

*THE CITY OF NAPOLEON, OHIO*

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HENRY COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010





# Dave Yost • Auditor of State

City Council  
City of Napoleon  
255 West Riverview Avenue  
P.O. Box 151  
Napoleon, Ohio 43545

We have reviewed the *Independent Auditor's Report* of the City of Napoleon, Henry County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 27, 2011



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2010

*Prepared by the Finance Department*

Gregory J. Heath  
Director of Finance



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HENRY COUNTY, OHIO

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## *INTRODUCTORY SECTION*

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Napoleon High School serves the entire school district.





# CITY OF NAPOLEON, OHIO

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June 8, 2011

## Introduction

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

We are pleased to present the Fifteenth (15<sup>th</sup>) **Comprehensive Annual Financial Report** (CAFR) of the City of Napoleon, Ohio, (the City) for the year ended December 31, 2010. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Generally Accepted Auditing Standards (GAAS). GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A) to accompany the basic financial statements. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## The Report

*State law*, along with *Administrative Rules* of the Auditor of State, requires all City governments to publish an Annual Report within 150 days of the close of each fiscal year. This report must present a complete set of financial statements presented in conformity with GAAP. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAAS. Pursuant to these requirements, we hereby issue the CAFR of the City of Napoleon, Ohio, for the fiscal year ended December 31, 2010.

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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The City's financial statements have been audited by an Independent Public Accountant (IPA), James G Zupka, CPA, Inc., Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. The IPA issued an unqualified opinion that the basic financial statements are presented fairly in conformity with GAAP, in all material respects, representing the financial position of the City as of December 31, 2010. The report from the IPA is presented as the first component of the financial section of this report.

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

**Early History**

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

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

**The City of Napoleon**

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

## ***CITY OF NAPOLEON, OHIO***

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### ***Letter of Transmittal For the Year Ended December 31, 2010***

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

#### **Form of Government**

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**Municipal Services**

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

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

The City's enterprise activities are not subject to rate review by the Public Utilities Commission of Ohio (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. The Board of Public Affairs is a citizen's board appointed by City Council to review and make recommendations to City Council on all enterprise activity including all rates, policies and procedures. Final responsibility for enterprise rate changes lies solely with the City Council.

The City is 1 of 128 member public entities in the American Municipal Power, Inc. "AMP", (previously known as American Municipal Power-Ohio or "AMP-Ohio"). AMP 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 purchases wholesale electric power and energy and sells it to members at rates based on purchase price plus a small service fee. The organization also develops alternative power sources to best meet member's short and long-term power needs, and operates a power dispatch center 24 hours a day, 365 days a year, to serve its member communities. The City participates in three (3) joint ventures administrated by AMP, and is contractually obligated to the Gorsuch Station generating plant. Other more recent power contracts include the Prairie State generating plant, various hydroelectric power generating stations and solar energy "green" projects. Detailed descriptions of the joint ventures are listed in the Notes to the Financial Statements. Currently the City has a closed electric system and does not offer outside power sources to its customers from other providers.

The City has a contract with Henry County for the operation of a County/City Community Improvement Corporation for the purpose of Economic Development. Mutual aid contracts for fire and emergency medical services are between the City, certain Townships surrounding the City, and the Henry County South Joint Ambulance District. Henry County operates the health district, in which the City participates contractually, but has no direct fiduciary responsibility by agreement. The City has a contract with the Napoleon/Henry County Chamber of Commerce to operate a Tourist Bureau, this is funded through a lodge tax imposed and collected by the City.



***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**The Reporting Entity**

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

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

**Budgetary and Accounting Controls**

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

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

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**Budgetary Controls**

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

**Personal Services:**

- Salary and Wages
- Fringe Benefits

**Other Expenditures:**

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

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

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

**Local Economy**

The local economy demonstrated signs of growth in 2010, following both State of Ohio and National economic trends. In certain sectors, especially automotive and housing, economic retraction has stabilized with certain local area economic activity trending higher. Comparing municipal income taxes for 2010 to 2009 (adjusting out a 0.3% income tax increase effective July 1, 2009, see later description of this tax) overall combined total income tax collections were up by +3.0%. Business profit taxes, individual returns and withholding taxes all trended higher in 2010. Actual income tax revenues collected in 2010 (including the 0.3% income tax increase) was \$3,378,498, up +\$473,320 in 2010 over 2009 of \$2,905,179. The taxable income into the first quarter of 2011 is continuing to trend slowly higher compared to the same period for 2010. Income tax withholdings have the potential to be negatively impacted, with possible reduced taxable income, from business implementation of various state and federal mandates imposed on the City to exclude tax deferral plans from its allowable taxation base. Future taxable income growth may be restricted or reduced by implementation of these various approved tax deferred, 125 and other plans. Currently, State Law limits the City tax to be applied only against Box 5 of the W-2 (Medicare wages and not Gross wages).

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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In May, 2009, the Citizens of Napoleon voted on and approved an *additional permanent income tax of 0.3%* for General Operations and Capital Improvements of the City, with a July 1, 2009 effective date. When added to the prior 1.2% rate, this increased the total income tax rate to 1.5%. In addition, in May, 2010, the Citizens of Napoleon voted on and approved a permanent income tax renewal of the Recreation Levy of 0.2%, with the net rate remaining at 1.5%. However, the total income tax rate of 1.5% is now permanent and is not subject to periodic voted renewals.

Both local housing growth and general home values were generally flat in 2010, both following State and National trends. Local area new housing starts remain close to zero, however, the turn over of pre-existing homes picked up slightly in 2010. This trend has continued into the first quarter 2011 for the sales of pre-existing homes, and is primarily due to lowered mortgage rates and incentive programs offered through the State and Federal Governments. Overall local home foreclosures are up slightly over the previous year. Building Permits for both residential and commercial improvements were down in 2010.

With improvements to the domestic automotive manufacturing and their related industries, the unemployment rate in Henry County was lower at 11.0% as of December 31, 2010, versus 13.3% for December 31, 2009 (not seasonally adjusted). The rate has slightly increased through March 31, 2011 to 11.5%. The local area unemployment rate is higher compared to the State of Ohio rate of 9.5% and the National rate of 9.4%, at the end of 2010. While specific data is unavailable from the Ohio Department of Job and Family Services (ODJFS) for the City, it is estimated that the City's unemployment rate falls between the State of Ohio rate and the rate for Henry County. Using the rates through December 31, 2010, it is estimated the rate for the City would fall between 9.5% and 11.0%, or about 10.25%.

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

**Business**

The City has experienced both loss and gain from businesses located inside and outside the City limits in 2010. Some recent losses of general, retail or food businesses in 2010 located inside or close to the City include: TMT Warehousing, Pearl Gas Company and Napoleon Uniforms.

On the positive side, there were some new businesses added in 2010, these include: Herms Meat Market, Gracie's (previously the Town Tap) and Together We Can Make A Difference. The local automotive companies that survived the downturn have regained a substantial portion of their business. These companies have also worked to diversify their product offerings so they are not as dependent on the automotive industry as they were prior to the great recession of 2008 – 2009. The following are the private and public employers that have the largest work forces and are located inside or outside (adjacent to) the City:

**CITY OF NAPOLEON, OHIO**

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***Letter of Transmittal  
For the Year Ended December 31, 2010***

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

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

Excluding employers outside the City limits, the listed industries and service providers’ employ an estimated 2,500 persons in both full and part-time positions. Campbell Soup Supply Co. and Silgan Can Company are both located adjacent to, but outside City limits. Campbell’s is the largest single employer in Henry County, and is estimated to employ 1,560 persons, both full time and part time; and Silgan Can employees an approximate 300 persons.

The following is provided by Mr. Ralph A. Lange, Director of Henry County Community Improvement Corporation (CIC), as to both current and future area economic development.

**Current Development**

The great recession of 2008 – 2009 bottomed out for Henry County in early 2010. As the year progressed many promising events took place helping to turn economic development activity around. It started with the CIC assisting a local development group, Napoleon 1 LLC, to partner with the Rite Aide drug store chain for a package that allowed the developer to build a new 15,000 square foot full service store at a prime location in the City. The agreed to lease is for 20 years and is projected to add over \$4.0 million dollars of new monetary value to the local economy, the project was completed in late 2010.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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In addition, Railtech Boutet, Inc. located just outside the City limits in Liberty Township, adjacent to the City on its eastern boundary, in early 2010 invested approximately \$2.4 million in new equipment, facilities (doubling its size to approximately 70,000 square feet), and includes plans to hire 33 new employees. The new employees are projected to add approximately \$1.3 million in new base payroll to the local economy. This investment is expected to generate hundreds of thousands of dollars of new contracts for machine shops located elsewhere in Henry County.

Campbell Soup continues to provide the economic floor that Henry County stands on, even in the worst of times. That was the case again in 2010 as they, their suppliers and transportation providers continued to provide thousands of jobs for Henry County residents. The CIC was able to sponsor the expansion of several small businesses in the county. This included working with a local bank that provided a refinancing package that saved at least 50 jobs for a Napoleon area business. The CIC was able to attract two (2) units of the Koester Corporation to the City in late 2009, bringing in 45 high paying jobs.

The City received approval from the State of Ohio, in late 2009, for a \$400,000 downtown development grant that has spurred public and private investment in the downtown for 2010 and in to 2011. The City has recently decided to apply for a second round of funding from the State of Ohio downtown development grant to further insure public and private investment for the downtown into the future.

**Future Development**

CIC is currently working with individuals and companies to bring new businesses to Henry County and the City. These potential businesses represent both high-tech and manufacturing companies, and are at various stages of completion.

With the completion of the Fort to Port Project sometime in 2012 (expanding Route 24 into a four lane highway between Toledo, Ohio and Fort Wayne, Indiana), and the recent completion of CSX's massive intermodal rail facility (located west of North Baltimore, Ohio, less than 15 miles east of Deshler, Ohio of Henry County). A wide variety of other companies are currently looking at the City and the Henry County area with regard to either expanding their current operations, or setting up new businesses and/or operations. These projects bring the promise of hope that economic development, expansion and growth will occur in 2011 and beyond.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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***Major City Initiatives for the Year (presented by Dr. Jon A. Bisher, City Manager)***

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

- Completed major street and other infrastructure improvements, including Haley Avenue.
- Finalized the cleanup and conversion of an old landfill into a new yard waste site.
- Upgraded major equipment in many of the Departments, including a new fire tanker truck.
- Upgraded various Department computers, software, phones and added fiber optic extensions.
- Continued the upgrade of the City's Electrical Substations.
- Completed major sewer separations on the sanitary sewer and storm water systems at various locations in the City. Completed plans on a major upgrades to Clairmont and Haley Avenues.
- Fine tuned the operation of the MIEX Water Pretreatment Facility placed in service late 2008.
- Placed in service the 2.5 million gallon Equalization (EQ) Basin Detention Storm Water Basin Control Project with state of the art infrared treatment, project started in 2008.

***Major City Initiatives for the Future (presented by Dr. Jon A. Bisher, City Manager)***

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

- Update the Zoning Code and implement the recently approved new City Master Plan.
- Continued development of industrial and commercial sites for expanded and new industries.
- On-going road improvements and other infrastructure street repairs.
- Upgrade of water lines to improve water flow rates and reliability to customers outside the City.
- Expansion of electric, water and sewer lines to new development areas in the City as needed.
- Elimination of sanitary sewer and combined sewer overflows through specific projects.
- Development from the completion of the SR-24 Fort to Port project.
- A study by the State of Ohio for a second possible river bridge crossing over the Maumee River.
- Major equipment and utility infrastructure upgrades and replacements.

***Department Accomplishments***

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

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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***AWARDS AND ACKNOWLEDGEMENTS***

**Independent Audit**

Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2010, issued by the IPA, James G Zupka, CPA, Inc., Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a CAFR, and to meet requirements of certain Revenue Trust Agreements on Revenue Debt. In addition, an annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

**Awards**

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

The City received a Certificate of Achievement for the fiscal year ended December 31, 2009. We believe this, our fifteenth (15<sup>th</sup>) Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting, and so therefore the City is submitting it to GFOA for certification.

**Public Disclosure**

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

**Acknowledgments**

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

***Letter of Transmittal  
For the Year Ended December 31, 2010***

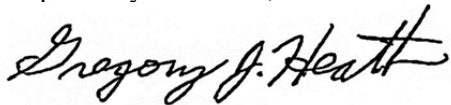
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Sincere appreciation is also extended to the many individuals who have worked diligently and contributed significant time and effort in gathering data for this report, particularly the staff of Donald J. Schonhardt & Associates, Inc., who through their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

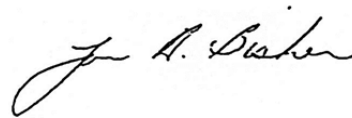
A special thank you is extended to the Members of City Council, the Mayor and the City Departments for the support and trust shown to the City Administration and the Finance Department and for allocating the resources and time for the development of this report, which demonstrates the City's commitment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

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

Respectfully submitted,



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



Jon A. Bisher  
City Manager  
City of Napoleon, Ohio



**CITY OF NAPOLEON, OHIO**

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**List of Principal Officials  
For the Year Ended December 31, 2010**

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**Elected Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
J. Andrew Small	Mayor	12/31/11	10	A
Glen Miller	President of Council	12/31/13	13	A
Mike DeWit	Council	12/31/11	18	A
Jim Hershberger	Council	12/31/13	3.5	A
Jeff Lankenau	Council	12/31/13	2.5	A
Travis Sheaffer	Council	12/31/13	16	A
Terri Williams	Council	12/31/11	22	A
John Helberg	Council	12/31/11	10	A
John Collier	Municipal Judge	12/31/11	15	A

**Appointed Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Jon Bisher	City Manager	Indefinite	12	A
Gregory Heath	Director of Finance	Indefinite	15	A
Betty Marihugh	Clerk of Courts	Indefinite	27	A
David Grahn	Law Director	Indefinite	17	A

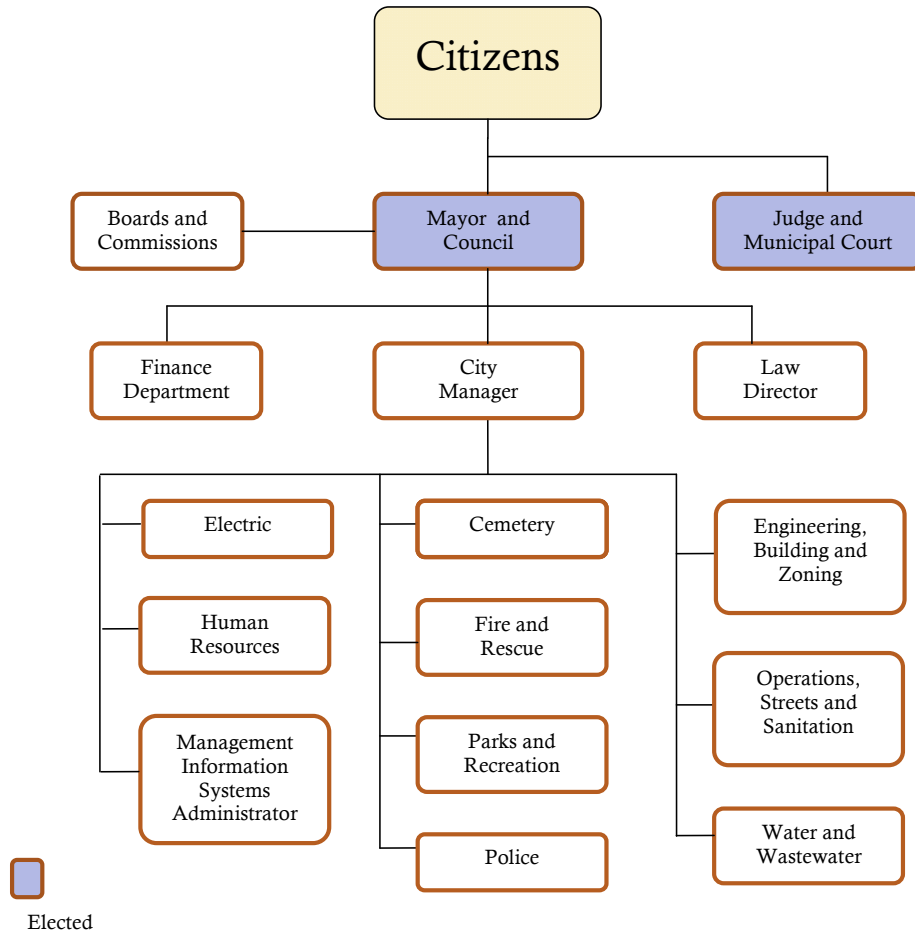
(A) BORMA Insurance Company, Public Official Bond Surety up to \$1,000,000.

City Address:

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

**City Organizational Chart  
For the Year Ended December 31, 2010**

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**Boards and Commissions**

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

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

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Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Napoleon  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

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



## *F INANCIAL S ECTION*

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



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

*Certified Public Accountants*

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

*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Members of City Council  
City of Napoleon, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Napoleon, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Ohio, as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2011, on our consideration of the City of Napoleon, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Napoleon, Ohio's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

June 8, 2011



The discussion and analysis of the City of Napoleon's (City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2010 are as follows:

- ❑ In total, net assets increased \$1,871,655, a 2.7% increase from 2009. The net assets of governmental activities decreased \$84,866, a slight decrease from 2009; and the net assets of business-type activities increased \$1,956,521, representing a 6.0% increase from 2009. Please see additional NOTE on this item on the Changes in Net Assets Table listed later in the MD&A.
- ❑ Total revenues exceeded \$29 million. \$4.7 million was general revenues, or 16% of the total revenues; and \$24.7 million was program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions, or over 84% of the total revenues.
- ❑ The City had \$7.2 million in program expenses related to governmental activities; only \$2.5 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) of \$4.5 million were not adequate to provide for the balance on these programs.
- ❑ Among major funds, the general fund had \$5.1 million in revenues and \$3.5 million in expenditures (the expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities). The general fund's fund balance increased \$23,776.
- ❑ Net assets for the proprietary funds increased by \$1,963,984. The increase is a result of higher revenues in electric and water, a reduction of operating expenses in water and sewer, and capital contributions in the form of capital assets from major sewer and storm sewer projects.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

### **Government-wide Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

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

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

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

The following table provides a comparison of net assets between 2010 and 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$7,741,172	\$7,892,595	\$19,823,847	\$22,214,147	\$27,565,019	\$30,106,742
Capital assets, Net	31,252,036	31,318,182	39,845,381	37,689,570	71,097,417	69,007,752
Total assets	38,993,208	39,210,777	59,669,228	59,903,717	98,662,436	99,114,494
Long-term debt outstanding	2,399,915	1,733,765	23,645,578	22,670,334	26,045,493	24,404,099
Other liabilities	875,817	1,674,670	1,264,514	4,430,768	2,140,331	6,105,438
Total liabilities	3,275,732	3,408,435	24,910,092	27,101,102	28,185,824	30,509,537
Net assets						
Invested in capital assets, net of related debt	29,541,627	29,555,216	19,332,790	16,271,445	48,874,417	45,826,661
Restricted	4,512,545	4,298,992	0	0	4,512,545	4,298,992
Unrestricted	1,663,304	1,948,134	15,426,346	16,531,170	17,089,650	18,479,304
Total net assets	\$35,717,476	\$35,802,342	\$34,759,136	\$32,802,615	\$70,476,612	\$68,604,957

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**CITY OF NAPOLEON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2010 and 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,486,665	\$1,505,922	\$21,797,021	\$21,158,561	\$23,283,686	\$22,664,483
Operating Grants and Contributions	894,469	618,192	0	0	894,469	618,192
Capital Grants and Contributions	157,440	154,816	403,881	2,150,584	561,321	2,305,400
General revenues:						
Property Taxes	386,482	146,252	0	0	386,482	146,252
Income Taxes	2,796,692	2,361,108	0	0	2,796,692	2,361,108
Other Local Taxes	515,545	493,053	0	0	515,545	493,053
Shared Revenues	629,483	788,511	0	0	629,483	788,511
Investment Earnings	92,083	202,278	176,329	284,198	268,412	486,476
Miscellaneous	123,757	485,517	0	0	123,757	485,517
Total revenues	7,082,616	6,755,649	22,377,231	23,593,343	29,459,847	30,348,992
Program Expenses						
Security of Persons and Property	3,125,458	3,099,089	0	0	3,125,458	3,099,089
Public Health and Welfare Services	112,440	103,153	0	0	112,440	103,153
Leisure Time Activities	904,829	899,442	0	0	904,829	899,442
Community Environment	517,452	757,040	0	0	517,452	757,040
Transportation	1,299,067	1,702,924	0	0	1,299,067	1,702,924
General Government	1,122,335	991,969	0	0	1,122,335	991,969
Interest and Fiscal Charges	85,901	77,480	0	0	85,901	77,480
Electric	0	0	14,396,085	13,852,433	14,396,085	13,852,433
Water	0	0	2,474,059	2,543,426	2,474,059	2,543,426
Sewer	0	0	2,782,393	3,235,829	2,782,393	3,235,829
Sanitation	0	0	768,173	626,167	768,173	626,167
Total expenses	7,167,482	7,631,097	20,420,710	20,257,855	27,588,192	27,888,952
Change in Net Assets Before Transfers	(84,866)	(875,448)	1,956,521	3,335,488	1,871,655	2,460,040
Transfers (1)	0	1,913,007	0	(1,913,007)	0	0
Total Change in Net Assets	(84,866)	1,037,559	1,956,521	1,422,481	1,871,655	2,460,040
Beginning Net Assets	35,802,342	34,764,783	32,802,615	31,380,134	68,604,957	66,144,917
Ending Net Assets	\$35,717,476	\$35,802,342	\$34,759,136	\$32,802,615	\$70,476,612	\$68,604,957

Note: (1) During 2009, net transfers were made from the proprietary funds to the general capital assets in the amount of \$1,850,458. These transfers were related to the Washington Avenue Project.

***Governmental Activities***

Net assets of the City's *governmental activities* show a decrease of \$84,866 in 2010 from 2009. In 2010, the City experienced a net increase in total revenues for governmental activities over 2009. However, program expenses increased slightly in most categories in 2010 as compared to 2009. Factors impacting general economic trends stabilized in 2010, but remain a concern and require continued monitoring.

*Voted* property tax revenues in Ohio do not change solely as a result of inflation or deflation, but remain fixed to property value at passage of a *New Levy* for the period of the levy, or at *Renewal* of the levy. (Example: A 1.0 mill levy on a home valued at \$100,000 is taxed at 35% of its value, or \$35,000, and generates \$35.00 annually in taxes; however, if the home is reappraised at \$200,000, taxed value for the *voted levy* remains at \$35,000, reducing the effective rate of the *voted levy* to 0.5 mills.) Only by passing a *New Levy* would the effective rate increase back to 1 mill. The City currently has *no voted property tax levies*; however, the City receives a 2.90 mill allocation from the *un-voted inside 10 mill general property tax* as allowed by the State of Ohio. The 2.90 mill allocation *is not* subject to the set valuation on voted levies, and will rise or fall yearly as home values change. Recent economic changes in the housing sector continue to impact home valuations into 2010. With reduced valuations the corresponding collections of property tax collected on the un-voted 2.90 mill allocation for the City has been reduced. The County Auditor maintains and collects the inside millage. The City is aware of these reduced valuations and has made adjustments to general revenue estimates and has reduced program expenses to account for the reduced revenues from this source.

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**CITY OF NAPOLEON, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2010***

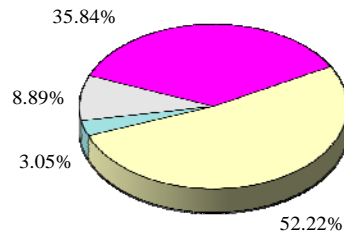
***Unaudited***

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The City has an income tax, and from January 1, 2009 through June 30, 2009 the rate was based on 1.2%. On May 5, 2009, the Citizens of Napoleon voted on and approved an *additional permanent income tax of 0.3%* for General Operations and Capital Improvements of the City, with a July 1, 2009 effective date. When added to the prior 1.2% rate, this increased the total income tax rate to 1.5%. Starting July 1, 2009, the rate adjusted up to 1.5% of all salaries, wages, commissions and other compensation earned from residents, and from nonresidents for work done or services performed or rendered in the City. In addition, on May 4, 2010, the Citizens of Napoleon voted on and approved a permanent income tax renewal of the recreation levy of 0.2%, with the net rate remaining at 1.5%. The approval made the income tax rate of 1.5% permanent and is now not subject to periodic voted renewals. In 2010, the municipal income taxes reflect an increase over 2009 due to both increased revenues and the additional voted 0.3% increased rate. Adjusting out the rate increase of 0.3%, comparative analysis of 2010 to 2009 using the 1.2% rate shows a general *increase* in tax income of about 3.0% for 2010. This is due to an improving local economy.

Property taxes and income taxes made up 5% and 39% respectively of revenues for governmental activities for the City in fiscal year 2010. The City's reliance upon tax revenues is demonstrated by the following graph indicating 52.22% of total revenues from general tax revenues:

Revenue Sources	2010	Percent of Total
General Shared Revenues	\$629,483	8.89%
Program Revenues	2,538,574	35.84%
General Tax Revenues	3,698,719	52.22%
General Other	215,840	3.05%
Total Revenue	\$7,082,616	100.00%



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**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

**Business-Type Activities**

Total net assets of the business-type activities (electric, water, sewer, and sanitation) increased by \$1,956,521. In 2010, operating incomes for business-type activities were: electric \$910,789, water \$675,491, sewer \$366,320 and sanitation \$88,856. In all business-type activities operating revenues in 2010 exceeded 2009; this was primarily due to rate increases, and with decreases in operating expenses. Overall billable usage in electric, water and sewer all increased in 2010 as compared to 2009.

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

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

The City's governmental funds reported a combined fund balance of \$5,496,711, which is an increase of \$627,180 from last year's balance of \$4,869,531. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2010 and 2009:

	Fund Balance December 31, 2010	Fund Balance December 31, 2009	Increase (Decrease)
General	\$2,010,775	\$1,986,999	\$23,776
Special Assessment Bond Retirement	898,599	847,807	50,792
Capital Improvement	546,780	763,031	(216,251)
Other Governmental	2,040,557	1,271,694	768,863
Total	<u>\$5,496,711</u>	<u>\$4,869,531</u>	<u>\$627,180</u>

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

	2010 Revenues	2009 Revenues	Increase (Decrease)
Taxes (Income, Property and Other)	\$3,604,361	\$3,101,968	\$502,393
Intergovernmental Revenue	541,152	674,966	(133,814)
Charges for Services	265,710	279,876	(14,166)
Licenses and Permits	63,599	63,825	(226)
Investment Earnings	72,888	141,161	(68,273)
Fines and Forfeitures	267,980	300,372	(32,392)
Special Assessments	634	0	634
All Other Revenue	331,577	307,797	23,780
Total	<u>\$5,147,901</u>	<u>\$4,869,965</u>	<u>\$277,936</u>

***Management's Discussion and Analysis  
For the Year Ended December 31, 2010***

***Unaudited***

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General Fund revenues in 2010 increased approximately 5.7% compared to revenues in fiscal year 2009. The most significant factor contributing to this increase was in Income Taxes. Decreases occurred in most other categories of revenue except for Special Assessment and All Other Revenue.

	2010	2009	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,327,273	\$2,268,201	\$59,072
Public Health and Welfare Services	101,383	92,695	8,688
Community Environment	104,102	88,403	15,699
General Government	974,155	753,515	220,640
Total	<u>\$3,506,913</u>	<u>\$3,202,814</u>	<u>\$304,099</u>

General Fund expenditures increased by \$304,099 or about 9.5% when compared to the prior year of 2009. The largest increase was in General Government of \$220,640. General government expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities, and this off-set was \$233,440 less in 2010 as compared to 2009. In addition, reimbursement off-sets are included for the kilowatt hour tax monies as directed back to the General Fund pursuant to Ohio law. Overall individual salary and wages, retirement contributions, and health life insurance premiums for the City's employees increased in 2010 as compared to 2009. In 2010 the City lifted a hiring freeze placed in 2009 on all positions in the City, including those in the General Fund. Police and Fire staffing levels were restored to their pre-2009 levels.

Expenditures in the Special Assessment Bond Retirement Fund and Other Governmental Funds slightly increased in 2010 as compared to 2009. Expenditures for capital outlays increased in 2010 over 2009.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2010 the City amended its General Fund budget several times. The most significant budget changes occurred in the security of persons and property and general government functions, primarily in the areas of wages and benefits due to the lifting of the hiring freeze and the filling of unfilled positions.

In the General Fund, the final budget basis for revenue was \$5.8 million, including transfers in. This was a \$538,125 change over the original conservative budget estimates of \$5.3 million. The General Fund had an adequate revenue stream and fund balance reserves to cover its expenditures in 2010.



**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2010 the City had \$71,097,417 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$31,252,036 was related to governmental activities and \$39,845,381 to the business-type activities. The following table shows fiscal year 2010 and 2009 balances:

	Governmental Activities		Increase (Decrease)
	2010	2009	
Land	\$11,621,683	\$11,598,507	\$23,176
Construction in Progress	433,833	191,382	242,451
Improvements	1,842,275	1,816,556	25,719
Buildings	3,551,977	3,552,459	(482)
Machinery and Equipment	5,681,709	5,526,758	154,951
Infrastructure	26,338,431	25,933,338	405,093
Less: Accumulated Depreciation	<u>(18,217,872)</u>	<u>(17,300,818)</u>	<u>(917,054)</u>
Totals	<u>\$31,252,036</u>	<u>\$31,318,182</u>	<u>(\$66,146)</u>

	Business-Type Activities		Increase (Decrease)
	2010	2009	
Land	\$349,695	\$349,695	\$0
Construction in Progress	2,446,086	8,338,434	(5,892,348)
Buildings	7,030,855	7,030,855	0
Improvements	44,431,303	35,241,578	9,189,725
Machinery and Equipment	6,541,625	6,509,619	32,006
Less: Accumulated Depreciation	<u>(20,954,183)</u>	<u>(19,780,611)</u>	<u>(1,173,572)</u>
Totals	<u>\$39,845,381</u>	<u>\$37,689,570</u>	<u>\$2,155,811</u>

Increases were the greatest in major infrastructure and improvements. Projects associated with meeting the City's Long Term Control Plan with the EPA, were the largest contributing factor to increases in Improvements. Additional information on the City's capital assets can be found in Note 8.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2010***

***Unaudited***

***Debt***

At December 31, 2010, the City had \$13.7 million in bonds outstanding, \$671,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2010 and 2009:

	2010	2009
Governmental Activities:		
Special Assessment Bonds	\$308,953	\$384,153
General Obligation Bonds	1,315,000	580,000
OPWC Loans Payable	86,455	98,812
Compensated Absences	689,507	670,800
Total Governmental Activities	<u>2,399,915</u>	<u>1,733,765</u>
Business-Type Activities:		
General Obligation Bonds	\$1,740,000	\$1,870,000
Mortgage Revenue Bonds	10,290,000	7,150,000
Special Assessment Bonds	75,046	79,846
Long-Term Notes	0	4,000,000
WPCLF Loans Payable	7,653,135	5,204,566
OWDA Loans Payable	2,261,064	2,663,802
OPWC Loans Payable	483,159	511,846
OSWRC Deferred Loan Payable	659,186	666,070
Payable to Joint Venture	190,682	231,862
Compensated Absences	293,306	292,342
Total Business-Type Activities	<u>23,645,578</u>	<u>22,670,334</u>
Totals	<u>\$26,045,493</u>	<u>\$24,404,099</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to the other applicable political subdivisions within Henry County, Ohio, where Napoleon is located, is limited to ten mills. At December 31, 2010, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

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

The City purposefully builds into its budgets conservative revenue estimates with offsetting limited increases in base operating costs. Most fund revenue estimates typically project limited or no growth, or potential reductions as necessary, in the various revenues for each fund, including the General Fund. Original budgeted expenditures in most funds are *projected to exceed revenues*; reductions are made as necessary to keep the funds in balance, including any required in the General Fund. The City utilizes projected fund balance reserves to keep the budget balanced as required by State Law. The original 2010 General Fund revenues were conservatively projected below final actual revenues and the expenditures were projected above final actual expenditures. This level for revenues was 11.6% less than actual final receipts for the year; and for expenditures was 6.6% higher than actual final expenditures for the year. The purpose of the lower estimate to actual for revenues, and the higher estimate to actual for expenditures, is to keep fund reserves at sustainable levels. This helps to buffer any potential down turns in local economic conditions, such as what occurred in fiscal years 2008 and 2009.

General Fund and other fund expenditures added no additional permanent full time personnel to the final 2010 approved budget. Departments whom had carried vacancies during the hiring freeze of 2008 and 2009 were restored to their pre-2008 levels to fulfill an understanding to the voters on the 0.3% income tax levy. Certain department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were reduced or eliminated; and only those items that City management and City Council determined necessary were appropriated. This was most apparent in the departments related to the security of persons and property and the general government functions.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources. A close watch of current economic conditions is an ongoing process each year to determine if increased revenues, or reductions in expenditures, are necessary in order to maintain fiscal stability. Local economic conditions downturned starting in the third (3<sup>rd</sup>) quarter of 2008 and continued into 2009. Conditions stabilized in the fourth (4<sup>th</sup>) quarter of 2009, with some recovery and growth in 2010. However close monitoring of all economic factors is ongoing. The 2010 Budget included a number of budgetary actions to account for changes in economic conditions. Budgetary reviews and adjustments are made quarterly throughout the year by Management and City Council.

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

**REQUESTS FOR INFORMATION**

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

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



**CITY OF NAPOLEON, OHIO**

**Statement of Net Assets  
December 31, 2010**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 4,795,298	\$ 13,138,889	\$ 17,934,187
Receivables:			
Property Taxes	481,353	0	481,353
Municipal Income Taxes	813,298	0	813,298
Accounts	452,082	3,434,214	3,886,296
Intergovernmental	658,910	76,678	735,588
Interest	17,723	27,859	45,582
Special Assessments	396,556	624,826	1,021,382
Internal Balances	(4,480)	4,480	0
Inventory of Supplies at Cost	130,432	1,306,791	1,437,223
Capital Assets:			
Capital Assets Not Being Depreciated	12,055,516	2,795,781	14,851,297
Capital Assets Being Depreciated, Net	19,196,520	37,049,600	56,246,120
Investment in Joint Venture	0	1,210,110	1,210,110
<b>Total Assets</b>	<b>38,993,208</b>	<b>59,669,228</b>	<b>98,662,436</b>
<b>Liabilities:</b>			
Accounts Payable	151,291	1,089,920	1,241,211
Accrued Wages and Benefits	275,524	101,960	377,484
Matured Compensated Absences Payable	0	12,932	12,932
Unearned Revenue	440,805	0	440,805
Accrued Interest Payable	8,197	59,702	67,899
Long-Term Liabilities:			
Due Within One Year	446,842	1,570,937	2,017,779
Due in More Than One Year	1,953,073	22,074,641	24,027,714
<b>Total Liabilities</b>	<b>3,275,732</b>	<b>24,910,092</b>	<b>28,185,824</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	29,541,627	19,332,790	48,874,417
Restricted For:			
Capital Projects	625,480	0	625,480
Debt Service	1,297,878	0	1,297,878
Street Construction, Maintenance and Repair	950,730	0	950,730
EMS Transport Service	498,680	0	498,680
Economic Development	5,722	0	5,722
Fire Equipment	548,995	0	548,995
Court Improvement	218,875	0	218,875
Other Purposes	366,185	0	366,185
Unrestricted	1,663,304	15,426,346	17,089,650
<b>Total Net Assets</b>	<b>\$ 35,717,476</b>	<b>\$ 34,759,136</b>	<b>\$ 70,476,612</b>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2010**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 3,125,458	\$ 1,082,152	\$ 240,028	\$ 46,801
Public Health and Welfare Services	112,440	17,125	0	0
Leisure Time Activities	904,829	258,421	0	0
Community Environment	517,452	3,265	98,929	0
Transportation	1,299,067	16,311	550,012	110,639
General Government	1,122,335	109,391	5,500	0
Interest and Fiscal Charges	85,901	0	0	0
<b>Total Governmental Activities</b>	<b>7,167,482</b>	<b>1,486,665</b>	<b>894,469</b>	<b>157,440</b>
<b>Business-Type Activities:</b>				
Electric	14,396,085	14,984,767	0	0
Water	2,474,059	2,822,576	0	0
Sewer	2,782,393	3,136,055	0	403,881
Sanitation	768,173	853,623	0	0
<b>Total Business-Type Activities</b>	<b>20,420,710</b>	<b>21,797,021</b>	<b>0</b>	<b>403,881</b>
<b>Totals</b>	<b>\$ 27,588,192</b>	<b>\$ 23,283,686</b>	<b>\$ 894,469</b>	<b>\$ 561,321</b>

**General Revenues:**

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

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,756,477)	\$ 0	\$ (1,756,477)
(95,315)	0	(95,315)
(646,408)	0	(646,408)
(415,258)	0	(415,258)
(622,105)	0	(622,105)
(1,007,444)	0	(1,007,444)
(85,901)	0	(85,901)
<u>(4,628,908)</u>	<u>0</u>	<u>(4,628,908)</u>
0	588,682	588,682
0	348,517	348,517
0	757,543	757,543
0	85,450	85,450
<u>0</u>	<u>1,780,192</u>	<u>1,780,192</u>
<u>(4,628,908)</u>	<u>1,780,192</u>	<u>(2,848,716)</u>
386,482	0	386,482
2,796,692	0	2,796,692
515,545	0	515,545
629,483	0	629,483
92,083	176,329	268,412
123,757	0	123,757
<u>4,544,042</u>	<u>176,329</u>	<u>4,720,371</u>
(84,866)	1,956,521	1,871,655
<u>35,802,342</u>	<u>32,802,615</u>	<u>68,604,957</u>
<u>\$ 35,717,476</u>	<u>\$ 34,759,136</u>	<u>\$ 70,476,612</u>

**CITY OF NAPOLEON, OHIO**

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**Balance Sheet  
Governmental Funds  
December 31, 2010**

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	General	Special Assessment Bond Retirement	Capital Improvement
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,420,709	\$ 897,967	\$ 522,080
Receivables:			
Property Taxes	334,074	0	0
Municipal Income Taxes	813,298	0	0
Accounts	23,400	0	0
Intergovernmental	197,346	0	27,750
Interest	12,737	2,032	0
Special Assessments	0	396,556	0
Interfund Loans Receivables	0	0	35,300
Inventory of Supplies, at Cost	2,694	0	0
<b>Total Assets</b>	<u>\$ 2,804,258</u>	<u>\$ 1,296,555</u>	<u>\$ 585,130</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 102,865	\$ 0	\$ 10,600
Accrued Wages and Benefits Payable	160,404	0	0
Interfund Loans Payable	0	0	0
Deferred Revenue	530,214	397,956	27,750
<b>Total Liabilities</b>	<u>793,483</u>	<u>397,956</u>	<u>38,350</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	43,792	0	62,180
Reserved for Supplies Inventory	2,694	0	0
Undesignated/Unreserved in:			
General Fund	1,964,289	0	0
Special Revenue Funds	0	0	0
Debt Service Funds	0	898,599	0
Capital Projects Funds	0	0	484,600
<b>Total Fund Balances</b>	<u>2,010,775</u>	<u>898,599</u>	<u>546,780</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,804,258</u>	<u>\$ 1,296,555</u>	<u>\$ 585,130</u>

See accompanying notes to the basic financial statements



**CITY OF NAPOLEON, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 1,952,231	\$ 4,792,987
147,279	481,353
0	813,298
425,720	449,120
433,814	658,910
2,954	17,723
0	396,556
0	35,300
119,506	122,200
<u>\$ 3,081,504</u>	<u>\$ 7,767,447</u>
\$ 35,613	\$ 149,078
110,410	270,814
35,300	35,300
859,624	1,815,544
<u>1,040,947</u>	<u>2,270,736</u>
273,516	379,488
119,506	122,200
0	1,964,289
1,551,765	1,551,765
9,520	908,119
86,250	570,850
<u>2,040,557</u>	<u>5,496,711</u>
<u>\$ 3,081,504</u>	<u>\$ 7,767,447</u>

***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2010***

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<b>Total Governmental Fund Balances</b>	\$ 5,496,711
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	31,240,024
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,374,739
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	7,986
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,401,984)</u>
<b><i>Net Assets of Governmental Activities</i></b>	<b><u>\$ 35,717,476</u></b>

See accompanying notes to the basic financial statements



**CITY OF NAPOLEON, OHIO**

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**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2010**

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	General	Special Assessment Bond Retirement	Capital Improvement
<b>Revenues:</b>			
Property Taxes	\$ 262,757	\$ 0	\$ 0
Municipal Income Tax	2,826,059	0	0
Other Local Taxes (kWh Tax)	515,545	0	0
Intergovernmental Revenues	541,152	0	1,134
Charges for Services	265,710	0	0
Licenses and Permits	63,599	0	0
Investment Earnings	72,888	17,479	0
Special Assessments	634	101,219	0
Fines and Forfeitures	267,980	0	0
All Other Revenue	331,577	33,397	17,917
<b>Total Revenue</b>	<u>5,147,901</u>	<u>152,095</u>	<u>19,051</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	2,327,273	0	0
Public Health and Welfare Services	101,383	0	0
Leisure Time Activities	0	0	0
Community Environment	104,102	0	0
Transportation	0	0	0
General Government	974,155	4,321	0
Capital Outlay	0	0	873,383
Debt Service:			
Principal Retirement	0	87,557	0
Interest and Fiscal Charges	0	21,785	0
<b>Total Expenditures</b>	<u>3,506,913</u>	<u>113,663</u>	<u>873,383</u>

**CITY OF NAPOLEON, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 118,241	\$ 380,998
0	2,826,059
0	515,545
837,733	1,380,019
542,220	807,930
0	63,599
24,297	114,664
0	101,853
103,936	371,916
73,983	456,874
<u>1,700,410</u>	<u>7,019,457</u>
622,357	2,949,630
0	101,383
821,199	821,199
411,349	515,451
582,589	582,589
49,348	1,027,824
0	873,383
25,000	112,557
63,273	85,058
<u>2,575,115</u>	<u>7,069,074</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

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**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2010**

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	General	Special Assessment Bond Retirement	Capital Improvement
Excess (Deficiency) of Revenues Over Expenditures	1,640,988	38,432	(854,332)
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	11,224	0	0
General Obligation Bonds Issued	0	0	0
Transfers In	40,294	12,360	1,024,561
Transfers Out	(1,669,635)	0	(386,480)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,618,117)</u>	<u>12,360</u>	<u>638,081</u>
Net Change in Fund Balances	22,871	50,792	(216,251)
<b>Fund Balances at Beginning of Year</b>	1,986,999	847,807	763,031
Increase (Decrease) in Inventory Reserve	905	0	0
<b>Fund Balances End of Year</b>	<u>\$ 2,010,775</u>	<u>\$ 898,599</u>	<u>\$ 546,780</u>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
(874,705)	(49,617)
0	11,224
760,000	760,000
976,294	2,053,509
<u>(78,654)</u>	<u>(2,134,769)</u>
<u>1,657,640</u>	<u>689,964</u>
782,935	640,347
1,271,694	4,869,531
<u>(14,072)</u>	<u>(13,167)</u>
<u>\$ 2,040,557</u>	<u>\$ 5,496,711</u>

***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2010***

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 640,347
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(7,731)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.	(71,261)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	4,912
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	47,023
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	(647,443)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(843)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(31,494)
The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.	(18,376)
<b><i>Change in Net Assets of Governmental Activities</i></b>	<b><u>\$ (84,866)</u></b>

See accompanying notes to the basic financial statements



**CITY OF NAPOLEON, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 235,780	\$ 262,740	\$ 262,757	\$ 17
Municipal Income Tax	2,878,240	3,249,780	3,249,834	54
Other Local Taxes	540,000	515,540	515,545	5
Intergovernmental Revenue	506,870	652,520	652,577	57
Charges for Services	253,530	273,440	273,478	38
Licenses and Permits	54,010	63,580	63,599	19
Investment Earnings	140,000	135,370	135,379	9
Special Assessments	700	630	634	4
Fines and Forfeitures	281,000	271,670	271,677	7
All Other Revenues	344,970	331,450	331,472	22
Total Revenues	<u>5,235,100</u>	<u>5,756,720</u>	<u>5,756,952</u>	<u>232</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,644,929	2,432,130	2,431,051	1,079
Public Health and Welfare Services	111,080	104,209	104,160	49
Community Environment	111,890	106,150	106,097	53
General Government	1,615,158	1,551,834	1,526,142	25,692
Total Expenditures	<u>4,483,057</u>	<u>4,194,323</u>	<u>4,167,450</u>	<u>26,873</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	752,043	1,562,397	1,589,502	27,105
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	11,220	11,224	4
Transfers In	35,000	40,285	40,294	9
Transfers Out	(1,403,890)	(1,669,650)	(1,669,635)	15
Total Other Financing Sources (Uses):	<u>(1,368,890)</u>	<u>(1,618,145)</u>	<u>(1,618,117)</u>	<u>28</u>
Net Change In Fund Balance	(616,847)	(55,748)	(28,615)	27,133
Fund Balance at Beginning of Year	1,263,885	1,263,885	1,263,885	0
Prior Year Encumbrances	43,560	43,560	43,560	0
Fund Balance at End of Year	<u>\$ 690,598</u>	<u>\$ 1,251,697</u>	<u>\$ 1,278,830</u>	<u>\$ 27,133</u>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 6,257,723	\$ 1,987,835	\$ 4,525,424
Receivables:			
Accounts	2,373,418	349,702	560,976
Intergovernmental	0	0	76,678
Interest	11,807	2,536	12,341
Special Assessments	0	39,797	585,029
Inventory of Supplies at Cost	1,117,157	140,579	49,055
<i>Total Current Assets</i>	<u>9,760,105</u>	<u>2,520,449</u>	<u>5,809,503</u>
<i>Non Current Assets:</i>			
Capital Assets, Net	11,288,326	9,013,120	18,968,824
Investment in Joint Venture	1,210,110	0	0
<i>Total Non Current Assets</i>	<u>12,498,436</u>	<u>9,013,120</u>	<u>18,968,824</u>
<b>Total Assets</b>	<u>22,258,541</u>	<u>11,533,569</u>	<u>24,778,327</u>
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	907,877	57,090	112,883
Accrued Wages and Benefits	45,090	27,436	21,291
Matured Compensated Absences Payable	0	12,932	0
Compensated Absences Payable - Current	62,134	28,231	32,241
Accrued Interest Payable	0	23,113	36,589
General Obligation Bonds - Current	0	130,000	0
Special Assessment Bonds - Current	0	0	5,600
Mortgage Revenue Bonds - Current	0	140,000	265,000
Ohio Public Works Commission Loan - Current	0	0	28,684
Ohio Water Development Authority Loans - Current	0	39,973	392,128
Water Pollution Control Loans - Current	0	0	438,038
<i>Total Current Liabilities</i>	<u>1,015,101</u>	<u>458,775</u>	<u>1,332,454</u>

**CITY OF NAPOLEON, OHIO**

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Sanitation	Total	Governmental Activities - Internal Service Funds
\$ 367,907	\$ 13,138,889	\$ 2,311
150,118	3,434,214	2,962
0	76,678	0
1,175	27,859	0
0	624,826	0
0	1,306,791	8,232
519,200	18,609,257	13,505
575,111	39,845,381	12,012
0	1,210,110	0
575,111	41,055,491	12,012
1,094,311	59,664,748	25,517
12,070	1,089,920	2,213
8,143	101,960	4,710
0	12,932	0
8,908	131,514	4,334
0	59,702	0
0	130,000	0
0	5,600	0
0	405,000	0
0	28,684	0
0	432,101	0
0	438,038	0
29,121	2,835,451	11,257

(Continued)

**CITY OF NAPOLEON, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	68,315	31,186	57,213
General Obligation Bonds Payable	0	1,610,000	0
Special Assessment Bonds Payable	0	0	69,446
Revenue Bonds Payable	0	3,965,000	5,920,000
OWDA Loans Payable	0	383,698	1,445,265
OPWC Loans Payable	0	0	454,475
Ohio Sewer & Water Rotary Commission Deferred Loan Payable	0	158,166	501,020
Water Pollution Control Loans Payable	0	0	7,215,097
Payable to Joint Venture	190,682	0	0
<i>Total Long-Term Liabilities</i>	<u>258,997</u>	<u>6,148,050</u>	<u>15,662,516</u>
<b>Total Liabilities</b>	<u>1,274,098</u>	<u>6,606,825</u>	<u>16,994,970</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	11,288,326	3,390,042	4,079,311
Unrestricted	9,696,117	1,536,702	3,704,046
<b>Total Net Assets</b>	<u>\$ 20,984,443</u>	<u>\$ 4,926,744</u>	<u>\$ 7,783,357</u>

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

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Sanitation	Total	Governmental Activities - Internal Service Funds
5,078	161,792	1,794
0	1,610,000	0
0	69,446	0
0	9,885,000	0
0	1,828,963	0
0	454,475	0
0	659,186	0
0	7,215,097	0
0	190,682	0
<u>5,078</u>	<u>22,074,641</u>	<u>1,794</u>
<u>34,199</u>	<u>24,910,092</u>	<u>13,051</u>
575,111	19,332,790	12,012
485,001	15,421,866	454
<u>\$ 1,060,112</u>	<u>\$ 34,754,656</u>	<u>\$ 12,466</u>
	4,480	
	<u>\$ 34,759,136</u>	

**CITY OF NAPOLEON, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<b>Operating Revenues:</b>			
Charges for Services	\$ 14,421,568	\$ 2,551,692	\$ 2,905,436
Other Charges for Services	401,552	270,884	242,872
<b>Total Operating Revenues</b>	<b>14,823,120</b>	<b>2,822,576</b>	<b>3,148,308</b>
<b>Operating Expenses:</b>			
Personal Services	1,169,544	698,868	551,073
Contractual Services	967,197	574,651	817,415
Purchased Power	11,121,837	0	0
Materials and Supplies	181,838	437,180	780,976
Utilities	55,668	202,652	137,352
Depreciation	416,247	233,734	495,172
<b>Total Operating Expenses</b>	<b>13,912,331</b>	<b>2,147,085</b>	<b>2,781,988</b>
Operating Income (Loss)	910,789	675,491	366,320
<b>Nonoperating Revenue (Expenses):</b>			
Investment Earnings	69,749	20,563	77,283
Interest Expense	(367,390)	(326,326)	0
Loss on Sale of Capital Assets	0	0	(12,253)
Other Local Taxes (kWh Tax)	116,070	0	0
Gain on Investment in Joint Venture	45,577	0	0
Other Nonoperating Expense (kWh Paid to State)	(113,360)	0	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(249,354)</b>	<b>(305,763)</b>	<b>65,030</b>
Income (Loss) Before Transfers and Contributions	661,435	369,728	431,350
Transfers In	0	0	0
Capital Contributions	0	0	403,881
Change in Net Assets	661,435	369,728	835,231
Net Assets Beginning of Year	20,323,008	4,557,016	6,948,126
Net Assets End of Year	\$ 20,984,443	\$ 4,926,744	\$ 7,783,357

Change in Net Assets - Total Enterprise Funds

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

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Sanitation	Total	Governmental Activities - Internal Service Funds
\$ 847,936	\$ 20,726,632	\$ 70,238
5,687	920,995	3,561
853,623	21,647,627	73,799
206,524	2,626,009	122,979
448,832	2,808,095	2,110
0	11,121,837	0
63,783	1,463,777	54,459
2,403	398,075	592
43,225	1,188,378	758
764,767	19,606,171	180,898
88,856	2,041,456	(107,099)
8,734	176,329	0
0	(693,716)	0
0	(12,253)	0
0	116,070	0
0	45,577	0
0	(113,360)	0
8,734	(481,353)	0
97,590	1,560,103	(107,099)
0	0	81,260
0	403,881	0
97,590	1,963,984	(25,839)
962,522	32,790,672	38,305
\$ 1,060,112	\$ 34,754,656	\$ 12,466
	\$ 1,963,984	
	(7,463)	
	\$ 1,956,521	

**CITY OF NAPOLEON, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$15,126,317	\$2,809,016	\$3,270,701
Cash Payments for Goods and Services	(12,393,238)	(1,189,395)	(1,738,823)
Cash Payments to Employees	(1,185,605)	(707,426)	(561,760)
Net Cash Provided (Used) by Operating Activities	1,547,474	912,195	970,118
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	0
Receipts of Other Local Taxes	116,017	0	0
kWh Tax Paid to State	(113,360)	0	0
Net Cash Provided by Noncapital Financing Activities	2,657	0	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(221,280)	(71,969)	(3,065,803)
Capital Contributions	0	0	403,881
General Obligation Notes Issued	0	465,000	2,535,000
Mortgage Revenue Bonds Issued	0	845,000	6,385,000
WPCLF Loans Issued	0	0	2,486,328
Principal Paid on General Obligation Notes	0	(1,495,400)	(8,204,600)
Principal Paid on Special Assessment Bond	0	0	(4,800)
Principal Paid on General Obligation Bonds	0	(130,000)	0
Principal Paid on Mortgage Revenue Bonds	(1,815,000)	(125,000)	(2,150,000)
Principal Paid on Ohio Sewer and Water Rotary Commission Loans	0	0	(6,884)
Principal Paid on Ohio Public Works Commission Loan	0	0	(28,687)
Principal Paid on Ohio Water Development Authority Loans	0	(37,439)	(365,299)
Principal Paid on Water Pollution Control Loan Fund Loan	0	0	(37,759)
Interest Paid on All Debt	(367,337)	(336,671)	(161,051)
Net Cash Used for Capital and Related Financing Activities	(2,403,617)	(886,479)	(2,214,674)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	85,216	24,465	84,917
Net Cash Provided by Investing Activities	85,216	24,465	84,917
Net Increase (Decrease) in Cash and Cash Equivalents	(768,270)	50,181	(1,159,639)
Cash and Cash Equivalents at Beginning of Year	7,025,993	1,937,654	5,685,063
Cash and Cash Equivalents at End of Year	\$6,257,723	\$1,987,835	\$4,525,424



**CITY OF NAPOLEON, OHIO**

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Sanitation	Totals	Governmental Activities Internal Service Funds
\$843,171	\$22,049,205	\$74,797
(513,426)	(15,834,882)	(53,817)
(209,206)	(2,663,997)	(124,222)
120,539	3,550,326	(103,242)
0	0	81,260
0	116,017	0
0	(113,360)	0
0	2,657	81,260
(258,734)	(3,617,786)	(8,692)
0	403,881	0
0	3,000,000	0
0	7,230,000	0
0	2,486,328	0
0	(9,700,000)	0
0	(4,800)	0
0	(130,000)	0
0	(4,090,000)	0
0	(6,884)	0
0	(28,687)	0
0	(402,738)	0
0	(37,759)	0
0	(865,059)	0
(258,734)	(5,763,504)	(8,692)
10,439	205,037	0
10,439	205,037	0
(127,756)	(2,005,484)	(30,674)
495,663	15,144,373	32,985
\$367,907	\$13,138,889	\$2,311

(Continued)

**CITY OF NAPOLEON, OHIO**

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**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2010**

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	Business-Type Activities Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$910,789	\$675,491	\$366,320
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	416,247	233,734	495,172
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	303,197	(11,500)	(43,071)
Decrease (Increase) in Special Assessments Receivable	0	(2,060)	165,464
Decrease in Inventory	12,894	6,745	322
Increase (Decrease) in Accounts Payable	(79,592)	18,343	(3,402)
Decrease in Accrued			
Wages and Benefits	(24,910)	(9,872)	(11,535)
Increase in			
Compensated Absences	8,849	1,314	848
Total Adjustments	<u>636,685</u>	<u>236,704</u>	<u>603,798</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,547,474</u>	<u>\$912,195</u>	<u>\$970,118</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2010, the Water and Sewer Funds had outstanding liabilities of \$20,427 and \$91,729, respectively, for the purchase of certain capital assets.

In addition, the Sewer Fund had capital assets purchased from various other sources in the amount of \$11,032.

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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<u>Sanitation</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$88,856	\$2,041,456	(\$107,099)
43,225	1,188,378	758
(10,452)	238,174	998
0	163,404	0
0	19,961	1,828
1,592	(63,059)	1,516
(5,567)	(51,884)	(1,623)
<u>2,885</u>	<u>13,896</u>	<u>380</u>
<u>31,683</u>	<u>1,508,870</u>	<u>3,857</u>
<u>\$120,539</u>	<u>\$3,550,326</u>	<u>(\$103,242)</u>

**CITY OF NAPOLEON, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2010***

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	<u>\$ 25,283</u>
<b>Total Assets</b>	<u>25,283</u>
<b>Liabilities:</b>	
Due to Others	<u>25,283</u>
<b>Total Liabilities</b>	<u>\$ 25,283</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

The financial statements are presented as of December 31, 2010 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

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

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

**1. Joint Ventures with Equity Interest**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**A. Reporting Entity (Continued)**

1. Joint Ventures with Equity Interest (Continued)

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

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

2. Joint Ventures without Equity Interest

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

3. Jointly Governed Organizations:

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

***Governmental Funds***

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

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

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

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

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

***Proprietary Funds***

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

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

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

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

***Fiduciary Funds***

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

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

**Government-wide Financial Statements** – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The internal service fund is eliminated to avoid “doubling up” revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**D. Basis of Accounting**

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

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

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

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes, which are measurable at December 31, 2010 but are not intended to finance 2010 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5 "Taxes".

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

**E. Budgetary Process**

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

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

**1. Tax Budget**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**E. Budgetary Process (Continued)**

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2010.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, the legal level of control. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. During 2010, several supplemental appropriations were necessary to budget the use of contingency funds, intergovernmental grant proceeds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--General Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**E. Budgetary Process (Continued)**

**5. Lapsing of Appropriations**

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

**6. Budgetary Basis of Accounting**

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

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

	Net Change In Fund Balance
	General Fund
GAAP Basis (as reported)	\$22,871
Increase (Decrease):	
Accrued Revenues at December 31, 2010 received during 2011	(850,641)
Accrued Revenues at December 31, 2009 received during 2010	889,793
Accrued Expenditures at December 31, 2010 paid during 2011	263,269
Accrued Expenditures at December 31, 2009 paid during 2010	(338,318)
2009 Adjustment to Fair Value	126,290
2010 Adjustment to Fair Value	(77,019)
Outstanding Encumbrances	(64,860)
Budget Basis	<u>(\$28,615)</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, repurchase agreements, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments." Investment earnings of \$65,562 earned by other funds were credited to the general fund as required by local statute.

**G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon percentages mandated by City ordinance. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investments, other than certificates of deposit, are considered, including those with a maturity of one year or less, and included in the calculation of the change in fair value. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2010. 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, 2010.

**H. Inventory**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**I. Capital Assets and Depreciation**

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

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

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

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

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

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

**3. Depreciation**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**J. Long-Term Debt**

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

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

**K. Compensated Absences**

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

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



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**K. Compensated Absences** (Continued)

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

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

**L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**M. Pensions**

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

**N. Interfund Activity**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**N. Interfund Activity (Continued)**

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

**O. Reservations of Fund Balance**

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

**P. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Q. Operating Revenues and Expenses**

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

Delinquent Income Tax Revenue	\$60,187
Delinquent Property Tax Revenue	33,759
Shared Revenues	508,211
Interest Revenues	11,038
Charges for Services	364,988
Special Assessment Revenue	<u>396,556</u>
	\$1,374,739

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

Special Assessment Bonds Payable	(\$308,954)
General Obligation Bonds Payable	(1,315,000)
OPWC Loans Payable	(86,455)
Accrued Interest on Long-Term Debt	(8,197)
Compensated Absences Payable	<u>(683,378)</u>
	(\$2,401,984)

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

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

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

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

Capital Outlay	\$1,135,894
Depreciation Expense	<u>(1,143,625)</u>
	(\$7,731)

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Income Tax Revenue	(\$29,367)
Increase in Delinquent Property Tax	5,484
Increase in Shared Revenue	172,817
Decrease in Interest Revenue	(22,581)
Increase in Charges for Services	31,309
Decrease in Special Assessment Revenue	<u>(110,639)</u>
	\$47,023

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

Increase in Compensated Absences Payable	(\$18,327)
Decrease in supplies inventory	<u>(13,167)</u>
	(\$31,494)

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

***Fund Deficits*** - The fund deficits at December 31, 2010 of \$6,500 in the CHIP Income Fund, \$48,088 in the Police Pension Fund and \$27,608 in the Fire Pension Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Deposits**

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

At year end the carrying amount of the City's deposits was \$16,291,310 and \$6,757,745 of the City's bank balance of \$16,594,147 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, not in the City's name.

**B. Investments**

The City's investments at December 31, 2010 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
Federal Home Loan Bank	\$1,069,040	AAA <sup>1</sup> / Aaa <sup>2</sup>	\$0	\$1,069,040
STAR Ohio	599,120	AAAm <sup>1</sup>	599,120	0
Total Investments	<u>\$1,668,160</u>		<u>\$599,120</u>	<u>\$1,069,040</u>

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments** (Continued)

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

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments in FHLB securities in the amount of \$1,069,040 are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent in the City’s name. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 64% are FHLB.

**NOTE 5 - 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 2010 were levied after October 1, 2009 on assessed values as of January 1, 2009, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2005 and the equalization adjustment was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 5 - TAXES (Continued)**

**A. Property Taxes (Continued)**

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of January 1, 2009. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. This percentage was reduced to 6.25% in 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

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

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

The full tax rate for the City's operations for the year ended December 31, 2010 was \$2.90 per \$1,000 of assessed value. The assessed value upon which the 2010 receipts were based was \$150,647,060. This amount constitutes \$149,863,610 in real property assessed value, \$643,190 in public utility assessed value and \$140,260 in tangible personal property assessed value.

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



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 5 - TAXES (Continued)**

**B. Income Tax**

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of 1.5% of taxable salaries, wages, commissions and other compensation.

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

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2010 consisted of taxes, interest, accounts receivable, special assessments and intergovernmental receivables arising from shared revenues.

**NOTE 7 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2010:

Transfers In:	Transfers Out:			Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
General Fund	\$0	\$0	\$40,294	\$40,294
Special Assessment Bond Retirement Fund	0	0	12,360	12,360
Capital Improvement Fund	1,024,561	0	0	1,024,561
Nonmajor Governmental Funds	563,814	386,480	26,000	976,294
Internal Service Fund	81,260	0	0	81,260
Total	\$1,669,635	\$386,480	\$78,654	\$2,134,769

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 8 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2010:

*Historical Cost:*

Class	December 31, 2009	Transfers	Additions	Deletions	December 31, 2010
<i>Capital assets not being depreciated:</i>					
Land	\$11,598,507	\$0	\$23,176	\$0	\$11,621,683
Construction in Progress	191,382	(11,032)	318,686	(65,203)	433,833
Subtotal	11,789,889	(11,032)	341,862	(65,203)	12,055,516
<i>Capital assets being depreciated:</i>					
Improvements	1,816,556	0	25,719	0	1,842,275
Buildings	3,552,459	0	22,694	(23,176)	3,551,977
Machinery and Equipment	5,526,758	0	319,824	(164,873)	5,681,709
Infrastructure	25,933,338	0	504,602	(99,509)	26,338,431
Subtotal	36,829,111	0	872,839	(287,558)	37,414,392
Total Cost	\$48,619,000	(\$11,032)	\$1,214,701	(\$352,761)	\$49,469,908

*Accumulated Depreciation:*

Class	December 31, 2009	Transfers	Additions	Deletions	December 31, 2010
Improvements	(\$339,476)	\$0	(\$40,905)	\$0	(\$380,381)
Buildings	(2,092,827)	0	(66,548)	0	(2,159,375)
Machinery and Equipment	(3,351,418)	0	(304,211)	140,378	(3,515,251)
Infrastructure	(11,517,097)	0	(732,719)	86,951	(12,162,865)
Total Depreciation	(\$17,300,818)	\$0	(\$1,144,383) *	\$227,329	(\$18,217,872)
<i>Net Value:</i>	\$31,318,182				\$31,252,036

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

Security of Persons and Property	\$154,898
Public Health and Welfare Services	6,874
Leisure Time Activities	66,988
Community Environment	2,570
Transportation	807,419
General Government	104,876
Total Depreciation Expense recorded within the Governmental Activities	1,143,625
Amount of Depreciation Expense recorded in the Internal Service Fund	758
Total Depreciation Expense	\$1,144,383

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 8 - CAPITAL ASSETS (continued)**

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

Summary by Category at December 31, 2010:

*Historical Cost:*

Class	December 31, 2009	Transfers	Additions	Deletions	December 31, 2010
<i>Capital assets not being depreciated:</i>					
Land	\$349,695	\$0	\$0	\$0	\$349,695
Construction in Progress	8,338,434	11,032	2,066,156	(7,969,536)	2,446,086
Subtotal	8,688,129	11,032	2,066,156	(7,969,536)	2,795,781
<i>Capital assets being depreciated:</i>					
Buildings	7,030,855	0	0	0	7,030,855
Improvements	35,241,578	0	9,189,725	0	44,431,303
Machinery and Equipment	6,509,619	0	57,413	(25,407)	6,541,625
Subtotal	48,782,052	0	9,247,138	(25,407)	58,003,783
Total Cost	\$57,470,181	\$11,032	\$11,313,294	(\$7,994,943)	\$60,799,564

*Accumulated Depreciation:*

Class	December 31, 2009	Transfers	Additions	Deletions	December 31, 2010
Buildings	(\$3,983,817)	\$0	(\$195,534)	\$0	(\$4,179,351)
Improvements	(10,797,505)	0	(758,995)	0	(11,556,500)
Machinery and Equipment	(4,999,289)	0	(232,197)	13,154	(5,218,332)
Total Depreciation	(\$19,780,611)	\$0	(\$1,186,726)	\$13,154	(\$20,954,183)

<i>Net Value:</i>	\$37,689,570				\$39,845,381
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**NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at December 31, 2010 consist of the following receivables and payables:

Fund	Receivable	Payable
Capital Improvement Fund	\$35,300	\$0
CHIP Income Fund	0	35,300
Totals	\$35,300	\$35,300

The interfund loans receivable/payable are amounts that have been advanced from one fund to another and will be repaid during the following reporting period. The above interfund receivable and payable were eliminated on the government-wide statement of net assets because they were between governmental activities.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2010, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2010 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 8.5% from January 1 through February 28, 2010 and 9.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 9.27% from January 1 through February 28, 2010, and 9.77% from March 1 through December 31, 2010. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$415,720, \$262,671 and \$315,190, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2010, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2010, 2009, and 2008 were \$164,972, \$91,150 and \$104,038 for police and \$99,297, \$71,527 and \$78,218 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2010, 2009, and 2008 were \$236,998, \$367,318 and \$315,190, respectively, which were equal to the required contributions for each year.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2010, 2009, and 2008 were \$57,106, \$52,363 and \$55,078 for police and \$27,927, \$29,712 and \$30,607 for firefighters, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 12 – COMPENSATED ABSENCES**

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

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

At December 31, 2010, the City's accumulated, unpaid compensated absences amounted to \$982,813, of which \$689,507 is recorded as a liability of the Governmental Activities and \$293,306 is recorded as a liability of the Business-Type Activities.

**NOTE 13 - NOTES PAYABLE**

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

	Issue Date	Balance December 31, 2009	Issued	(Retired)	Balance December 31, 2010
Enterprise Funds Notes Payable:					
1.00% W. Washington & Avon Imp. Project	3/26/10	\$0	\$465,000	(\$465,000)	\$0
1.00% W. Washington & Avon Imp. Project	3/26/10	0	2,535,000	(2,535,000)	0
2.55% Woodlawn Avenue Reconstruction	7/26/09	\$410,400	\$0	(\$410,400)	\$0
2.55% Woodlawn Avenue Reconstruction	7/26/09	2,289,600	0	(2,289,600)	0
Total Enterprise Funds Notes Payable:		<u>\$2,700,000</u>	<u>\$3,000,000</u>	<u>(\$5,700,000)</u>	<u>\$0</u>
Governmental Funds Notes Payable:					
2.55% Court Building Improvement	7/26/09	700,000	0	(700,000)	0
Total Notes Payable		<u>\$3,400,000</u>	<u>\$3,000,000</u>	<u>(\$6,400,000)</u>	<u>\$0</u>



**CITY OF NAPOLEON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 14 - LONG-TERM DEBT**

Long-term debt of the City at December 31, 2010 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2009	Additions	(Reductions)	Balance December 31, 2010	Amount Due Within One Year
<b>Business-Type Activities:</b>								
<b>General Obligation Bonds:</b>								
2005	3.00% - 5.00%	Waterworks System Improvements	2019	\$1,050,000	\$0	(\$90,000)	\$960,000	\$90,000
2004	2.50% - 5.12%	Capital Facilities Improvement	2024	820,000	0	(40,000)	780,000	40,000
Total General Obligation Bonds				1,870,000	0	(130,000)	1,740,000	130,000
<b>Mortgage Revenue Bonds:</b>								
1998	4.00% - 5.00%	Sewer System Improvement	2018	1,950,000	0	(1,950,000)	0	0
1998	4.00% - 5.00%	Electric System Improvement	2018	1,815,000	0	(1,815,000)	0	0
2008	3.50% - 4.50%	Water System Improvements	2028	3,385,000	0	(125,000)	3,260,000	125,000
2010	4.60%	Water - Woodlawn Avenue Reconstruction	2040	0	305,000	0	305,000	5,400
2010	4.60%	Water - West Washington Avenue Reconstruction	2040	0	540,000	0	540,000	9,600
2010	4.60%	Sewer System Improvement	2040	0	2,050,000	(106,000)	1,944,000	129,850
2010	4.60%	Sewer - Woodlawn Avenue Reconstruction	2040	0	1,800,000	(94,000)	1,706,000	115,150
2010	7.50%	Sewer - West Washington Avenue Reconstruction	2040	0	2,535,000	0	2,535,000	20,000
Total Mortgage Revenue Bonds				7,150,000	7,230,000	(4,090,000)	10,290,000	405,000
<b>Special Assessment Bond:</b>								
(with Governmental Commitment)								
2000	5.00%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	79,846	0	(4,800)	75,046	5,600
<b>Long-Term Notes Payable:</b>								
2009	2.55%	West Washington and Avon Improvements		620,000	0	(620,000)	0	0
2009	2.55%	West Washington and Avon Improvements		3,380,000	0	(3,380,000)	0	0
Total Long-Term Notes Payable				4,000,000	0	(4,000,000)	0	0
<b>Ohio Sewer and Water Rotary Commission Deferred Loans:</b>								
1998		OSWRC - Palmer Ditch Project		88,341	0	(6,884)	81,457	0
2005		OSWRC - North Pointe Water and Sewer Project		577,729	0	0	577,729	0
Total OSWRC Loans				666,070	0	(6,884)	659,186	0
<b>Ohio Public Works Commission Loans (OPWC):</b>								
2000		Railroad Street Sewer Separation	2020	36,846	0	(3,687)	33,159	3,684
2008		Woodlawn Avenue Improvements	2020	475,000	0	(25,000)	450,000	25,000
Total Ohio Public Works Commission Loans				511,846	0	(28,687)	483,159	28,684
<b>Ohio Water Development Authority Loans (OWDA):</b>								
1990	7.840%	OWDA - Project #1089	2013	1,006,144	0	(310,435)	695,709	334,773
1992	9.185%	OWDA - Malinta Waterline	2016	207,840	0	(25,826)	182,014	27,833
2005	4.490%	OWDA - Sewer System Improvements	2025	1,196,548	0	(54,864)	1,141,684	57,355
2005	4.490%	OWDA - NP Waterline Improvements	2025	253,270	0	(11,613)	241,657	12,140
Total Ohio Water Development Authority Loans				2,663,802	0	(402,738)	2,261,064	432,101
<b>Water Pollution Control Loan Fund Loans (WPCLF):</b>								
2008		Southside I & I Reduction Study	2013	133,944	0	(37,759)	96,185	38,186
2008		EQ Basin Storm Water Retention	2031	5,070,622	2,486,328	0	7,556,950	399,852
Total Water Pollution Control Loan Fund Loans				5,204,566	2,486,328	(37,759)	7,653,135	438,038
Payable to Joint Venture				231,862	0	(41,180)	190,682	0
Compensated Absences				292,342	293,306	(292,342)	293,306	131,514
Total Business-Type Long-Term Debt				\$22,670,334	\$10,009,634	(\$9,034,390)	\$23,645,578	\$1,570,937

**CITY OF NAPOLEON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2009	Additions	(Reductions)	Balance December 31, 2010	Amount Due Within One Year
Governmental Activities:								
Special Assessment Bonds:								
1990	7.250%	Oberhaus Creek Sewer Improvements	2010	\$15,000	\$0	(\$15,000)	\$0	\$0
1991	5.65-6.55%	Street Improvements	2011	20,000	0	(10,000)	10,000	10,000
1992	5.70-6.10%	Street Improvements	2012	60,000	0	(20,000)	40,000	20,000
1993	5.40%	Street Improvements	2013	39,000	0	(9,000)	30,000	9,000
1996	5.90%	Street Improvements	2016	90,000	0	(10,000)	80,000	10,000
1998	4.50-5.125%	Street Improvements	2018	96,000	0	(6,000)	90,000	10,000
1998	4.50-5.125%	Street Improvements	2018	44,000	0	(4,000)	40,000	5,000
2000	5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	20,153	0	(1,200)	18,953	1,400
Total Special Assessment Bonds (with Governmental Commitment)				384,153	0	(75,200)	308,953	65,400
General Obligation Bonds:								
2005	3.00% - 5.00%	Northcrest Drive	2025	325,000	0	(15,000)	310,000	15,000
2005	3.00% - 5.00%	SR 424 Resurfacing	2025	255,000	0	(10,000)	245,000	10,000
2010	4.50%	Courthouse Renovations	2025	0	760,000	0	760,000	40,000
Total General Obligation Bonds				580,000	760,000	(25,000)	1,315,000	65,000
Ohio Public Works Commission Loan:								
1998		Unimproved Street Program	2017	98,812	0	(12,357)	86,455	12,351
Compensated Absences				670,800	689,507	(670,800)	689,507	304,091
Total Governmental Activities Long-Term Debt				\$1,733,765	\$1,449,507	(\$783,357)	\$2,399,915	\$446,842

The principal amount of the City's special assessment debt outstanding at December 31, 2010, \$383,999, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$898,599 in the Special Assessment Bond Retirement Fund at December 31, 2010 is reserved for the retirement of outstanding special assessment bonds. The Sewer Fund will be collecting special assessments to retire the enterprise funds' special assessment debt.

**Water Pollution Control Loan Fund Loans** - During 2008, the City entered into two loan agreements with the Water Pollution Control Loan Fund (WPCLF). These loans were related to sewer and storm water improvements. The loan balance increased by \$2,486,328, along with principal payments of \$37,759, during 2010 to a year end balance of \$7,653,135.

**Ohio Water Development Authority Loans** - The City entered into three loan agreements with Ohio Water Development Authority (OWDA). The first was on June 28, 1990 to finance the Southside Sewer Improvement (loan number 1772). The other two were on May 16, 2005 to finance the Sewer System Extension and Improvement (loan number 4334) and the Waterline Construction (loan number 4333) projects. The sources of payments for the obligations are to be derived from user charges and assessments on property owners.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

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

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

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

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

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

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2011	90,000	3.50%
2012	95,000	3.50%
2013	100,000	3.50%
2014	100,000	3.75%
2015	105,000	3.75%

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

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

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

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

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

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

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

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

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2010 follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$195,000	\$137,575	\$405,000	\$555,031	\$71,000	\$21,535
2012	210,000	122,160	440,000	464,684	63,000	17,422
2013	220,000	115,620	455,000	451,972	49,000	13,843
2014	220,000	108,256	465,000	438,584	39,000	11,135
2015	235,000	100,606	480,000	424,334	39,000	8,964
2016-2020	1,175,000	352,180	2,140,000	1,857,922	122,999	16,260
2021-2025	800,000	107,532	1,715,000	1,456,838	0	0
2026-2030	0	0	1,585,000	1,009,932	0	0
2031-2035	0	0	1,130,000	659,836	0	0
2036-2040	0	0	1,475,000	278,976	0	0
Totals	<u>\$3,055,000</u>	<u>\$1,043,929</u>	<u>\$10,290,000</u>	<u>\$7,598,109</u>	<u>\$383,999</u>	<u>\$89,159</u>

Years	OWDA Loans		OPWC Loans		WPCLF Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$432,101	\$130,026	\$41,035	\$0	\$438,038	\$80,837
2012	463,581	98,548	41,035	0	438,425	76,456
2013	108,276	64,535	41,035	0	419,434	72,071
2014	114,235	58,576	41,035	0	399,855	67,974
2015	140,021	53,776	41,035	0	399,855	63,976
2016-2020	475,083	179,096	164,429	0	1,999,260	259,764
2021-2025	527,767	60,995	125,010	0	1,999,260	136,090
2026-2030	0	0	75,000	0	1,559,008	59,978
Totals	<u>\$2,261,064</u>	<u>\$645,552</u>	<u>\$569,614</u>	<u>\$0</u>	<u>\$7,653,135</u>	<u>\$817,146</u>

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 15 - RISK MANAGEMENT**

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

**A. BORMA Property and Casualty Pool**

The BORMA Property and Casualty Pool provides boiler and machinery, automobile liability, automobile physical damage, general liability, crime and property, and public officials insurance coverage up to specific limits. The pool includes the following Ohio Cities as members: Bowling Green, Defiance, Huron, Napoleon, Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2010, the pool has cash reserves of \$497,185, which in the opinion of management is adequate for any claims currently pending against the pool. During 2010, the City paid \$103,303 into the pool for total premiums for the property and casualty coverage received.

For the period 12/01/2009 through 11/30/2010, the amount of risk retained within the pool is \$150,000 per occurrence for property, \$25,000 per occurrence for crime, and \$150,000 per occurrence for general liability and automobile liability. The City's individual liability is \$1,000 per occurrence for property and crime losses. Coverage is provided by various insurance carriers with total property limits of \$92,891,000, primary general liability limit of \$2,000,000 per occurrence, primary Automobile Liability limit of \$2,000,000 per occurrence and excess liability limits of \$8,000,000 per occurrence and aggregate. These limits are inclusive of the above noted retentions.

For the period 12/01/2010 through 11/30/2011, the amount of risk retained within the pool is \$150,000 per occurrence for property, \$25,000 per occurrence for crime, and \$150,000 per occurrence for general liability and automobile liability. The City's individual liability is \$1,000 per occurrence for property and crime losses. Coverage is provided by various insurance carriers with total property limits of \$92,891,000, primary general liability limit of \$2,000,000 per occurrence, primary Automobile Liability limit of \$2,000,000 per occurrence and excess liability limits of \$8,000,000 per occurrence and aggregate. These limits are inclusive of the above noted retentions.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

The BORMA Property and Casualty Pool previously joined with other public cost sharing pools to form a new pool called the Public Entity Risk Corporation (PERC). This pool provides self-insured retentions for each of the member pools as follows: Property up to \$250,000 per occurrence, Liability up to \$500,000 per occurrence and Stop Loss for period 12/01/2009 through 11/30/2010 up to \$1,650,000 maximum per year; and Stop Loss for period 12/01/2010 through 11/30/2011 up to \$1,650,000 maximum per year.

**B. BORMA Health Benefits Pool**

The BORMA Health Benefits Pool is for employee benefits and includes Life Insurance, Accidental Death and Dismemberment Insurance, Health Insurance and Prescription Drug Insurance. Each pool member has its own respective plan and coverage it has elected to provide for its employees. Premiums paid into the pool by each member are based on the level of coverage within each respective plan. In 2010, the pool included the following Ohio Cities and Villages as members: Archbold, Bowling Green, Carey, Clyde, Defiance, Fayette, Hicksville, Napoleon, Oberlin, Oregon, Sandusky, Upper Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2010, the pool had total reported assets of \$3,714,339.

Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool. The 2010 premiums paid by the City of Napoleon into the employee benefits pool were a monthly cost of \$956.12 for family coverage and \$336.53 for single coverage. The life insurance monthly premium was \$5.10 for \$20,000 in coverage, and \$7.65 for \$30,000 in coverage. Coverage levels were determined by bargaining agreements or personnel code. During 2010, the City paid \$1,045,673 into the pool for health benefits coverage, and \$8,543 into the pool for life insurance coverage. The cost of coverage for premiums is paid out of each respective fund and department that pays the salary of the individuals covered under the plan. The amount of risk retained by the pool was \$125,000 per individual for 2010 with excess coverage provided by Sun Life Financial.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

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

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

The City participates in the State of Ohio's Bureau of Workers Compensation Group Rating Program as a member of the ORWA Workers Compensation Group Rated Pool. The ORWA pool is one of many organized group rated pools, authorized by the State of Ohio, providing lowered Workers Compensation Insurance Premiums to groups of like entities. Benefits received by injured workers are established and controlled by the State of Ohio Bureau of Workers Compensation. The City pays the State Workers Compensation a premium based upon a rate per \$100 of payroll paid in the prior year, plus administrative costs. The annual rate is a computed factor (%) using the past five (5) years of loss history for both the City and the other members of the group in the ORWA pool. During 2010, the City paid \$152,685 into the pool for total Workers Compensation premiums.

**D. State Unemployment Benefits**

The City pays Unemployment Benefits Claims as they occur directly to the Ohio Department of Job and Family Services of the State of Ohio. Political Subdivisions in Ohio are not required to pay the unemployment tax. During 2010, the City paid \$775 to the Ohio Department of Job and Family Services for unemployment benefit claims.

**NOTE 16 - CONTINGENCIES**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$62,961 at December 31, 2010. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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**CITY OF NAPOLEON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

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

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2010 are:

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

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2010 Napoleon has met their debt coverage obligation.

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$794,017 at December 31, 2010. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2010 Napoleon has met their debt coverage obligation.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

OMEGA JV6 is managed by American Municipal Power-Ohio, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP-Ohio issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. The City's net obligation for these bonds at December 31, 2010 was \$190,682 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected).

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$353,132 at December 31, 2010. Complete financial statements for OMEGA JV6 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

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

The ten participating subdivisions and their respective ownership shares at December 31, 2010 are:

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

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2011	\$ 39,978	\$ 2,322	\$ 42,300
2012	37,534	4,766	42,300
2013	37,445	4,855	42,300
2014	38,958	3,342	42,300
2015	40,533	1,767	42,300
2016	13,699	274	13,973
Total Gross Liability	208,147	17,326	225,473
Less: Amounts Held in Reserve	(17,465)		
Net Obligation	\$ 190,682		

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. The CIC is governed by a Board of 10 Trustees. Five of these trustees are residents of the City of Napoleon and the remaining five are residents of Henry County. The City's degree of control over the Board is limited to its representation on the Board. The City has no equity interest in the CIC. The City paid \$289,426 to the CIC during 2010. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

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

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

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member County as well as one township representative and one municipal representative for each of the five member counties. The main source of revenue is fees charged by MVPO to administer CDBG grants and a per capita amount from each county. In 2010, the City paid administrative fees of \$69,516 to MVPO.

**NOTE 18 - CONDUIT DEBT OBLIGATIONS**

The City issued mortgage revenue bonds to provide financial assistance to The Lutheran Orphans' and Old Folks' Home Society at Napoleon, Ohio, Inc. The City has no obligation for the debt beyond the resources provided by the mortgage revenue bonds. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2010, there were two mortgage revenue bonds outstanding with an aggregate principal amount payable of \$968,967.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES**

For 2010, the City has implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, GASB Statement No. 52, *Accounting for Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

The implementation of GASB Statements No. 51, No. 52, No. 53, No. 55, No. 56 and No. 58 did not result in any change to the City's financial statements.



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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

**Street Construction, Maintenance and Repair Fund**

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

**State Highway Improvement Fund**

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

**Motor Vehicle License Tax Fund**

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

**EMS Transport Service Fund**

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

**Recreation Fund**

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

**Special Events Fund**

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

**Economic Development Fund**

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

**Downtown Revitalization Grant Fund**

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

(Continued)

***Special Revenue Funds***

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**Hotel/Motel Tax Fund**

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

**Fire Loss Claims Fund**

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

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

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

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

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

**Indigent Drivers Alcohol Treatment Fund**

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

**Law Enforcement and Education Fund**

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

**Court Computerization Fund**

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

**Law Enforcement Trust Fund**

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

**Mandatory Drug Fine Fund**

To account for mandatory fines collected for drug related offenses.

**Fire Equipment Fund**

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

(Continued)

***Special Revenue Funds***

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**Municipal Probation Service Fund**

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

**Probation Officer Grant Fund**

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

**Court Improvement Fund**

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

**Handicap Parking Fines Fund**

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

**Police Pension Fund**

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

**Fire Pension Fund**

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

**Cemetery Fund**

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

**Law Enforcement OT Grant Fund**

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

**Certified Police Training Fund**

To account for financial resources used for Police continuing professional training.

**Indigent Drivers Interlock/Alcohol Fund**

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

***Debt Service Fund***

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

**General Bond Retirement Fund**

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

***Capital Projects Funds***

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

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

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

**CITY OF NAPOLEON, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,856,461	\$ 9,520	\$ 86,250	\$ 1,952,231
Receivables:				
Taxes	147,279	0	0	147,279
Accounts	425,720	0	0	425,720
Intergovernmental	433,814	0	0	433,814
Interest	2,954	0	0	2,954
Inventory of Supplies, at Cost	119,506	0	0	119,506
<b>Total Assets</b>	<b>\$ 2,985,734</b>	<b>\$ 9,520</b>	<b>\$ 86,250</b>	<b>\$ 3,081,504</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 35,613	\$ 0	\$ 0	\$ 35,613
Accrued Wages and Benefits Payable	110,410	0	0	110,410
Interfund Loans Payable	35,300	0	0	35,300
Deferred Revenue	859,624	0	0	859,624
<b>Total Liabilities</b>	<b>1,040,947</b>	<b>0</b>	<b>0</b>	<b>1,040,947</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	273,516	0	0	273,516
Reserved for Supplies Inventory	119,506	0	0	119,506
Undesignated/Unreserved in:				
Special Revenue Funds	1,551,765	0	0	1,551,765
Debt Service Funds	0	9,520	0	9,520
Capital Projects Funds	0	0	86,250	86,250
<b>Total Fund Balances</b>	<b>1,944,787</b>	<b>9,520</b>	<b>86,250</b>	<b>2,040,557</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,985,734</b>	<b>\$ 9,520</b>	<b>\$ 86,250</b>	<b>\$ 3,081,504</b>



**CITY OF NAPOLEON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 118,241	\$ 0	\$ 0	\$ 118,241
Intergovernmental Revenues	837,733	0	0	837,733
Charges for Services	542,220	0	0	542,220
Investment Earnings	24,297	0	0	24,297
Fines and Forfeitures	103,936	0	0	103,936
All Other Revenue	70,563	3,420	0	73,983
<b>Total Revenue</b>	<b>1,696,990</b>	<b>3,420</b>	<b>0</b>	<b>1,700,410</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	622,357	0	0	622,357
Leisure Time Activities	821,199	0	0	821,199
Community Environment	411,349	0	0	411,349
Transportation	582,589	0	0	582,589
General Government	49,348	0	0	49,348
Debt Service:				
Principal Retirement	0	25,000	0	25,000
Interest and Fiscal Charges	5,845	57,428	0	63,273
<b>Total Expenditures</b>	<b>2,492,687</b>	<b>82,428</b>	<b>0</b>	<b>2,575,115</b>
Excess (Deficiency) of Revenues Over Expenditures	(795,697)	(79,008)	0	(874,705)
<b>Other Financing Sources (Uses):</b>				
General Obligation Bonds Issued	760,000	0	0	760,000
Transfers In	924,814	51,480	0	976,294
Transfers Out	(78,654)	0	0	(78,654)
<b>Total Other Financing Sources (Uses)</b>	<b>1,606,160</b>	<b>51,480</b>	<b>0</b>	<b>1,657,640</b>
Net Change In Fund Balance	810,463	(27,528)	0	782,935
<b>Fund Balances at Beginning of Year</b>	<b>1,148,396</b>	<b>37,048</b>	<b>86,250</b>	<b>1,271,694</b>
Decrease in Inventory Reserve	(14,072)	0	0	(14,072)
<b>Fund Balances End of Year</b>	<b>\$ 1,944,787</b>	<b>\$ 9,520</b>	<b>\$ 86,250</b>	<b>\$ 2,040,557</b>

**CITY OF NAPOLEON, OHIO**

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**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

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	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 190,374	\$ 28,913	\$ 462,028	\$ 109,939
Receivables:				
Taxes	0	0	0	0
Accounts	6,037	0	0	404,474
Intergovernmental	184,863	14,988	28,659	0
Interest	496	61	967	0
Inventory of Supplies, at Cost	108,992	0	0	0
<b>Total Assets</b>	<u>\$ 490,762</u>	<u>\$ 43,962</u>	<u>\$ 491,654</u>	<u>\$ 514,413</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 4,013	\$ 0	\$ 46	\$ 15,733
Accrued Wages and Benefits Payable	16,340	0	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	123,584	10,034	19,772	364,988
<b>Total Liabilities</b>	<u>143,937</u>	<u>10,034</u>	<u>19,818</u>	<u>380,721</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	10,576	4,044	0	0
Reserved for Supplies Inventory	108,992	0	0	0
Undesignated/Unreserved	227,257	29,884	471,836	133,692
<b>Total Fund Balances</b>	<u>346,825</u>	<u>33,928</u>	<u>471,836</u>	<u>133,692</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 490,762</u>	<u>\$ 43,962</u>	<u>\$ 491,654</u>	<u>\$ 514,413</u>

**CITY OF NAPOLEON, OHIO**

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Recreation	Special Events	Economic Development	Downtown Revitalization Grant	Hotel/Motel Tax	Fire Loss Claims
\$ 156,287	\$ 4,242	\$ 5,710	\$ 3,516	\$ 0	\$ 13,860
0	0	0	0	0	0
171	0	0	0	5,963	0
0	0	0	0	0	0
390	0	12	0	0	0
10,514	0	0	0	0	0
<u>\$ 167,362</u>	<u>\$ 4,242</u>	<u>\$ 5,722</u>	<u>\$ 3,516</u>	<u>\$ 5,963</u>	<u>\$ 13,860</u>
\$ 7,524	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16,866	0	0	0	0	0
0	0	0	0	0	0
269	0	8	0	0	0
<u>24,659</u>	<u>0</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>
942	0	0	0	0	0
10,514	0	0	0	0	0
131,247	4,242	5,714	3,516	5,963	13,860
<u>142,703</u>	<u>4,242</u>	<u>5,714</u>	<u>3,516</u>	<u>5,963</u>	<u>13,860</u>
<u>\$ 167,362</u>	<u>\$ 4,242</u>	<u>\$ 5,722</u>	<u>\$ 3,516</u>	<u>\$ 5,963</u>	<u>\$ 13,860</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

	CHIP Income	CDBG Income	Indigent Drivers Alcohol Treatment	Law Enforcement and Education
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 35,300	\$ 65,957	\$ 34,948	\$ 5,001
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	2,072	54
Intergovernmental	0	0	0	0
Interest	0	0	86	12
Inventory of Supplies, at Cost	0	0	0	0
<b>Total Assets</b>	<b>\$ 35,300</b>	<b>\$ 65,957</b>	<b>\$ 37,106</b>	<b>\$ 5,067</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 6,500	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Interfund Loans Payable	35,300	0	0	0
Deferred Revenue	0	0	59	8
<b>Total Liabilities</b>	<b>41,800</b>	<b>0</b>	<b>59</b>	<b>8</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	125
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved	(6,500)	65,957	37,047	4,934
<b>Total Fund Balances</b>	<b>(6,500)</b>	<b>65,957</b>	<b>37,047</b>	<b>5,059</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 35,300</b>	<b>\$ 65,957</b>	<b>\$ 37,106</b>	<b>\$ 5,067</b>

**CITY OF NAPOLEON, OHIO**

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<u>Court Computerization</u>	<u>Law Enforcement Trust</u>	<u>Mandatory Drug Fine</u>	<u>Fire Equipment</u>	<u>Municipal Probation Service</u>	<u>Probation Officer Grant</u>
\$ 26,839	\$ 1,549	\$ 13,790	\$ 371,870	\$ 8,136	\$ 4,086
0	0	0	0	0	0
1,231	0	10	0	96	0
0	0	0	178,125	0	24,644
65	4	32	797	32	0
0	0	0	0	0	0
<u>\$ 28,135</u>	<u>\$ 1,553</u>	<u>\$ 13,832</u>	<u>\$ 550,792</u>	<u>\$ 8,264</u>	<u>\$ 28,730</u>
\$ 0	\$ 0	\$ 0	\$ 1,797	\$ 0	\$ 0
0	0	0	0	0	1,508
0	0	0	0	0	0
45	3	22	178,674	22	12,322
45	3	22	180,471	22	13,830
0	0	0	257,829	0	0
0	0	0	0	0	0
28,090	1,550	13,810	112,492	8,242	14,900
28,090	1,550	13,810	370,321	8,242	14,900
<u>\$ 28,135</u>	<u>\$ 1,553</u>	<u>\$ 13,832</u>	<u>\$ 550,792</u>	<u>\$ 8,264</u>	<u>\$ 28,730</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

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**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

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	<u>Court Improvement</u>	<u>Handicap Parking Fines</u>	<u>Police Pension</u>	<u>Fire Pension</u>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 214,227	\$ 1,100	\$ 0	\$ 0
Receivables:				
Taxes	0	0	98,186	49,093
Accounts	4,648	0	0	0
Intergovernmental	0	0	1,690	845
Interest	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
<b>Total Assets</b>	<u>\$ 218,875</u>	<u>\$ 1,100</u>	<u>\$ 99,876</u>	<u>\$ 49,938</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	48,088	27,608
Interfund Loans Payable	0	0	0	0
Deferred Revenue	0	0	99,876	49,938
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>147,964</u>	<u>77,546</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved	218,875	1,100	(48,088)	(27,608)
<b>Total Fund Balances</b>	<u>218,875</u>	<u>1,100</u>	<u>(48,088)</u>	<u>(27,608)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 218,875</u>	<u>\$ 1,100</u>	<u>\$ 99,876</u>	<u>\$ 49,938</u>

**CITY OF NAPOLEON, OHIO**

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Cemetery	Law Enforcement OT Grant	Certified Police Training	Indigent Drivers Interlock/Alcohol	Total Nonmajor Special Revenue Funds
\$ 69,412	\$ 15,671	\$ 3,280	\$ 10,426	\$ 1,856,461
0	0	0	0	147,279
0	0	400	564	425,720
0	0	0	0	433,814
0	0	0	0	2,954
0	0	0	0	119,506
<u>\$ 69,412</u>	<u>\$ 15,671</u>	<u>\$ 3,680</u>	<u>\$ 10,990</u>	<u>\$ 2,985,734</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,613
0	0	0	0	110,410
0	0	0	0	35,300
0	0	0	0	859,624
0	0	0	0	1,040,947
0	0	0	0	273,516
0	0	0	0	119,506
69,412	15,671	3,680	10,990	1,551,765
69,412	15,671	3,680	10,990	1,944,787
<u>\$ 69,412</u>	<u>\$ 15,671</u>	<u>\$ 3,680</u>	<u>\$ 10,990</u>	<u>\$ 2,985,734</u>

**CITY OF NAPOLEON, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	410,945	33,320	110,891	7,391
Charges for Services	2,064	0	0	303,614
Investment Earnings	3,828	618	7,797	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	9,706	0	0	0
<b>Total Revenue</b>	<b>426,543</b>	<b>33,938</b>	<b>118,688</b>	<b>311,005</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	245,633
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	450,094	30,416	102,079	0
General Government	0	0	0	0
Debt Service:				
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>450,094</b>	<b>30,416</b>	<b>102,079</b>	<b>245,633</b>
Excess (Deficiency) of Revenues Over Expenditures	(23,551)	3,522	16,609	65,372
<b>Other Financing Sources (Uses):</b>				
General Obligation Bonds Issued	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	(12,360)	(26,000)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>(12,360)</b>	<b>(26,000)</b>
Net Change In Fund Balance	(23,551)	3,522	4,249	39,372
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>381,094</b>	<b>30,406</b>	<b>467,587</b>	<b>94,320</b>
Decrease in Inventory Reserve	(10,718)	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 346,825</b>	<b>\$ 33,928</b>	<b>\$ 471,836</b>	<b>\$ 133,692</b>



**CITY OF NAPOLEON, OHIO**

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<u>Recreation</u>	<u>Special Events</u>	<u>Economic Development</u>	<u>Downtown Revitalization Grant</u>	<u>Hotel/Motel Tax</u>	<u>Fire Loss Claims</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	29,352	81,920	0
215,277	0	0	0	0	0
3,802	0	245	0	0	0
0	0	0	0	0	0
43,144	0	0	0	0	0
<u>262,223</u>	<u>0</u>	<u>245</u>	<u>29,352</u>	<u>81,920</u>	<u>0</u>
0	0	0	0	0	0
821,199	0	0	0	0	0
0	0	289,000	25,836	0	0
0	0	0	0	0	0
0	11,369	0	0	37,979	0
0	0	0	0	0	0
<u>821,199</u>	<u>11,369</u>	<u>289,000</u>	<u>25,836</u>	<u>37,979</u>	<u>0</u>
(558,976)	(11,369)	(288,755)	3,516	43,941	0
0	0	0	0	0	0
551,254	12,000	289,000	0	0	0
0	0	0	0	(40,294)	0
<u>551,254</u>	<u>12,000</u>	<u>289,000</u>	<u>0</u>	<u>(40,294)</u>	<u>0</u>
(7,722)	631	245	3,516	3,647	0
153,779	3,611	5,469	0	2,316	13,860
(3,354)	0	0	0	0	0
<u>\$ 142,703</u>	<u>\$ 4,242</u>	<u>\$ 5,714</u>	<u>\$ 3,516</u>	<u>\$ 5,963</u>	<u>\$ 13,860</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

	CHIP Income	CDBG Income	Indigent Drivers Alcohol Treatment	Law Enforcement and Education
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	69,516	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	595	109
Fines and Forfeitures	0	0	12,848	965
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<b>69,516</b>	<b>0</b>	<b>13,443</b>	<b>1,074</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	4,772	895
Leisure Time Activities	0	0	0	0
Community Environment	76,016	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>76,016</b>	<b>0</b>	<b>4,772</b>	<b>895</b>
Excess (Deficiency) of Revenues Over Expenditures	(6,500)	0	8,671	179
<b>Other Financing Sources (Uses):</b>				
General Obligation Bonds Issued	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change In Fund Balance	(6,500)	0	8,671	179
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>0</b>	<b>65,957</b>	<b>28,376</b>	<b>4,880</b>
Decrease in Inventory Reserve	0	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ (6,500)</b>	<b>\$ 65,957</b>	<b>\$ 37,047</b>	<b>\$ 5,059</b>

**CITY OF NAPOLEON, OHIO**

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<u>Court Computerization</u>	<u>Law Enforcement Trust</u>	<u>Mandatory Drug Fine</u>	<u>Fire Equipment</u>	<u>Municipal Probation Service</u>	<u>Probation Officer Grant</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	49,289
0	0	0	18,000	0	0
493	80	248	6,184	298	0
17,056	0	579	0	3,233	0
0	5,000	0	0	0	0
<u>17,549</u>	<u>5,080</u>	<u>827</u>	<u>24,184</u>	<u>3,531</u>	<u>49,289</u>
16,904	5,142	404	14,615	12,538	47,740
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>16,904</u>	<u>5,142</u>	<u>404</u>	<u>14,615</u>	<u>12,538</u>	<u>47,740</u>
645	(62)	423	9,569	(9,007)	1,549
0	0	0	0	0	0
0	0	0	72,000	0	0
0	0	0	0	0	0
0	0	0	72,000	0	0
645	(62)	423	81,569	(9,007)	1,549
27,445	1,612	13,387	288,752	17,249	13,351
0	0	0	0	0	0
<u>\$ 28,090</u>	<u>\$ 1,550</u>	<u>\$ 13,810</u>	<u>\$ 370,321</u>	<u>\$ 8,242</u>	<u>\$ 14,900</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 78,828	\$ 39,413
Intergovernmental Revenues	0	0	26,725	13,361
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	63,184	0	0	0
All Other Revenue	12,466	0	0	0
<b>Total Revenue</b>	<u>75,650</u>	<u>0</u>	<u>105,553</u>	<u>52,774</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	72,634	0	131,770	68,129
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Interest & Fiscal Charges	5,845	0	0	0
<b>Total Expenditures</b>	<u>78,479</u>	<u>0</u>	<u>131,770</u>	<u>68,129</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,829)	0	(26,217)	(15,355)
<b>Other Financing Sources (Uses):</b>				
General Obligation Bonds Issued	760,000	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>760,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	757,171	0	(26,217)	(15,355)
<b>Fund Balances (Deficit) at Beginning of Year</b>	(538,296)	1,100	(21,871)	(12,253)
Decrease in Inventory Reserve	0	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 218,875</u>	<u>\$ 1,100</u>	<u>\$ (48,088)</u>	<u>\$ (27,608)</u>

**CITY OF NAPOLEON, OHIO**

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Cemetery	Law Enforcement OT Grant	Certified Police Training	Indigent Drivers Interlock/Alcohol	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 118,241
0	4,143	880	0	837,733
3,265	0	0	0	542,220
0	0	0	0	24,297
0	0	0	6,071	103,936
0	0	0	247	70,563
<u>3,265</u>	<u>4,143</u>	<u>880</u>	<u>6,318</u>	<u>1,696,990</u>
0	1,181	0	0	622,357
0	0	0	0	821,199
20,497	0	0	0	411,349
0	0	0	0	582,589
0	0	0	0	49,348
0	0	0	0	5,845
<u>20,497</u>	<u>1,181</u>	<u>0</u>	<u>0</u>	<u>2,492,687</u>
(17,232)	2,962	880	6,318	(795,697)
0	0	0	0	760,000
0	560	0	0	924,814
0	0	0	0	(78,654)
0	560	0	0	1,606,160
(17,232)	3,522	880	6,318	810,463
86,644	12,149	2,800	4,672	1,148,396
0	0	0	0	(14,072)
<u>\$ 69,412</u>	<u>\$ 15,671</u>	<u>\$ 3,680</u>	<u>\$ 10,990</u>	<u>\$ 1,944,787</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 235,780	\$ 262,740	\$ 262,757	\$ 17
Municipal Income Taxes	2,878,240	3,249,780	3,249,834	54
Other Local Taxes	540,000	515,540	515,545	5
Intergovernmental Revenues	506,870	652,520	652,577	57
Charges for Services	253,530	273,440	273,478	38
Licenses and Permits	54,010	63,580	63,599	19
Investment Earnings	140,000	135,370	135,379	9
Special Assessments	700	630	634	4
Fines and Forfeitures	281,000	271,670	271,677	7
All Other Revenues	344,970	331,450	331,472	22
Total Revenues	5,235,100	5,756,720	5,756,952	232
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	1,480,110	1,438,940	1,438,911	29
Materials and Supplies	89,789	70,159	69,773	386
Contractual Services	137,451	101,981	101,888	93
Other Expenditures	5,299	4,019	4,000	19
Total Police	1,712,649	1,615,099	1,614,572	527
Fire:				
Personal Services	748,430	671,180	671,117	63
Materials and Supplies	53,650	34,947	34,897	50
Contractual Services	130,200	110,904	110,465	439
Total Fire	932,280	817,031	816,479	552
Total Security of Persons and Property	2,644,929	2,432,130	2,431,051	1,079
Public Health and Welfare Services:				
Cemetery:				
Personal Services	82,410	85,399	85,397	2
Materials and Supplies	14,050	9,190	9,172	18
Contractual Services	14,620	9,620	9,591	29
Total Public Health and Welfare Services	111,080	104,209	104,160	49

(Continued)

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	99,250	99,870	99,864	6
Materials and Supplies	2,700	1,420	1,397	23
Contractual Services	9,140	4,670	4,657	13
Other Expenditures	800	190	179	11
Total Community Environment	<u>111,890</u>	<u>106,150</u>	<u>106,097</u>	<u>53</u>
General Government:				
City Council:				
Personal Services	8,479	9,034	8,780	254
Materials and Supplies	300	187	187	0
Contractual Services	1,041	1,209	1,172	37
Other Expenditures	510	419	414	5
Total City Council	<u>10,330</u>	<u>10,849</u>	<u>10,553</u>	<u>296</u>
Mayor:				
Personal Services	3,461	3,681	3,506	175
Materials and Supplies	200	0	0	0
Contractual Services	1,320	1,000	996	4
Other Expenditures	100	30	25	5
Total Mayor	<u>5,081</u>	<u>4,711</u>	<u>4,527</u>	<u>184</u>
City Manager - Administration:				
Personal Services	57,503	54,301	52,787	1,514
Materials and Supplies	852	859	830	29
Contractual Services	848	628	601	27
Other Expenditures	100	70	67	3
Total City Manager - Administration	<u>59,303</u>	<u>55,858</u>	<u>54,285</u>	<u>1,573</u>
City Manager - Human Resources:				
Personal Services	87,640	87,460	87,447	13
Materials and Supplies	500	210	195	15
Contractual Services	7,605	6,085	6,057	28
Other Expenditures	200	80	72	8
Total City Manager - Human Resources	<u>95,945</u>	<u>93,835</u>	<u>93,771</u>	<u>64</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Law Director:</b>				
Personal Services	49,196	45,682	44,412	1,270
Materials and Supplies	1,843	558	539	19
Contractual Services	8,029	7,066	6,142	924
Other Expenditures	500	0	0	0
Total Law Director	59,568	53,306	51,093	2,213
<b>Finance - Administration:</b>				
Personal Services	86,500	94,295	91,683	2,612
Materials and Supplies	1,850	2,150	2,146	4
Contractual Services	27,643	26,746	25,997	749
Other Expenditures	1,200	1,050	1,042	8
Total Finance - Administration	117,193	124,241	120,868	3,373
<b>Finance - Utility Billing:</b>				
Personal Services	30,438	33,627	32,689	938
Materials and Supplies	7,461	9,986	9,705	281
Contractual Services	9,939	10,199	9,911	288
Total Finance - Utility Billing	47,838	53,812	52,305	1,507
<b>Finance - Income Tax Collection:</b>				
Personal Services	140,270	126,740	126,707	33
Materials and Supplies	6,100	3,590	3,583	7
Contractual Services	19,470	17,450	17,410	40
Capital Outlay	4,500	3,620	3,612	8
Total Finance - Income Tax Collection	170,340	151,400	151,312	88
<b>Finance - Information Systems:</b>				
Personal Services	79,090	77,340	77,316	24
Materials and Supplies	22,074	21,004	20,842	162
Contractual Services	49,866	49,546	49,526	20
Total Finance - Information Systems	151,030	147,890	147,684	206
<b>City Engineer:</b>				
Personal Services	98,206	94,608	91,980	2,628
Materials and Supplies	2,792	2,941	2,476	465
Contractual Services	19,594	23,698	19,209	4,489
Other Expenditures	4,252	408	156	252
Total City Engineer	124,844	121,655	113,821	7,834

(Continued)



**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Municipal Court:</b>				
Personal Services	431,070	419,400	419,374	26
Materials and Supplies	39,535	36,769	36,747	22
Contractual Services	56,650	36,396	36,328	68
Other Expenditures	230	70	70	0
Total Municipal Court	527,485	492,635	492,519	116
<b>Service - Buildings, Property and Equipment:</b>				
Personal Services	30,063	33,340	32,406	934
Materials and Supplies	4,104	2,878	2,684	194
Contractual Services	965	429	414	15
Other Expenditures	140	0	0	0
Total Service - Buildings, Property and Equ	35,272	36,647	35,504	1,143
<b>Miscellaneous:</b>				
Materials and Supplies	6,306	4,625	4,477	148
Contractual Services	79,751	74,399	71,358	3,041
Other Expenditures	124,872	125,971	122,065	3,906
Total Miscellaneous	210,929	204,995	197,900	7,095
Total General Government	1,615,158	1,551,834	1,526,142	25,692
Total Expenditures	4,483,057	4,194,323	4,167,450	26,873
Excess (Deficiency) of Revenues Over (Under) Expenditures	752,043	1,562,397	1,589,502	27,105
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	11,220	11,224	4
Transfers In	35,000	40,285	40,294	9
Transfers Out	(1,403,890)	(1,669,650)	(1,669,635)	15
Total Other Financing Sources (Uses)	(1,368,890)	(1,618,145)	(1,618,117)	28
Net Change In Fund Balance	(616,847)	(55,748)	(28,615)	27,133
Fund Balance at Beginning of Year	1,263,885	1,263,885	1,263,885	0
Prior Year Encumbrances	43,560	43,560	43,560	0
Fund Balance at End of Year	\$ 690,598	\$ 1,251,697	\$ 1,278,830	\$ 27,133

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2010***

**SPECIAL ASSESSMENT BOND RETIREMENT FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 10,800	\$ 18,090	\$ 18,091	\$ 1
Special Assessments	144,540	110,620	110,639	19
All Other Revenues	39,690	33,370	33,397	27
Total Revenues	<u>195,030</u>	<u>162,080</u>	<u>162,127</u>	<u>47</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	3,500	4,328	4,321	7
Debt Service:				
Principal Retirement	132,050	92,360	92,357	3
Interest and Fiscal Charges	26,410	26,412	26,405	7
Total Expenditures	<u>161,960</u>	<u>123,100</u>	<u>123,083</u>	<u>17</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,070	38,980	39,044	64
<b>Other Financing Sources (Uses):</b>				
Transfers In	12,360	12,360	12,360	0
Total Other Financing Sources (Uses)	<u>12,360</u>	<u>12,360</u>	<u>12,360</u>	<u>0</u>
Net Change In Fund Balance	45,430	51,340	51,404	64
Fund Balance at Beginning of Year	846,563	846,563	846,563	0
Fund Balance at End of Year	<u>\$ 891,993</u>	<u>\$ 897,903</u>	<u>\$ 897,967</u>	<u>\$ 64</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Project Funds  
For the Year Ended December 31, 2010***

<b>CAPITAL IMPROVEMENT FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 1,500	\$ 1,130	\$ 1,134	\$ 4
All Other Revenues	0	17,910	17,917	7
Total Revenues	<u>1,500</u>	<u>19,040</u>	<u>19,051</u>	<u>11</u>
<b>Expenditures:</b>				
Capital Outlay:				
City Council	10,000	0	0	0
City Manager	3,150	740	735	5
Law Director	2,000	0	0	0
Finance - Administration	11,000	2,460	2,454	6
Central Information System	15,008	15,008	14,972	36
Engineering	25,830	25,830	25,810	20
Police	170,396	119,016	119,002	14
Fire	73,775	73,775	73,651	124
Building Inspections	200	0	0	0
Parks and Recreation	77,000	71,070	71,056	14
Street Maintenance	759,649	667,669	659,796	7,873
Total Expenditures	<u>1,148,008</u>	<u>975,568</u>	<u>967,476</u>	<u>8,092</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,146,508)	(956,528)	(948,425)	8,103
<b>Other Financing Sources (Uses):</b>				
Transfers In	853,910	1,024,560	1,024,561	1
Transfers Out	(376,480)	(386,480)	(386,480)	0
Advances Out	0	(35,300)	(35,300)	0
Total Other Financing Sources (Uses)	<u>477,430</u>	<u>602,780</u>	<u>602,781</u>	<u>1</u>
Net Change In Fund Balance	(669,078)	(353,748)	(345,644)	8,104
Fund Balance at Beginning of Year	678,077	678,077	678,077	0
Prior Year Encumbrances	116,868	116,868	116,868	0
Fund Balance at End of Year	<u>\$ 125,867</u>	<u>\$ 441,197</u>	<u>\$ 449,301</u>	<u>\$ 8,104</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 404,500	\$ 412,900	\$ 412,908	\$ 8
Charges for Services	2,500	4,940	4,950	10
Investment Earnings	3,600	4,180	4,180	0
All Other Revenues	6,000	5,450	5,453	3
Total Revenues	<u>416,600</u>	<u>427,470</u>	<u>427,491</u>	<u>21</u>
<b>Expenditures:</b>				
Transportation:				
Street Maintenance:				
Personal Services	283,890	244,960	244,919	41
Materials and Supplies	106,398	92,248	90,505	1,743
Contractual Services	55,730	38,080	37,850	230
Other Expenditures	24,300	15,650	15,637	13
Total Street Maintenance	<u>470,318</u>	<u>390,938</u>	<u>388,911</u>	<u>2,027</u>
Ice and Snow Removal:				
Personal Services	32,000	26,640	26,635	5
Materials and Supplies	12,600	11,490	11,482	8
Contractual Services	10,400	7,020	7,018	2
Other Expenditures	7,500	6,950	6,942	8
Total Ice and Snow Removal	<u>62,500</u>	<u>52,100</u>	<u>52,077</u>	<u>23</u>
Storm Drainage:				
Personal Services	11,000	14,840	14,825	15
Materials and Supplies	8,000	6,070	6,068	2
Contractual Services	3,000	2,600	2,596	4
Other Expenditures	3,200	630	623	7
Total Storm Drainage	<u>25,200</u>	<u>24,140</u>	<u>24,112</u>	<u>28</u>
Total Expenditures	<u>558,018</u>	<u>467,178</u>	<u>465,100</u>	<u>2,078</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(141,418)	(39,708)	(37,609)	2,099
Fund Balance at Beginning of Year	215,529	215,529	215,529	0
Prior Year Encumbrances	1,878	1,878	1,878	0
Fund Balance at End of Year	<u>\$ 75,989</u>	<u>\$ 177,699</u>	<u>\$ 179,798</u>	<u>\$ 2,099</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 30,800	\$ 33,460	\$ 33,479	\$ 19
Investment Earnings	800	650	660	10
Total Revenues	<u>31,600</u>	<u>34,110</u>	<u>34,139</u>	<u>29</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	15,400	11,050	11,045	5
Contractual Services	26,000	23,420	23,415	5
Total Expenditures	<u>41,400</u>	<u>34,470</u>	<u>34,460</u>	<u>10</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,800)	(360)	(321)	39
Fund Balance at Beginning of Year	25,190	25,190	25,190	0
Fund Balance at End of Year	<u>\$ 15,390</u>	<u>\$ 24,830</u>	<u>\$ 24,869</u>	<u>\$ 39</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 104,000	\$ 111,330	\$ 111,341	\$ 11
Investment Earnings	8,330	8,490	8,505	15
Total Revenues	<u>112,330</u>	<u>119,820</u>	<u>119,846</u>	<u>26</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	97,600	68,720	68,703	17
Contractual Services	106,400	33,330	33,330	0
Total Expenditures	<u>204,000</u>	<u>102,050</u>	<u>102,033</u>	<u>17</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(91,670)	17,770	17,813	43
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(12,360)	(12,360)	(12,360)	0
Total Other Financing Sources (Uses)	<u>(12,360)</u>	<u>(12,360)</u>	<u>(12,360)</u>	<u>0</u>
Net Change In Fund Balance	(104,030)	5,410	5,453	43
Fund Balance at Beginning of Year	442,575	442,575	442,575	0
Prior Year Encumbrances	14,000	14,000	14,000	0
Fund Balance at End of Year	<u>\$ 352,545</u>	<u>\$ 461,985</u>	<u>\$ 462,028</u>	<u>\$ 43</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

<b>EMS TRANSPORT SERVICE FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 7,000	\$ 7,390	\$ 7,391	\$ 1
Charges for Services	206,000	299,800	299,807	7
Total Revenues	<u>213,000</u>	<u>307,190</u>	<u>307,198</u>	<u>8</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Materials and Supplies	33,600	29,060	29,039	21
Contractual Services	102,075	87,095	86,795	300
Other Expenditures	80,000	127,000	127,000	0
Capital Outlay	5,610	5,610	5,500	110
Total Expenditures	<u>221,285</u>	<u>248,765</u>	<u>248,334</u>	<u>431</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,285)	58,425	58,864	439
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(26,000)	(26,000)	(26,000)	0
Total Other Financing Sources (Uses)	<u>(26,000)</u>	<u>(26,000)</u>	<u>(26,000)</u>	<u>0</u>
Net Change In Fund Balance	(34,285)	32,425	32,864	439
Fund Balance at Beginning of Year	75,947	75,947	75,947	0
Prior Year Encumbrances	385	385	385	0
Fund Balance at End of Year	<u>\$ 42,047</u>	<u>\$ 108,757</u>	<u>\$ 109,196</u>	<u>\$ 439</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

<b>RECREATION FUND</b>				Variance with Final Budget Positive Negative
	Original Budget	Final Budget	Actual	(Negative)
<b>Revenues:</b>				
Charges for Services	\$ 234,250	\$ 215,290	\$ 215,398	\$ 108
Investment Earnings	1,800	3,900	3,908	8
All Other Revenues	39,500	43,120	43,123	3
Total Revenues	<u>275,550</u>	<u>262,310</u>	<u>262,429</u>	<u>119</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Administration:				
Personal Services	79,260	81,000	80,962	38
Materials and Supplies	26,929	21,849	15,902	5,947
Contractual Services	4,150	1,330	1,310	20
Other Expenditures	2,750	0	0	0
Total Administration	<u>113,089</u>	<u>104,179</u>	<u>98,174</u>	<u>6,005</u>
Golf Course Operations:				
Personal Services	151,220	148,190	148,160	30
Materials and Supplies	75,311	66,001	65,804	197
Contractual Services	19,420	18,550	18,473	77
Total Golf Course Operations	<u>245,951</u>	<u>232,741</u>	<u>232,437</u>	<u>304</u>
Pool Operations:				
Personal Services	57,350	45,200	45,176	24
Materials and Supplies	27,000	29,880	29,864	16
Contractual Services	29,200	22,620	22,578	42
Total Pool Operations	<u>113,550</u>	<u>97,700</u>	<u>97,618</u>	<u>82</u>
Parks and Programs:				
Personal Services	263,270	260,460	260,399	61
Materials and Supplies	86,500	85,740	85,727	13
Contractual Services	59,000	57,110	57,069	41
Total Parks and Programs	<u>408,770</u>	<u>403,310</u>	<u>403,195</u>	<u>115</u>
Total Expenditures	<u>881,360</u>	<u>837,930</u>	<u>831,424</u>	<u>6,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(605,810)	(575,620)	(568,995)	6,625
<b>Other Financing Sources (Uses):</b>				
Transfers In	471,660	551,250	551,254	4
Total Other Financing Sources (Uses)	<u>471,660</u>	<u>551,250</u>	<u>551,254</u>	<u>4</u>
Net Change In Fund Balance	(134,150)	(24,370)	(17,741)	6,629
Fund Balance at Beginning of Year	165,017	165,017	165,017	0
Prior Year Encumbrances	7,460	7,460	7,460	0
Fund Balance at End of Year	<u>\$ 38,327</u>	<u>\$ 148,107</u>	<u>\$ 154,736</u>	<u>\$ 6,629</u>



**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	SPECIAL EVENTS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>12,000</u>	<u>11,370</u>	<u>11,369</u>	<u>1</u>
Total Expenditures	<u>12,000</u>	<u>11,370</u>	<u>11,369</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,000)	(11,370)	(11,369)	1
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Net Change In Fund Balance	0	630	631	1
Fund Balance at Beginning of Year	<u>3,611</u>	<u>3,611</u>	<u>3,611</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,611</u>	<u>\$ 4,241</u>	<u>\$ 4,242</u>	<u>\$ 1</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	<u>\$ 200</u>	<u>\$ 250</u>	<u>\$ 255</u>	<u>\$ 5</u>
Total Revenues	<u>200</u>	<u>250</u>	<u>255</u>	<u>5</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	<u>279,000</u>	<u>289,000</u>	<u>289,000</u>	<u>0</u>
Total Expenditures	<u>279,000</u>	<u>289,000</u>	<u>289,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(278,800)	(288,750)	(288,745)	5
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>279,000</u>	<u>289,000</u>	<u>289,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>279,000</u>	<u>289,000</u>	<u>289,000</u>	<u>0</u>
Net Change In Fund Balance	200	250	255	5
Fund Balance at Beginning of Year	<u>5,455</u>	<u>5,455</u>	<u>5,455</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,655</u>	<u>\$ 5,705</u>	<u>\$ 5,710</u>	<u>\$ 5</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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<b>DOWNTOWN REVITALIZATION GRANT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 29,350	\$ 29,352	\$ 2
Total Revenues	<u>0</u>	<u>29,350</u>	<u>29,352</u>	<u>2</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	0	25,850	25,836	14
Total Expenditures	<u>0</u>	<u>25,850</u>	<u>25,836</u>	<u>14</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	3,500	3,516	16
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 3,500</u>	<u>\$ 3,516</u>	<u>\$ 16</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

<b>HOTEL/MOTEL TAX FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 70,000	\$ 80,590	\$ 80,588	\$ (2)
Total Revenues	<u>70,000</u>	<u>80,590</u>	<u>80,588</u>	<u>(2)</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	35,000	40,295	40,294	1
Total Expenditures	<u>35,000</u>	<u>40,295</u>	<u>40,294</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,000	40,295	40,294	(1)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(35,000)	(40,295)	(40,294)	1
Total Other Financing Sources (Uses)	<u>(35,000)</u>	<u>(40,295)</u>	<u>(40,294)</u>	<u>1</u>
Net Change In Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

<b>CHIP INCOME FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 500,000	\$ 69,510	\$ 69,516	\$ 6
Total Revenues	<u>500,000</u>	<u>69,510</u>	<u>69,516</u>	<u>6</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	500,000	69,530	69,516	14
Total Expenditures	<u>500,000</u>	<u>69,530</u>	<u>69,516</u>	<u>14</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(20)	0	20
<b>Other Financing Sources (Uses):</b>				
Advances In	0	35,300	35,300	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>35,300</u>	<u>35,300</u>	<u>0</u>
Net Change In Fund Balance	0	35,280	35,300	20
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 35,280</u>	<u>\$ 35,300</u>	<u>\$ 20</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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<b>CDBG INCOME FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	35,000	0	0	0
Total Expenditures	<u>35,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,000)	0	0	0
Fund Balance at Beginning of Year	<u>65,957</u>	<u>65,957</u>	<u>65,957</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 30,957</u>	<u>\$ 65,957</u>	<u>\$ 65,957</u>	<u>\$ 0</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 550	\$ 630	\$ 639	\$ 9
Fines and Forfeitures	<u>7,000</u>	<u>11,310</u>	<u>11,320</u>	<u>10</u>
Total Revenues	<u>7,550</u>	<u>11,940</u>	<u>11,959</u>	<u>19</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	<u>20,000</u>	<u>4,780</u>	<u>4,772</u>	<u>8</u>
Total Expenditures	<u>20,000</u>	<u>4,780</u>	<u>4,772</u>	<u>8</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,450)	7,160	7,187	27
Fund Balance at Beginning of Year	<u>27,761</u>	<u>27,761</u>	<u>27,761</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,311</u>	<u>\$ 34,921</u>	<u>\$ 34,948</u>	<u>\$ 27</u>



**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 100	\$ 110	\$ 114	\$ 4
Fines and Forfeitures	<u>2,200</u>	<u>960</u>	<u>966</u>	<u>6</u>
Total Revenues	<u>2,300</u>	<u>1,070</u>	<u>1,080</u>	<u>10</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Contractual Services	2,000	490	483	7
Capital Outlay	<u>1,000</u>	<u>540</u>	<u>537</u>	<u>3</u>
Total Expenditures	<u>6,000</u>	<u>1,030</u>	<u>1,020</u>	<u>10</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,700)	40	60	20
Fund Balance at Beginning of Year	<u>4,816</u>	<u>4,816</u>	<u>4,816</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,116</u>	<u>\$ 4,856</u>	<u>\$ 4,876</u>	<u>\$ 20</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 500	\$ 540	\$ 544	\$ 4
Fines and Forfeitures	<u>18,000</u>	<u>17,330</u>	<u>17,339</u>	<u>9</u>
Total Revenues	<u>18,500</u>	<u>17,870</u>	<u>17,883</u>	<u>13</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	3,500	170	162	8
Other Expenditures	10,000	10,000	10,000	0
Capital Outlay	<u>12,721</u>	<u>6,771</u>	<u>6,742</u>	<u>29</u>
Total Expenditures	<u>26,221</u>	<u>16,941</u>	<u>16,904</u>	<u>37</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,721)	929	979	50
Fund Balance at Beginning of Year	20,339	20,339	20,339	0
Prior Year Encumbrances	<u>5,521</u>	<u>5,521</u>	<u>5,521</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,139</u>	<u>\$ 26,789</u>	<u>\$ 26,839</u>	<u>\$ 50</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

<b>LAW ENFORCEMENT TRUST FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Investment Earnings	\$ 50	\$ 80	\$ 84	\$ 4
All Other Revenues	<u>800</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Revenues	<u>850</u>	<u>5,080</u>	<u>5,084</u>	<u>4</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	1,000	0	0	0
Capital Outlay	<u>500</u>	<u>5,150</u>	<u>5,142</u>	<u>8</u>
Total Expenditures	<u>1,500</u>	<u>5,150</u>	<u>5,142</u>	<u>8</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(650)	(70)	(58)	12
Fund Balance at Beginning of Year	<u>1,607</u>	<u>1,607</u>	<u>1,607</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 957</u>	<u>\$ 1,537</u>	<u>\$ 1,549</u>	<u>\$ 12</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 200	\$ 270	\$ 271	\$ 1
Fines and Forfeitures	<u>500</u>	<u>570</u>	<u>574</u>	<u>4</u>
Total Revenues	<u>700</u>	<u>840</u>	<u>845</u>	<u>5</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Other Expenditures	<u>2,000</u>	<u>410</u>	<u>404</u>	<u>6</u>
Total Expenditures	<u>5,000</u>	<u>410</u>	<u>404</u>	<u>6</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,300)	430	441	11
Fund Balance at Beginning of Year	<u>13,349</u>	<u>13,349</u>	<u>13,349</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,049</u>	<u>\$ 13,779</u>	<u>\$ 13,790</u>	<u>\$ 11</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 18,000	\$ 18,000	\$ 18,000	\$ 0
Investment Earnings	<u>4,800</u>	<u>6,590</u>	<u>6,593</u>	<u>3</u>
Total Revenues	<u>22,800</u>	<u>24,590</u>	<u>24,593</u>	<u>3</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Capital Outlay	<u>21,026</u>	<u>272,616</u>	<u>272,444</u>	<u>172</u>
Total Expenditures	<u>21,026</u>	<u>272,616</u>	<u>272,444</u>	<u>172</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,774	(248,026)	(247,851)	175
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	<u>0</u>
Net Change In Fund Balance	73,774	(176,026)	(175,851)	175
Fund Balance at Beginning of Year	284,369	284,369	284,369	0
Prior Year Encumbrances	<u>3,726</u>	<u>3,726</u>	<u>3,726</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 361,869</u>	<u>\$ 112,069</u>	<u>\$ 112,244</u>	<u>\$ 175</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 400	\$ 330	\$ 335	\$ 5
Fines and Forfeitures	<u>5,000</u>	<u>3,280</u>	<u>3,287</u>	<u>7</u>
Total Revenues	<u>5,400</u>	<u>3,610</u>	<u>3,622</u>	<u>12</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	3,990	1,850	1,842	8
Contractual Services	12,090	10,700	10,696	4
Other Expenditures	<u>5,364</u>	<u>4</u>	<u>0</u>	<u>4</u>
Total Expenditures	<u>21,444</u>	<u>12,554</u>	<u>12,538</u>	<u>16</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,044)	(8,944)	(8,916)	28
Fund Balance at Beginning of Year	16,688	16,688	16,688	0
Prior Year Encumbrances	<u>364</u>	<u>364</u>	<u>364</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,008</u>	<u>\$ 8,108</u>	<u>\$ 8,136</u>	<u>\$ 28</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

<b>PROBATION OFFICER GRANT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 49,290	\$ 49,280	\$ 49,289	\$ 9
Total Revenues	<u>49,290</u>	<u>49,280</u>	<u>49,289</u>	<u>9</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	49,290	49,291	49,291	0
Total Expenditures	<u>49,290</u>	<u>49,291</u>	<u>49,291</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(11)	(2)	9
Fund Balance at Beginning of Year	4,088	4,088	4,088	0
Fund Balance at End of Year	<u>\$ 4,088</u>	<u>\$ 4,077</u>	<u>\$ 4,086</u>	<u>\$ 9</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

<b>COURT IMPROVEMENT FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 55,000	\$ 63,760	\$ 63,763	\$ 3
All Other Revenues	<u>0</u>	<u>12,460</u>	<u>12,466</u>	<u>6</u>
Total Revenues	<u>55,000</u>	<u>76,220</u>	<u>76,229</u>	<u>9</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	4,500	48,800	48,791	9
Capital Outlay	25,600	24,448	23,843	605
Debt Service:				
Principal Retirement	700,000	700,000	700,000	0
Interest and Fiscal Charges	<u>13,330</u>	<u>13,332</u>	<u>13,331</u>	<u>1</u>
Total Expenditures	<u>743,430</u>	<u>786,580</u>	<u>785,965</u>	<u>615</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(688,430)	(710,360)	(709,736)	624
<b>Other Financing Sources (Uses):</b>				
General Obligation Bonds Issued	<u>550,000</u>	<u>760,000</u>	<u>760,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>550,000</u>	<u>760,000</u>	<u>760,000</u>	<u>0</u>
Net Change In Fund Balance	(138,430)	49,640	50,264	624
Fund Balance at Beginning of Year	163,363	163,363	163,363	0
Prior Year Encumbrances	<u>600</u>	<u>600</u>	<u>600</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 25,533</u>	<u>\$ 213,603</u>	<u>\$ 214,227</u>	<u>\$ 624</u>



**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 74,710	\$ 78,840	\$ 78,828	\$ (12)
Intergovernmental Revenues	<u>16,570</u>	<u>26,720</u>	<u>26,725</u>	<u>5</u>
Total Revenues	<u>91,280</u>	<u>105,560</u>	<u>105,553</u>	<u>(7)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>91,280</u>	<u>128,060</u>	<u>128,055</u>	<u>5</u>
Total Expenditures	<u>91,280</u>	<u>128,060</u>	<u>128,055</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(22,500)	(22,502)	(2)
Fund Balance at Beginning of Year	<u>22,502</u>	<u>22,502</u>	<u>22,502</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 22,502</u>	<u>\$ 2</u>	<u>\$ 0</u>	<u>\$ (2)</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	FIRE PENSION FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property Taxes	\$ 34,310	\$ 39,430	\$ 39,413	\$ (17)
Intergovernmental Revenues	<u>11,330</u>	<u>13,350</u>	<u>13,361</u>	<u>11</u>
Total Revenues	<u>45,640</u>	<u>52,780</u>	<u>52,774</u>	<u>(6)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>45,640</u>	<u>68,270</u>	<u>68,267</u>	<u>3</u>
Total Expenditures	<u>45,640</u>	<u>68,270</u>	<u>68,267</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(15,490)	(15,493)	(3)
Fund Balance at Beginning of Year	<u>15,493</u>	<u>15,493</u>	<u>15,493</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,493</u>	<u>\$ 3</u>	<u>\$ 0</u>	<u>\$ (3)</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

<b>CEMETERY FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Charges for Services	\$ 2,500	\$ 3,260	\$ 3,265	\$ 5
Total Revenues	<u>2,500</u>	<u>3,260</u>	<u>3,265</u>	<u>5</u>
<b>Expenditures:</b>				
Community Environment:				
Materials and Supplies	6,000	3,850	3,849	1
Capital Outlay	19,400	16,660	16,648	12
Total Expenditures	<u>25,400</u>	<u>20,510</u>	<u>20,497</u>	<u>13</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,900)	(17,250)	(17,232)	18
<b>Other Financing Sources (Uses):</b>				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	(22,900)	(17,250)	(17,232)	18
Fund Balance at Beginning of Year	86,644	86,644	86,644	0
Fund Balance at End of Year	<u>\$ 63,744</u>	<u>\$ 69,394</u>	<u>\$ 69,412</u>	<u>\$ 18</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 5,000</u>	<u>\$ 4,140</u>	<u>\$ 4,143</u>	<u>\$ 3</u>
Total Revenues	<u>5,000</u>	<u>4,140</u>	<u>4,143</u>	<u>3</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	4,950	1,200	1,181	19
Contractual Services	<u>610</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>5,560</u>	<u>1,200</u>	<u>1,181</u>	<u>19</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(560)	2,940	2,962	22
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>560</u>	<u>560</u>	<u>560</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>560</u>	<u>560</u>	<u>560</u>	<u>0</u>
Net Change In Fund Balance	0	3,500	3,522	22
Fund Balance at Beginning of Year	<u>12,149</u>	<u>12,149</u>	<u>12,149</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,149</u>	<u>\$ 15,649</u>	<u>\$ 15,671</u>	<u>\$ 22</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 600	\$ 880	\$ 880	\$ 0
Total Revenues	<u>600</u>	<u>880</u>	<u>880</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	1,000	0	0	0
Contractual Services	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,400)	880	880	0
Fund Balance at Beginning of Year	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 3,280</u>	<u>\$ 3,280</u>	<u>\$ 0</u>

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

<b>INDIGENT DRIVERS INTERLOCK / ALCOHOL FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 1,000	\$ 6,070	\$ 6,071	\$ 1
Total Revenues	<u>1,000</u>	<u>6,070</u>	<u>6,071</u>	<u>1</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	2,000	0	0	0
Total Expenditures	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	6,070	6,071	1
Fund Balance at Beginning of Year	4,355	4,355	4,355	0
Fund Balance at End of Year	<u>\$ 3,355</u>	<u>\$ 10,425</u>	<u>\$ 10,426</u>	<u>\$ 1</u>

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Fund  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$ 0</u>	<u>\$ 3,420</u>	<u>\$ 3,420</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>3,420</u>	<u>3,420</u>	<u>0</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	25,000	25,000	25,000	0
Interest and Fiscal Charges	<u>46,740</u>	<u>57,440</u>	<u>57,428</u>	<u>12</u>
Total Expenditures	<u>71,740</u>	<u>82,440</u>	<u>82,428</u>	<u>12</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,740)	(79,020)	(79,008)	12
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>51,480</u>	<u>51,480</u>	<u>51,480</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>51,480</u>	<u>51,480</u>	<u>51,480</u>	<u>0</u>
Net Change In Fund Balance	(20,260)	(27,540)	(27,528)	12
Fund Balance at Beginning of Year	<u>37,048</u>	<u>37,048</u>	<u>37,048</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,788</u>	<u>\$ 9,508</u>	<u>\$ 9,520</u>	<u>\$ 12</u>



**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Project Fund  
For the Year Ended December 31, 2010***

<b>CIP FUNDING RESERVE FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Capital Outlay:				
Street Maintenance	75,000	0	0	0
Total Expenditures	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,000)	0	0	0
Fund Balance at Beginning of Year	<u>86,250</u>	<u>86,250</u>	<u>86,250</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,250</u>	<u>\$ 86,250</u>	<u>\$ 86,250</u>	<u>\$ 0</u>

***Fiduciary Funds***

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

***Agency Funds***

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**Municipal Court Fund**

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

**Law Library Fund**

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

**Payroll Withholding Fund**

To account for withholding taxes until remitted to other entities.

**CITY OF NAPOLEON, OHIO**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2010**

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
<b><u>Municipal Court</u></b>				
Assets:				
Cash and Cash Equivalents	\$7,877	\$1,580,310	(\$1,572,852)	\$15,335
Total Assets	<u>\$7,877</u>	<u>\$1,580,310</u>	<u>(\$1,572,852)</u>	<u>\$15,335</u>
Liabilities:				
Due to Others	\$7,877	\$1,580,310	(\$1,572,852)	\$15,335
Total Liabilities	<u>\$7,877</u>	<u>\$1,580,310</u>	<u>(\$1,572,852)</u>	<u>\$15,335</u>
<b><u>Law Library</u></b>				
Assets:				
Cash and Cash Equivalents	\$0	\$42,569	(\$42,569)	\$0
Total Assets	<u>\$0</u>	<u>\$42,569</u>	<u>(\$42,569)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$42,569	(\$42,569)	\$0
Total Liabilities	<u>\$0</u>	<u>\$42,569</u>	<u>(\$42,569)</u>	<u>\$0</u>
<b><u>Payroll Withholding</u></b>				
Assets:				
Cash and Cash Equivalents	\$9,383	\$30,033	(\$29,468)	\$9,948
Total Assets	<u>\$9,383</u>	<u>\$30,033</u>	<u>(\$29,468)</u>	<u>\$9,948</u>
Liabilities:				
Due to Others	\$9,383	\$30,033	(\$29,468)	\$9,948
Total Liabilities	<u>\$9,383</u>	<u>\$30,033</u>	<u>(\$29,468)</u>	<u>\$9,948</u>
<b><u>Totals - Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$17,260	\$1,652,912	(\$1,644,889)	\$25,283
Total Assets	<u>\$17,260</u>	<u>\$1,652,912</u>	<u>(\$1,644,889)</u>	<u>\$25,283</u>
Liabilities:				
Due to Others	\$17,260	\$1,652,912	(\$1,644,889)	\$25,283
Total Liabilities	<u>\$17,260</u>	<u>\$1,652,912</u>	<u>(\$1,644,889)</u>	<u>\$25,283</u>



## STATISTICAL SECTION

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The District has three  
Elementary Schools.

West



Central

Brillhart





## *STATISTICAL TABLES*

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

### *Contents*

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

## *City of Napoleon, Ohio*

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

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

Source: Finance Director's Office



*City of Napoleon, Ohio*

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

## City of Napoleon, Ohio

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

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

*City of Napoleon, Ohio*

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

(continued)

## City of Napoleon, Ohio

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

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

Source: Finance Director's Office

*City of Napoleon, Ohio*

2007	2008	2009	2010
12,876,770	13,330,787	14,499,715	14,984,767
2,301,840	2,438,644	2,448,655	2,822,576
3,059,283	3,427,831	3,349,175	3,136,055
629,809	638,020	861,016	853,623
276,363	311,544	2,150,584	403,881
<u>19,144,065</u>	<u>20,146,826</u>	<u>23,309,145</u>	<u>22,200,902</u>
<u>21,962,834</u>	<u>22,225,399</u>	<u>25,588,075</u>	<u>24,739,476</u>
(4,886,616)	(5,099,972)	(5,352,167)	(4,628,908)
1,326,716	2,157,029	3,051,290	1,780,192
<u>(\$3,559,900)</u>	<u>(\$2,942,943)</u>	<u>(\$2,300,877)</u>	<u>(\$2,848,716)</u>
\$662,906	\$494,106	\$146,252	\$386,482
2,503,814	2,255,314	2,361,108	2,796,692
555,353	536,676	493,053	515,545
208,113	5,953	788,511	629,483
598,440	403,619	202,278	92,083
459,416	202,010	485,517	123,757
220,000	2,260,946	1,913,007	0
<u>5,208,042</u>	<u>6,158,624</u>	<u>6,389,726</u>	<u>4,544,042</u>
610,469	461,775	284,198	176,329
(220,000)	(2,260,946)	(1,913,007)	0
<u>390,469</u>	<u>(1,799,171)</u>	<u>(1,628,809)</u>	<u>176,329</u>
<u>\$5,598,511</u>	<u>\$4,359,453</u>	<u>\$4,760,917</u>	<u>\$4,720,371</u>
\$321,426	\$1,058,652	\$1,037,559	(\$84,866)
1,717,185	357,858	1,422,481	1,956,521
<u>\$2,038,611</u>	<u>\$1,416,510</u>	<u>\$2,460,040</u>	<u>\$1,871,655</u>

## *City of Napoleon, Ohio*

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund					
Reserved	\$36,611	\$15,083	\$59,976	\$160,550	\$74,393
Unreserved	<u>2,907,754</u>	<u>2,573,339</u>	<u>2,166,503</u>	<u>1,889,815</u>	<u>2,317,704</u>
<i>Total General Fund</i>	<u>2,944,365</u>	<u>2,588,422</u>	<u>2,226,479</u>	<u>2,050,365</u>	<u>2,392,097</u>
All Other Governmental Funds					
Reserved	1,775,561	1,707,883	900,349	857,300	759,549
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,377,200	1,460,408	1,730,554	1,678,474	2,038,888
Debt Service Funds	0	0	423,721	441,272	448,463
Capital Projects Funds	<u>193,624</u>	<u>289,238</u>	<u>307,041</u>	<u>773,460</u>	<u>312,492</u>
Total All Other Governmental Funds	<u>3,346,385</u>	<u>3,457,529</u>	<u>3,361,665</u>	<u>3,750,506</u>	<u>3,559,392</u>
<i>Total Governmental Funds</i>	<u><u>\$6,290,750</u></u>	<u><u>\$6,045,951</u></u>	<u><u>\$5,588,144</u></u>	<u><u>\$5,800,871</u></u>	<u><u>\$5,951,489</u></u>

Source: Finance Director's Office

*City of Napoleon, Ohio*

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<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$54,611	\$22,238	\$45,413	\$36,369	\$46,486
<u>2,059,287</u>	<u>2,230,909</u>	<u>1,888,658</u>	<u>1,950,630</u>	<u>1,964,289</u>
<u>2,113,898</u>	<u>2,253,147</u>	<u>1,934,071</u>	<u>1,986,999</u>	<u>2,010,775</u>
724,245	818,971	287,883	251,799	455,202
2,410,223	1,689,219	1,021,024	981,549	1,551,765
470,238	516,266	502,806	884,855	908,119
<u>390,741</u>	<u>106,351</u>	<u>545,746</u>	<u>764,329</u>	<u>570,850</u>
<u>3,995,447</u>	<u>3,130,807</u>	<u>2,357,459</u>	<u>2,882,532</u>	<u>3,485,936</u>
<u>\$6,109,345</u>	<u>\$5,383,954</u>	<u>\$4,291,530</u>	<u>\$4,869,531</u>	<u>\$5,496,711</u>

## *City of Napoleon, Ohio*

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

	2001	2002	2003	2004
<b>Revenues:</b>				
Taxes	\$2,851,943	\$3,337,819	\$3,057,298	\$3,253,269
Intergovernmental Revenues	1,265,699	1,277,546	1,842,915	1,728,312
Charges for Services	618,783	686,624	597,894	627,492
Licenses and Permits	52,815	66,533	121,639	114,276
Investment Earnings	480,730	317,932	189,435	188,501
Special Assessments	339,160	205,720	279,314	246,059
Fines and Forfeitures	410,473	480,217	380,875	299,738
All Other Revenue	183,442	270,778	218,791	247,579
<b>Total Revenue</b>	<u>6,203,045</u>	<u>6,643,169</u>	<u>6,688,161</u>	<u>6,705,226</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,132,567	2,334,971	2,475,239	2,821,246
Public Health and Welfare Services	79,675	80,577	87,882	89,627
Leisure Time Activities	786,130	770,783	756,745	755,563
Community Environment	180,763	599,187	1,071,531	229,297
Transportation	584,706	645,695	617,653	727,926
General Government	1,061,697	977,419	833,966	857,184
Capital Outlay	1,316,150	1,003,002	1,107,011	1,386,011
Debt Service:				
Principal Retirement	187,156	159,156	169,156	180,357
Interest and Fiscal Charges	99,019	87,631	83,845	77,153
<b>Total Expenditures</b>	<u>6,427,863</u>	<u>6,658,421</u>	<u>7,203,028</u>	<u>7,124,364</u>
Excess (Deficiency) of Revenues Over Expenditures	(224,818)	(15,252)	(514,867)	(419,138)



*City of Napoleon, Ohio*

2005	2006	2007	2008	2009	2010
\$3,481,493	\$3,530,340	\$3,518,822	\$3,245,315	\$3,220,684	\$3,722,602
3,246,136	2,156,790	2,187,335	1,891,032	1,605,562	1,380,019
659,064	768,875	660,349	732,494	803,479	807,930
89,952	70,448	64,289	64,957	63,825	63,599
233,988	270,293	646,848	421,070	185,858	114,664
224,108	223,796	113,080	105,288	106,700	101,853
342,082	382,767	363,862	381,139	407,561	371,916
302,543	312,405	440,028	388,066	797,505	456,874
<u>8,579,366</u>	<u>7,715,714</u>	<u>7,994,613</u>	<u>7,229,361</u>	<u>7,191,174</u>	<u>7,019,457</u>

3,269,915	2,616,306	3,163,034	3,946,531	2,900,346	2,949,630
88,465	90,918	102,920	98,955	92,695	101,383
764,355	783,864	845,965	875,791	783,006	821,199
716,342	797,857	796,478	483,116	538,556	515,451
585,866	526,918	673,933	604,199	539,327	582,589
696,044	887,028	1,023,651	1,114,009	847,258	1,027,824
2,175,773	1,826,376	2,075,703	901,518	688,609	873,383
890,357	215,357	111,357	111,550	112,550	112,557
93,633	86,526	101,500	122,968	76,940	85,058
<u>9,280,750</u>	<u>7,831,150</u>	<u>8,894,541</u>	<u>8,258,637</u>	<u>6,579,287</u>	<u>7,069,074</u>

(701,384)      (115,436)      (899,928)      (1,029,276)      611,887      (49,617)

(Continued)

## *City of Napoleon, Ohio*

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

	2001	2002	2003	2004
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	80,038	0	28,500
General Obligation Notes Issued	0	0	0	690,000
General Obligation Bonds Issued	0	0	0	0
Transfers In	2,410,322	1,906,222	1,948,930	1,791,249
Transfers Out	(1,673,019)	(2,214,433)	(1,993,930)	(1,880,199)
<b>Total Other Financing Sources (Uses)</b>	<u>737,303</u>	<u>(228,173)</u>	<u>(45,000)</u>	<u>629,550</u>
<b>Net Change in Fund Balance</b>	<u>\$512,485</u>	<u>(\$243,425)</u>	<u>(\$559,867)</u>	<u>\$210,412</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 5.13%	 3.90%	 4.14%	 4.29%

Source: Finance Director's Office

*City of Napoleon, Ohio*

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<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
288,567	127,000	21,991	202	10,941	11,224
0	0	0	0	0	0
690,000	0	0	0	0	760,000
2,184,086	2,730,521	2,357,900	2,210,781	1,907,304	2,053,509
<u>(2,310,086)</u>	<u>(2,587,521)</u>	<u>(2,245,900)</u>	<u>(2,258,101)</u>	<u>(1,946,385)</u>	<u>(2,134,769)</u>
<u>852,567</u>	<u>270,000</u>	<u>133,991</u>	<u>(47,118)</u>	<u>(28,140)</u>	<u>689,964</u>
<u>\$151,183</u>	<u>\$154,564</u>	<u>(\$765,937)</u>	<u>(\$1,076,394)</u>	<u>\$583,747</u>	<u>\$640,347</u>
15.37%	5.83%	3.41%	3.86%	3.31%	3.33%

## *City of Napoleon, Ohio*

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

<b>Tax year</b>	2001	2002	2003	2004
Income Tax Rate	1.20%	1.20%	1.20%	1.20%
Estimated Personal Income	\$233,537,034	\$232,726,368	\$247,150,632	\$253,412,328
Total Tax Collected	\$2,449,401	\$2,677,590	\$2,475,787	\$2,675,075
Income Tax Receipts				
Withholding	1,824,550	1,933,705	1,930,447	1,982,186
Percentage	74.49%	72.22%	77.97%	74.09%
Corporate	237,499	365,599	185,927	320,101
Percentage	9.70%	13.65%	7.51%	11.97%
Individuals	387,352	378,286	359,413	372,788
Percentage	15.81%	14.13%	14.52%	13.94%

Source: City Income Tax Department

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

*City of Napoleon, Ohio*

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2005	2006	2007	2008	2009	2010
				(1)	
1.20%	1.20%	1.20%	1.20%	1.50%	1.50%
\$262,320,336	\$285,652,608	\$296,442,852	\$300,589,362	\$302,853,636	\$284,359,998
\$2,846,956	\$2,977,788	\$2,917,159	\$2,808,030	\$2,905,178	\$3,378,498
2,119,461	2,140,405	2,138,258	2,140,997	2,212,313	2,529,184
74.45%	71.87%	73.30%	76.24%	76.15%	74.86%
322,555	409,001	326,668	269,755	263,809	366,726
11.33%	13.74%	11.20%	9.61%	9.08%	10.85%
404,940	428,382	452,233	397,278	429,056	482,588
14.22%	14.39%	15.50%	14.15%	14.77%	14.29%



## City of Napoleon, Ohio

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

Calendar Year 2010				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,413	52.46%	\$15,261,175	10.50%
20,000 - 49,999	1,182	25.70%	39,121,199	26.93%
50,000 - 74,999	515	11.20%	31,172,936	21.46%
75,000 - 99,999	254	5.52%	22,021,958	15.16%
Over 100,000	236	5.13%	37,707,780	25.95%
Total	4,600	100.00%	\$145,285,048	100.00%

Calendar Year 2001				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,147	46.75%	\$15,346,594	11.01%
20,000 - 49,999	1,510	32.88%	49,317,668	35.38%
50,000 - 74,999	572	12.46%	34,866,786	25.02%
75,000 - 99,999	228	4.97%	19,390,432	13.91%
Over 100,000	135	2.94%	20,458,934	14.68%
Total	4,592	100.00%	\$139,380,414	100.00%

Source: Finance Director's Office

## *City of Napoleon, Ohio*

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

	2001	2002	2003
<b>Governmental Activities</b> <sup>(1)</sup>			
General Obligation Bonds Payable	\$0	\$0	\$0
Special Assessment Bonds Payable	1,435,194	1,288,388	1,131,582
Long-Term Notes Payable	0	0	0
Ohio Public Works Commission Loan Payable	197,612	185,262	172,912
<b>Business-type Activities</b> <sup>(1)</sup>			
Ohio Water Development Authority Loans Payable	\$3,202,104	\$2,974,633	\$2,776,311
Ohio Public Works Commission Loans Payable	66,318	62,634	58,950
Ohio Water and Sewer Rotary Commission Loans Payable	88,341	88,341	88,341
Water Pollution Control Loan Fund Loans Payable	0	0	0
Long-Term Notes Payable	0	0	0
General Obligation Bonds Payable	1,590,000	1,525,000	1,460,000
Special Assessment Bond Payable	111,806	108,612	105,418
Mortgage Revenue Bonds Payable	6,045,000	5,800,000	5,550,000
Total Primary Government	<u>\$12,736,375</u>	<u>\$12,032,870</u>	<u>\$11,343,514</u>
<b>Population</b> <sup>(2)</sup>			
City of Napoleon	9,318	9,318	9,318
Outstanding Debt Per Capita	\$1,367	\$1,291	\$1,217
<b>Income</b> <sup>(3)</sup>			
Personal (in thousands)	233,537	232,726	247,151
Percentage of Personal Income	5.45%	5.17%	4.59%

**Sources:**

- (1) City Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation



*City of Napoleon, Ohio*

2004	2005	2006	2007	2008	2009	2010
\$0	\$680,000	\$655,000	\$630,000	\$605,000	\$580,000	\$1,315,000
963,575	785,568	607,561	533,553	459,353	384,153	308,953
690,000	0	0	0	0	0	0
160,562	148,212	135,862	123,512	111,162	98,812	86,455
\$2,562,451	\$4,019,916	\$3,715,575	\$3,389,225	\$3,039,222	\$2,663,802	\$2,261,064
55,266	51,582	47,898	44,214	540,530	511,846	483,159
88,341	666,070	666,070	666,070	666,070	666,070	659,186
0	0	0	0	587,200	5,204,566	7,653,135
0	0	0	0	0	4,000,000	0
2,385,000	2,350,000	2,240,000	2,115,000	1,995,000	1,870,000	1,740,000
101,425	97,432	93,439	89,446	84,646	79,846	75,046
5,280,000	5,000,000	4,710,000	4,410,000	7,600,000	7,150,000	10,290,000
<u>\$12,286,620</u>	<u>\$13,798,780</u>	<u>\$12,871,405</u>	<u>\$12,001,020</u>	<u>\$15,688,183</u>	<u>\$23,209,095</u>	<u>\$24,871,998</u>
9,318	9,318	9,318	9,318	9,318	9,318	8,749
\$1,319	\$1,481	\$1,381	\$1,288	\$1,684	\$2,491	\$2,843
253,412	262,320	285,653	296,443	300,589	302,854	284,360
4.85%	5.26%	4.51%	4.05%	5.22%	7.66%	8.75%

## *City of Napoleon, Ohio*

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

Year	2001	2002	2003	2004
<b>Population</b> <sup>(1)</sup>	9,318	9,318	9,318	9,318
<b>Assessed Value</b> <sup>(2)</sup>	\$141,252,773	\$148,399,344	\$150,797,521	\$153,282,264
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$1,590,000	\$1,525,000	\$1,460,000	\$2,385,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$0	\$0	\$0	\$0
<b>Net General Bonded Debt</b>	\$1,590,000	\$1,525,000	\$1,460,000	\$2,385,000
<b>Ratio of Net Bonded Debt to Assessed Value</b>	1.13%	1.03%	0.97%	1.56%
<b>Net Bonded Debt per Capita</b>	\$170.64	\$163.66	\$156.69	\$255.96

**Source:**

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

(2) Henry County Auditor

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

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

*City of Napoleon, Ohio*

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2005	2006	2007	2008	2009	2010
9,318	9,318	9,318	9,318	9,318	8,749
\$162,145,824	\$157,767,430	\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940
\$3,030,000	\$2,895,000	\$2,745,000	\$2,600,000	\$2,450,000	\$3,055,000
\$19,791	\$26,227	\$43,211	\$9,737	\$37,048	\$9,520
\$3,010,209	\$2,868,773	\$2,701,789	\$2,590,263	\$2,412,952	\$3,045,480
1.86%	1.82%	1.80%	1.70%	1.60%	2.00%
\$323.05	\$307.87	\$289.95	\$277.98	\$258.96	\$348.09



## *City of Napoleon, Ohio*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2010*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Napoleon</u>	<u>Amount Applicable to the City of Napoleon</u>
<b>Direct:</b>			
City of Napoleon	\$1,315,000	100.00%	\$1,315,000
<b>Overlapping:</b>			
Napoleon City School District	2,336,183	54.09%	1,263,641
Liberty Center School District	2,121,432	2.92%	61,946
Henry County	1,142,000	27.71%	316,448
		Subtotal	<u>1,642,035</u>
		Total	<u><u>\$2,957,035</u></u>

Source: Henry County

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

## *City of Napoleon, Ohio*

### *Debt Limitations Last Ten Years*

<b>Collection Year</b>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Total Debt</b>				
Net Assessed Valuation	\$141,252,773	\$148,399,344	\$150,797,521	\$153,282,264
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	14,831,541	15,581,931	15,833,740	16,094,638
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$14,831,541</u></u>	<u><u>\$15,581,931</u></u>	<u><u>\$15,833,740</u></u>	<u><u>\$16,094,638</u></u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$141,252,773	\$148,399,344	\$150,797,521	\$153,282,264
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	7,768,903	8,161,964	8,293,864	8,430,525
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$7,768,903</u></u>	<u><u>\$8,161,964</u></u>	<u><u>\$8,293,864</u></u>	<u><u>\$8,430,525</u></u>

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

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

Source: Finance Director's Office

*City of Napoleon, Ohio*

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2005	2006	2007	2008	2009	2010
\$162,145,824	\$157,767,430	\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
17,025,312	16,565,580	15,803,911	15,973,461	15,817,941	15,960,204
680,000	655,000	630,000	605,000	580,000	1,315,000
(19,791)	(26,227)	(43,211)	(9,737)	(37,048)	(9,520)
660,209	628,773	586,789	595,263	542,952	1,305,480
<u>\$16,365,103</u>	<u>\$15,936,807</u>	<u>\$15,217,122</u>	<u>\$15,378,198</u>	<u>\$15,274,989</u>	<u>\$14,654,724</u>
\$162,145,824	\$157,767,430	\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
8,918,020	8,677,209	8,278,239	8,367,051	8,285,588	8,360,107
680,000	655,000	630,000	605,000	580,000	1,315,000
(19,791)	(26,227)	(43,211)	(9,737)	(37,048)	(9,520)
660,209	628,773	586,789	595,263	542,952	1,305,480
<u>\$8,257,811</u>	<u>\$8,048,436</u>	<u>\$7,691,450</u>	<u>\$7,771,788</u>	<u>\$7,742,636</u>	<u>\$7,054,627</u>

## City of Napoleon, Ohio

### Pledged Revenue Coverage Last Ten Years

	2001	2002	2003	2004
<b>Sewer System Bonds (1 a)</b>				
Gross Revenues (2)	\$2,028,949	\$1,905,831	\$1,950,287	\$2,026,358
Direct Operating Expenses (3)	802,347	1,123,268	921,891	1,459,737
Net Revenue Available for Debt Service	1,226,602	782,563	1,028,396	566,621
Annual Debt Service Requirement (4)	272,608	272,667	272,437	276,913
Coverage	4.50	2.87	3.77	2.05
<b>Electric System Bonds (1 b)</b>				
Gross Revenues (2)	\$11,873,698	\$11,379,589	\$11,271,553	\$12,842,711
Direct Operating Expenses (3)	10,214,482	11,350,288	10,865,183	12,524,754
Net Revenue Available for Debt Service	1,659,216	29,301	406,370	317,957
Annual Debt Service Requirement (4)	257,255	257,120	252,500	257,400
Coverage	6.45	0.11	1.61	1.24
<b>Electric System Amp-Ohio (1 b)</b>				
Gross Revenues (5)	\$11,541,607	\$11,244,419	\$11,158,614	\$12,739,632
Direct Operating Expenses (3)	9,458,129	10,593,975	10,101,397	11,724,425
Net Revenue Available for Debt Service	2,083,478	650,444	1,057,217	1,015,207
Annual Debt Service Requirement (4)	756,313	756,313	763,786	800,329
Coverage	2.75	0.86	1.38	1.27
<b>Water System Bonds (1 c)</b>				
Gross Revenues (5)	N/A	N/A	N/A	N/A
Direct Operating Expenses (3)	N/A	N/A	N/A	N/A
Net Revenue Available for Debt Service	N/A	N/A	N/A	N/A
Annual Debt Service Requirement (4)	N/A	N/A	N/A	N/A
Coverage	N/A	N/A	N/A	N/A

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

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

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

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

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

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

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

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

Source: Finance Director's Office



*City of Napoleon, Ohio*

2005	2006	2007	2008	2009	2010
\$2,436,476	\$2,414,785	\$3,250,149	\$3,589,269	\$3,463,044	\$3,225,591
1,153,972	1,109,623	1,545,755	1,929,369	2,440,970	2,286,816
1,282,504	1,305,162	1,704,394	1,659,900	1,022,074	938,775
275,892	273,244	272,985	276,088	273,663	245,684
4.65	4.78	6.24	6.01	3.73	3.82
\$14,878,004	\$13,175,363	\$13,138,486	\$13,400,514	\$14,398,829	\$14,892,869
14,055,686	12,544,217	12,220,066	11,858,934	13,225,462	13,496,084
822,318	631,146	918,420	1,541,580	1,173,367	1,396,785
256,810	254,512	254,777	253,325	256,575	0
3.20	2.48	3.60	6.09	4.57	N/A
\$14,744,866	\$12,996,003	\$12,872,163	\$13,182,141	\$14,283,334	\$14,823,120
13,235,112	11,768,899	11,444,835	11,082,996	12,434,280	13,496,084
1,509,754	1,227,104	1,427,328	2,099,145	1,849,054	1,327,036
820,574	775,318	775,231	775,938	791,182	0
1.84	1.58	1.84	2.71	2.34	N/A
N/A	N/A	N/A	N/A	\$2,489,814	\$2,843,139
N/A	N/A	N/A	N/A	1,999,194	1,913,351
N/A	N/A	N/A	N/A	490,620	929,788
N/A	N/A	N/A	N/A	263,819	264,619
N/A	N/A	N/A	N/A	1.86	3.51

# City of Napoleon, Ohio

## Demographic and Economic Statistics Last Ten Years

Calendar Year	2001	2002	2003	2004	2005
<b>Population</b> <sup>(1)</sup>					
City of Napoleon	9,318	9,318	9,318	9,318	9,318
Henry County	29,310	29,310	29,310	29,310	29,310
<b>Income</b> <sup>(2) (a)</sup>					
Total Personal (in thousands)	233,537	232,726	247,151	253,412	262,320
Per Capita	25,063	24,976	26,524	27,196	28,152
<b>Unemployment Rate</b> <sup>(3)</sup>					
Federal	3.8%	4.8%	5.8%	6.0%	5.5%
State	3.7%	4.3%	5.7%	6.1%	6.0%
Henry County	5.1%	5.3%	5.8%	6.4%	6.2%
<b>Civilian Work Force Estimates</b> <sup>(3)</sup>					
State	5,857,000	5,828,000	5,915,000	5,875,300	5,900,400
Henry County	15,200	15,400	15,900	16,100	16,100

### Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2009 for the presentation of 2010 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics

*City of Napoleon, Ohio*

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<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
9,318	9,318	9,318	9,318	8,749
29,310	29,310	29,310	29,310	28,215
285,653	296,443	300,589	302,854	284,360
30,656	31,814	32,259	32,502	32,502
5.0%	4.6%	5.8%	9.3%	9.4%
5.9%	5.6%	6.6%	10.2%	9.5%
5.9%	6.3%	8.0%	13.3%	11.0%
5,971,500	5,976,500	5,986,400	5,970,000	5,894,000
16,100	15,900	15,900	15,900	15,600



## City of Napoleon, Ohio

### Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2010		
		Number of Employees	Rank	Percentage of Total Employment
Campbell Soup Supply Co LLC *	Soup Manufacturer	367	1	2.99%
Henry County	County Government	400	2	3.26%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	221	3	1.80%
Henry County Hospital Inc	Health Care	285	4	2.33%
Napoleon City School District	Education	494	5	4.03%
City of Napoleon	Local Government	209	6	1.71%
Wal-Mart Stores	Retail	367	7	2.99%
The Lutheran Home	Long-term Health Care	214	8	1.75%
Cloverleaf Cold Storage Co	Food Storage	156	9	1.27%
Oldcastle Precast Inc	Manufacturing	98	10	0.80%
Total		<u>2,811</u>		
Total Employment within the City		<u><u>12,258</u></u>		

Employer	Nature of Business	2001		
		Number of Employees	Rank	Percentage of Total Employment
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	394	1	4.48%
Henry County	County Government	379	2	4.31%
Napoleon City School District	Education	258	3	2.93%
City of Napoleon	Local Government	209	4	2.38%
Plastech Engineered Products(LDM)	Manufacturing	189	5	2.15%
The Lutheran Home	Long-term Health Care	170	6	1.93%
Wal-Mart Stores	Retail	165	7	1.88%
Carson Industries	Manufacturing	140	8	1.59%
Automatic Feed Company	Steel Handling Equipment	120	9	1.36%
Golden Living Center - Northcrest	Health Care and Rehabilitation	98	10	1.11%
Total		<u>2,122</u>		
Total Employment within the City		<u><u>8,800</u></u>		

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

## *City of Napoleon*

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

	2001	2002	2003	2004	2005
<b>Governmental Activities</b>					
General Government					
Finance	10.00	10.00	10.00	10.00	12.00
Legal/Court	7.00	8.00	10.00	9.00	9.00
Administration	8.00	8.00	8.00	9.00	8.00
Maintenance	4.00	4.00	4.00	4.00	4.00
Security of Persons and Property					
Police	22.00	21.00	21.00	25.00	24.00
Fire	7.00	8.00	8.00	15.00	14.00
Transportation					
Street	8.00	8.00	7.00	7.00	6.00
Leisure Time Activities					
Recreation/Seniors	6.00	6.00	6.00	6.00	5.00
Community Environment					
Service - Cemetery	1.00	1.00	1.00	1.00	1.00
<b>Business-Type Activities</b>					
Utilities - Electric	15.00	15.00	17.00	16.00	15.00
Water	10.00	10.00	10.00	10.00	10.00
Sewer	4.00	5.00	6.00	6.00	6.00
Solid Waste	3.00	3.00	3.00	3.00	3.00
<i>Total Employees</i>	<u>105.00</u>	<u>107.00</u>	<u>111.00</u>	<u>121.00</u>	<u>117.00</u>

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

Source: Finance Director's Office

*City of Napoleon*

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<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
10.00	10.00	9.00	11.00	10.00
9.00	9.00	9.00	9.00	8.00
8.00	10.00	10.00	11.00	9.00
4.00	4.00	4.00	3.00	4.00
22.00	21.00	22.00	22.00	22.00
8.00	8.00	8.00	8.00	8.00
6.00	7.00	7.00	6.00	7.00
5.00	5.00	5.00	4.00	5.00
1.00	1.00	1.00	1.00	1.00
14.00	15.00	15.00	14.00	14.00
10.00	10.00	10.00	9.00	10.00
6.00	6.00	6.00	7.00	7.00
3.00	3.00	3.00	3.00	3.00
<u>106.00</u>	<u>109.00</u>	<u>109.00</u>	<u>108.00</u>	<u>108.00</u>

# City of Napoleon

## Operating Indicators by Function Last Ten Years

	2001	2002	2003	2004
<b>Governmental Activities</b>				
General Government				
Licenses and Permits				
Number of Building Permits	515	509	626	517
Number of Commercial Permits	113	134	81	116
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	879	863	800	867
Number of Parking Tickets	208	186	104	226
Number of Law Violations:				
Criminal/Juvenile Citations	2,843	2,431	2,359	1,631
Fire				
Number of Fire Calls Answered	110	163	125	232
Number of EMS Runs	802	860	769	870
Number of Inspections	10	10	10	43
Transportation				
Street				
Facilities and Services: Miles of Streets	72	72	72	72
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	3,500	3,500	3,500	3,500
Daily Average Consumption (gallons)	1.3M	1.3M	1.3M	1.3M
Maximum Daily Capacity of Treatment (gallons)	4.5M	4.5M	4.5M	4.5M
Sewer				
Number of Service Connections	3,500	3,500	3,500	3,500
Daily Average Sewage Treatment (gallons)	1.8M	1.8M	1.8M	1.8M
Maximum Daily Capacity of Treatment (gallons)	2.5M	2.5M	2.5M	2.5M

Source: Finance Director's Office



*City of Napoleon*

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2005	2006	2007	2008	2009	2010
540	379	382	387	302	222
93	85	67	28	21	15
1,200	1,122	990	927	878	834
134	108	97	184	191	125
1,193	1,225	1,129	1,022	1,644	1,508
190	131	233	173	144	178
950	898	903	866	919	1,003
43	28	12	66	30	45
72	72	72	72	72	72
3,634	3,634	3,679	3,679	4,114	4,114
1.3M	1.3M	1.3M	1.3M	1.3M	1.3M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M
3,493	3,493	3,679	3,679	3,593	3,593
1.8M	1.8M	1.8M	1.8M	1.8M	1.8M
2.5M	2.5M	2.5M	2.5M	4.5M	4.5M

# City of Napoleon

## Capital Asset Statistics by Function Last Ten Years

	2001	2002	2003	2004	2005
<b>Governmental Activities</b>					
General Government					
Area (square miles)	6	7	7	7	7
Security of Persons and Property					
Police					
Stations	1	1	1	2	2
Vehicles	7	7	7	8	8
Fire					
Stations	1	1	1	2	2
Vehicles	8	8	8	9	10
Transportation					
Street					
Vehicles	8	8	8	9	9
Leisure Time Activities					
Recreation/Seniors					
Land (acres)	225	225	225	225	225
Parks	9	9	9	9	9
Swimming Pools	1	1	1	1	1
Tennis Courts	2	2	2	2	2
Baseball/Softball Diamonds	5	5	5	7	7
Golf Courses	1	1	1	1	1
<b>Business-Type Activities</b>					
Utilities					
Water					
Waterlines (Miles)	58	58	58	58	58
Number of Purification Plants	1	1	1	1	1
Number of Hydrants	327	327	327	599	599
Number of Water Towers	1	1	1	1	1
Sewer					
Sewerlines (Miles)	45	45	45	45	45
Number of Treatment Plants	1	1	1	1	1
Storm Water Drainage					
Miles of Storm Sewers	30	30	30	30	30

Source: Finance Director's Office

*City of Napoleon*

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<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
7	7	7	7	7
1	1	1	1	1
9	9	9	8	8
1	1	1	1	1
10	10	10	11	11
9	9	9	9	9
225	225	225	225	225
9	9	9	9	9
1	1	1	1	1
2	2	2	2	2
7	7	7	7	7
1	1	1	1	1
58	58	58	58	58
1	1	1	2	2
599	599	599	599	599
2	2	2	2	2
45	45	45	47	47
1	1	1	1	1
30	30	30	37	37



The District is also served by three parochial schools.



St. Paul's

St. Augustine



St. John's



**CITY OF NAPOLEON, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

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

**CITY OF NAPOLEON, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

*Certified Public Accountants*

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

*Garfield Hts., Ohio 44125*

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(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Members of City Council  
City of Napoleon, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the City of Napoleon, Ohio's basic financial statements and have issued our report thereon dated June 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



**Compliance and Other Matters**

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

We noted certain matters that we reported to the management of the City of Napoleon, Ohio, in a separate letter dated June 8, 2011.

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



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

June 8, 2011

**CITY OF NAPOLEON, OHIO**  
**STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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The prior audit report, as of December 31, 2009, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



# Dave Yost • Auditor of State

CITY OF NAPOLEON

HENRY COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 9, 2011