,976,050	4,518,239	25,608,664	94,846,904	107,266,704	321,313,686	33.38%
1997	88,136,170	246,061,343	3,506,130	4,174,330	28,314,167	96,938,593	119,956,467	347,174,266	34.55%
1998	89,735,450	256,387,000	3,396,460	3,855,068	28,314,167	113,256,668	121,446,077	373,498,736	32.52%
1999	102,814,376	293,755,360	3,331,130	3,333,130	35,687,750	142,751,000	141,833,256	439,839,490	32.25%
2000	103,446,330	295,560,943	3,748,180	3,748,180	31,633,917	126,535,668	138,828,427	425,844,791	32.60%
2001	105,734,600	302,098,857	1,952,600	1,952,600	33,565,573	134,262,292	141,252,773	438,313,749	32.23%
2002	116,426,730	332,647,800	1,873,020	1,873,020	30,099,594	120,398,376	148,399,344	454,919,196	32.62%

Source: Henry County Auditor

THE CITY OF NAPOLEON, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS

Collection Year	City of Napoleon										Total
	General Fund	Police Pension Fund	Fire Pension Fund	Total City	Napoleon City School District		Joint Vocational School District		Henry County	Napoleon Township	
1993	2.00	0.60	0.30	2.90	34.90	3.20	3.20	12.60	0.40	54.00	
1994	2.00	0.60	0.30	2.90	42.80	3.20	3.20	12.60	0.40	61.90	
1995	2.00	0.60	0.30	2.90	42.80	3.20	3.20	12.60	0.40	61.90	
1996	2.00	0.60	0.30	2.90	42.80	3.20	3.20	14.00	0.40	63.30	
1997	2.00	0.60	0.30	2.90	44.90	3.20	3.20	15.30	0.40	66.70	
1998	2.00	0.60	0.30	2.90	44.90	3.20	3.20	15.30	0.40	66.70	
1999	2.00	0.60	0.30	2.90	45.80	3.20	3.20	15.30	0.40	67.60	
2000	2.00	0.60	0.30	2.90	45.80	3.20	3.20	15.30	0.40	67.60	
2001	2.00	0.60	0.30	2.90	45.80	3.20	3.20	14.10	0.40	66.40	
2002	2.00	0.60	0.30	2.90	45.80	3.20	3.20	16.20	0.40	68.50	

Source: Henry County Treasurer

THE CITY OF NAPOLEON, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS

Collection Year	Amount Billed	Amount Collected	Percent Collected
1993	\$482,119	\$485,542	100.71%
1994	477,305	480,708	100.71%
1995	471,964	472,361	100.08%
1996	466,386	468,027	100.35%
1997	478,477	481,189	100.57%
1998	468,893	467,776	99.76%
1999	508,435	440,706	86.68%
2000	471,774	318,144	67.44%
2001	424,254	476,185	112.24%
2002	384,439	352,454	91.68%

Source: City of Napoleon Finance Department

THE CITY OF NAPOLEON, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2002

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$148,399,344	\$148,399,344
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	15,581,931	8,161,964
Applicable City Debt Outstanding (2)	0	0
Less: Applicable Debt Service Fund Amounts	(364,647)	(364,647)
Net Indebtedness Subject to Limitation	0	0
Legal Debt Margin	\$15,581,931	\$8,161,964

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

(2) The City does not have any non self-supporting general obligation debt.
 Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin.

THE CITY OF NAPOLEON, OHIO
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
1993 a	8,884	\$91,470,229	\$225,000	\$1,013,650	\$0	0.00%	\$0.00
1994 b	9,215	103,291,795	0	938,031	0	0.00%	0.00
1995 b	9,215	104,370,168	0	268,590	0	0.00%	0.00
1996 b	9,215	107,266,704	0	283,725	0	0.00%	0.00
1997 b	9,215	115,978,300	0	300,495	0	0.00%	0.00
1998 b	9,215	121,446,077	0	308,476	0	0.00%	0.00
1999 b	9,215	141,833,256	0	281,696	0	0.00%	0.00
2000 c	9,318	138,828,427	0	310,986	0	0.00%	0.00
2001 c	9,318	141,252,773	0	387,721	0	0.00%	0.00
2002 c	9,318	148,399,344	0	364,647	0	0.00%	0.00

(1) Source: U.S. Bureau of Census, a) Federal 1990 Census.

b) Population estimates made by the City.

c) Federal 2000 Census.

(2) Source: Henry County Auditor.

(3) Includes all non self-supporting general obligation bonded debt supported by property taxes.

THE CITY OF NAPOLEON, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
DECEMBER 31, 2002

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Napoleon</u>	<u>Amount Applicable to City of Napoleon</u>
Direct			
City of Napoleon	\$5,624,305	100.00%	\$5,624,305
Overlapping Subdivisions			
Napoleon City School District	4,944,456	49.34%	2,439,595
Liberty Center School District	3,005,000	6.32%	189,916
Four County Vocational School District	0	5.44%	0
Henry County	2,753,575	27.90%	768,247
		Subtotal	<u>3,397,758</u>
		Total	<u><u>\$9,022,063</u></u>

Source: Bond Counsel - Squire, Sanders & Dempsey

THE CITY OF NAPOLEON, OHIO
MORTGAGE REVENUE BOND COVERAGE

<u>Year</u>	<u>Gross Revenues (3)</u>	<u>Direct Operating Expenses (4)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Annual Debt Service Requirement (5)</u>	<u>Coverage</u>
Electric (1)					
1998	\$9,898,206	\$9,939,969	(\$41,763)	\$21,326	(1.96)
1999	11,057,218	10,041,853	1,015,365	234,584	4.33
2000	11,208,088	9,396,161	1,811,927	256,710	7.06
2001	11,873,698	10,214,482	1,659,216	257,255	6.45
2002	11,379,589	11,350,288	29,301	257,120	0.11
Sewer (2)					
1998	\$1,521,674	\$1,258,196	\$263,478	\$23,072	11.42
1999	1,498,570	546,998	951,572	253,793	3.75
2000	1,761,805	708,254	1,053,551	272,265	3.87
2001	2,028,949	802,347	1,226,602	272,608	4.50
2002	1,905,831	1,123,268	782,563	272,667	2.87

The City had no Mortgage Revenue Bonds Prior to 1998.

(1) The Electric system 1st Mortgage Revenue Bonds were issued in 1998, in the amount of \$3,245,000.

(2) The Sewer system 1st Mortgage Revenue Bonds were issued in 1998, in the amount of \$3,480,000.

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

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

(5) Annual debt service requirements include principal and interest on revenue bonds only. It does not include the general obligation bonds reported in the Water Revenue Fund.

Source: City of Napoleon Finance Department

**THE CITY OF NAPOLEON, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	City Population (1)	Henry County Population (b)	Unemployment Rate Henry County Area (2)	Per Capita Income Henry County Area (2)	School Enrollment (3)
1993	a 8,884	29,456	7.9%	\$19,211	2,505
1994	b 9,215	29,521	6.2%	20,326	2,459
1995	b 9,215	29,703	6.2%	20,870	2,451
1996	b 9,215	29,837	4.5%	21,723	2,399
1997	b 9,215	29,885	5.4%	22,928	2,436
1998	b 9,215	29,880	5.3%	23,144	2,462
1999	b 9,215	29,870	5.6%	23,833	2,779
2000	c 9,318	29,210	4.8%	24,430	2,885
2001	c 9,318	29,310	5.1%	25,330	2,902
2002	c 9,318	29,310	5.3%	25,330	2,844

(1) Source: U.S. Bureau of Census, a) Federal 1990 Census.

b) Population estimates c) Federal 2000 Census.

(2) State Department of Labor

(3) Napoleon City School District, Board of Education.

THE CITY OF NAPOLEON, OHIO
PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS

Year	Residential		Commercial	
	Number of Permits	Property Value	Number of Permits	Property Value
1993	290	\$2,687,699	98	\$3,052,160
1994	325	4,553,321	110	4,742,731
1995	304	4,835,106	95	3,231,124
1996	396	3,752,544	99	9,371,560
1997	465	4,044,180	126	4,716,800
1998	422	5,004,557	142	14,928,580
1999	441	5,066,085	101	5,323,497
2000	464	3,757,826	106	11,525,340
2001	515	3,670,742	113	15,629,875
2002	509	3,715,511	134	6,268,530

Source: City of Napoleon Building Department.

THE CITY OF NAPOLEON, OHIO
PRINCIPAL TAXPAYERS (PERSONAL PROPERTY TAX) (1)
DECEMBER 31, 2002

Taxpayer	Type of Business	2002 Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1. Tenneco Automotive	Rubber and Metal Assembly	\$4,344,770	14.43%
2. Campbell Soup Supply Company, LLC	Food Canning and Processing	2,705,650	8.99%
3. Automatic Feed Company	Steel Handling Equipment	2,197,330	7.30%
4. Carson Industries	Manufacturing	2,067,830	6.87%
5. Pro Team Corvette Sales	Automobile Sales	1,273,920	4.23%
6. LDM Technologies, Inc.	Manufacturing	1,207,820	4.01%
7. Sunshine Biscuits	Food Processing	1,169,630	3.89%
8. CCS Realty Company	Real Estate	1,071,090	3.56%
9. Universal Co-op	Manufacturing	973,990	3.24%
10. Wal-Mart Stores, Inc.	Retail Sales	821,710	2.73%
	Sub-Total	17,833,740	59.25%
	All Others	12,265,854	40.75%
	Total	\$30,099,594	100.00%

(1) Based on valuation of property taxes to be collected in 2002.
Source: Henry County Auditor - Land and Buildings.

THE CITY OF NAPOLEON, OHIO
PRINCIPAL TAXPAYERS (REAL PROPERTY TAX) (1)
DECEMBER 31, 2002

Taxpayer	Type of Business	2002 Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1. CCS Realty Company	Real Estate	\$6,144,942	5.28%
2. Wal-Mart	Retail Sales	4,129,085	3.55%
3. Lutheran Development	Nursing Home	2,486,228	2.14%
4. Imperial Clevite	Rubber and Metal Assembly	2,263,114	1.94%
5. Automatic Feed	Steel Handling Equipment	2,038,114	1.75%
6. HK New Plan Excel Realty Properties	Retail Sales	1,897,485	1.63%
7. Glen Arbor Limited	Apartments	1,717,657	1.47%
8. Rahee Hospitality	Motel	1,596,324	1.37%
9. Prem Sager Mehta	Motel	1,393,742	1.20%
10. Guy Hill	Real Estate	1,215,200	1.04%
Sub-Total		24,881,891	21.37%
All Others		91,544,839	78.63%
Total		\$116,426,730	100.00%

(1) Based on valuation of property taxes to be collected in 2002.
Source: Henry County Auditor - Land and Buildings.

THE CITY OF NAPOLEON, OHIO
PRINCIPAL TAXPAYERS (INCOME TAX)
DECEMBER 31, 2002

Taxpayer	Type of Business	Amount of Tax Paid in 2002	Percentage of Total
1. Tenneco Automotive (Pullman Company)	Manufacturing	\$197,192	7.37%
2. Campbell Soup Supply Company, LLC	Food Canning and Processing	130,426	4.87%
3. Napoleon City School District	Education	124,090	4.63%
4. Automatic Feed Company	Steel Handling Equipment	76,420	2.85%
5. Henry County	County Government	71,006	2.65%
6. City of Napoleon	Local Government	57,520	2.15%
7. Wal-Mart Stores, Inc.	Retail Sales	49,502	1.85%
8. LDM Technologies, Inc.	Manufacturing	48,781	1.82%
9. Cloverleaf Cold Storage	Warehousing	38,233	1.43%
10. Carson Industries	Manufacturing	36,531	1.36%
Sub-Total		829,701	30.98%
All Others		1,847,889	69.02%
Total		\$2,677,590	100.00%

Source: Napoleon City Income Tax Department

THE CITY OF NAPOLEON, OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2002

	Employer	Type of Business	Number of Employees		
			Full-Time	Part-Time	Total
1.	Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	366	9	375
2.	Henry County	County Government	240	125	365
3.	Wal-Mart Stores	Retail	210	135	345
4.	Napoleon City School District	Education	323	0	323
5.	City of Napoleon	Local Government	107	119	226
6.	The Lutheran Home	Long-term Health Care	104	69	173
7.	LDM Technologies	Manufacturing	168	3	171
8.	Carson Industries	Manufacturing	122	2	124
9.	Automatic Feed Company	Steel Handling Equipment	110	0	110
10.	Northerest Nursing Home	Health Care and Rehabilitation	70	24	94

Source: City of Napoleon Chamber of Commerce/Each Employer's Personnel Departments.







**Auditor of State
Betty Montgomery**

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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 15, 2003**