

**CITY OF NAPOLEON  
HENRY COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2011**

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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Napoleon, Henry County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2011 through December 31, 2011. 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

October 30, 2012

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**CITY OF NAPOLEON  
HENRY COUNTY, OHIO  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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TABLE OF CONTENTS

	<u>PAGE</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Status of Prior Citations and Recommendations	9

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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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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**

To the 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, 2011, which collectively comprise the City of Napoleon, Ohio's basic financial statements and have issued our report thereon dated July 16, 2012, wherein we noted the City implemented Governmental Accounting Standards Board Statement No. 54 and restated the December 31, 2010 fund balances of the governmental funds. 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**

Management of the City of Napoleon, Ohio, is responsible for establishing and maintaining effective 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City of Napoleon, Ohio, in a separate letter dated July 16, 2012.

This report is intended solely for the information and use of management, members of City Council, the Audit Committee, others within the entity, and federal awarding agencies and pass-through entities 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

July 16, 2012



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

*Certified Public Accountants*

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

*Garfield Hts., Ohio 44125*

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

To the Members of City Council  
City of Napoleon, Ohio

**Compliance**

We have audited the City of Napoleon, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Napoleon, Henry County, Ohio's major federal programs for the year ended December 31, 2011. The City of Napoleon, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Napoleon, Ohio's management. Our responsibility is to express an opinion on the City of Napoleon, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Napoleon, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Napoleon, Ohio's compliance with those requirements.

In our opinion, the City of Napoleon, Ohio, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

### **Internal Control Over Compliance**

The management of the City of Napoleon, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Napoleon, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Napoleon, Ohio's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Ohio, as of and for the year ended December 31, 2011, and have issued our report thereon dated July 16, 2012, wherein we noted the City implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and restated the December 31, 2010 fund balances of the governmental funds, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

July 16, 2012

**CITY OF NAPOLEON, OHIO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Receipts Recognized</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>				
<i>Passed through State of Ohio</i>				
Community Development Block Grant (CDBG) Formula Grants Program - CDBG 2010	14.228	B-F-10-1BF-1	\$ 43,756	\$ 43,756
Downtown Revitalization Grant Program - CDBG 2010/2011	14.228	A-T-09-2CQ-1	370,648	371,320
<i>Passed through Henry County</i>				
Community Development Block Grant (CDBG) Chis/CHIP Grant Program - CDBG 2010/2011	14.228	n/a	71,766	71,766
<i>Total CFDA #14.228</i>			<u>486,170</u>	<u>486,842</u>
<i>Passed through State of Ohio</i>				
Home Investment Partnerships Program Chis/CHIP Program - HOME Program - 2010/2011	14.239	A-C-11-2CQ-2	322,800	322,800
<b>Total U.S. Department of Housing and Urban Development</b>			<u>808,970</u>	<u>809,642</u>
<b>Federal Emergency Management Agency</b>				
<i>Direct Program</i>				
Assistance to Firefighters Grant - Vehicle Acquisition	97.044	EMV-2009-FV-05226	178,125	178,125
<b>Total Federal Emergency Management Agency</b>			<u>178,125</u>	<u>178,125</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 987,095</u>	<u>\$ 987,767</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY OF NAPOLEON, OHIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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NOTE 1: **GENERAL**

The accompanying Schedule of Expenditures of Federal Awards of the City of Napoleon, Ohio presents the activity of all federal financial assistance programs of the City.

The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies are included on this schedule.

NOTE 2: **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is accrued.

**CITY OF NAPOLEON, OHIO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A-133 & .505  
 DECEMBER 31, 2011**

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**1. SUMMARY OF AUDITOR'S RESULTS**

2011(i)	Type of Financial Statement Opinion	Unqualified
2011(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2011(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2011(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2011(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2011(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2011(v)	Type of Major Programs' Compliance Opinions	Unqualified
2011(vi)	Are there any reportable findings under .510?	No
2011(vii)	Major Programs (list):  Community Development Block Grant (CDBG) - CFDA #14.228 Home Investment Partnerships Program - HOME Program - CFDA #14.239	
2011(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 Type B: All Others
2011(ix)	Low Risk Auditee?	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**CITY OF NAPOLEON, OHIO**  
**STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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The prior audit report, as of December 31, 2010, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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# *THE CITY OF NAPOLEON, OHIO*

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HENRY COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2011

*Prepared by the Finance Department*

Gregory J. Heath  
Director of Finance



TABLE OF CONTENTS

CITY OF NAPOLEON  
HENRY COUNTY, OHIO

---

**I**

**INTRODUCTORY SECTION**

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

**II**

**FINANCIAL SECTION**

**A** Independent Accountants' Report ..... 1  
**B** Management's Discussion and Analysis..... 3  
**C** Basic Financial Statements:  
    Government-wide Financial Statements:  
        Statement of Net Assets ..... 15  
        Statement of Activities ..... 16  
    Fund Financial Statements:  
        *Governmental Funds:*  
            Balance Sheet ..... 18  
            Reconciliation of Total Governmental Fund Balances to Net Assets of  
            Governmental Activities ..... 20  
            Statement of Revenues, Expenditures and Changes in Fund Balances ..... 22  
            Reconciliation of the Statement of Revenues, Expenditures and Changes  
            in Fund Balances to the Statement of Activities ..... 24  
            Statement of Revenues, Expenditures and Changes in Fund Balance -  
            Budget and Actual (Non-GAAP Budgetary Basis):  
                General Fund ..... 25  
        *Proprietary Funds:*  
            Statement of Net Assets ..... 26  
            Statement of Revenues, Expenses and Changes in Fund Net Assets..... 30  
            Statement of Cash Flows ..... 32  
        *Fiduciary Funds:*  
            Statement of Assets and Liabilities ..... 36  
Notes to the Basic Financial Statements..... 37

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

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	93
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	100

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

Major Governmental Funds:

<i>General Fund</i> .....	106
<i>Debt Service Fund:</i>	
Special Assessment Bond Retirement Fund.....	110
<i>Capital Projects Fund:</i>	
Capital Improvement Fund.....	111

Nonmajor Governmental Funds:

*Special Revenue Funds:*

Street Construction, Maintenance and Repair Fund.....	113
State Highway Improvement Fund.....	114
Motor Vehicle License Tax Fund.....	115
EMS Transport Service Fund .....	116
Recreation Fund .....	117
Special Events Fund .....	119
Economic Development Fund .....	120
Downtown Revitalization Grant Fund.....	121
Hotel/Motel Tax Fund .....	122
Fire Loss Claims Fund .....	123
Community Housing Improvement Program (CHIP) Income Fund .....	124
Community Development Block Grant (CDBG) Income Fund.....	125
Indigent Drivers Alcohol Treatment Fund .....	126

Nonmajor Governmental Funds: (Continued)

*Special Revenue Funds:*

Law Enforcement and Education Fund .....	127
Court Computerization Fund .....	128
Law Enforcement Trust Fund.....	129
Mandatory Drug Fine Fund .....	130
Fire Equipment Fund.....	131
Municipal Probation Service Fund .....	132
Probation Officer Grant Fund.....	133
Court Improvement Fund .....	134
Handicap Parking Fines Fund.....	135
Police Pension Fund .....	136
Fire Pension Fund.....	137
Cemetery Fund .....	138
Law Enforcement OT Grant Fund.....	139
Certified Police Training Fund .....	140
Indigent Drives Interlock/Alcohol Fund.....	141

*Debt Service Fund:*

General Bond Retirement Fund.....	142
-----------------------------------	-----

*Capital Projects Funds:*

Capital Improvement Project (CIP) Funding Reserve Fund.....	143
---	-----

Fiduciary Funds – Agency Funds:

Combining Statement of Changes in Assets and Liabilities.....	145
---	-----

**III**

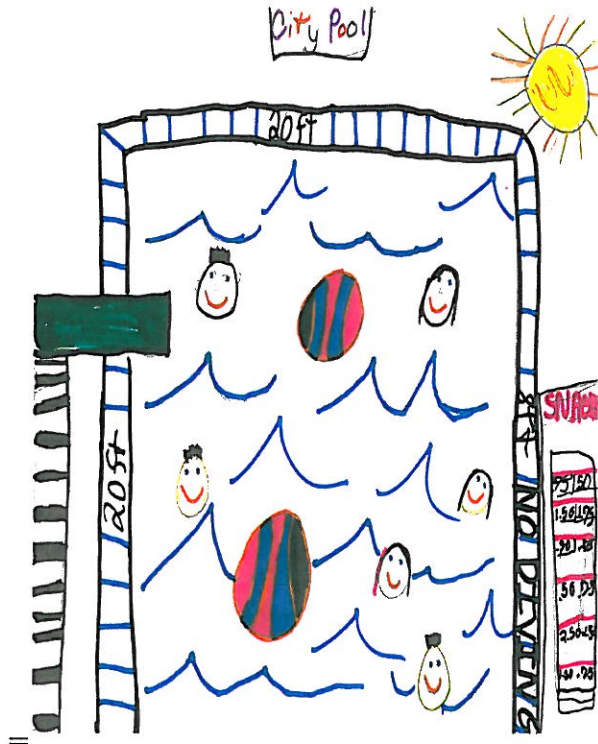
**STATISTICAL SECTION**

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



# INTRODUCTORY SECTION

Alexandrea Holmes 4<sup>th</sup> grade Central Elementary – City Pool



FUN IN THE SUN!

Aden Hersh 4<sup>th</sup> grade Central Elementary – Napoleon Golf Course







# CITY OF NAPOLEON, OHIO

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July 16, 2012

## Introduction

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

We are pleased to present the Sixteenth (16<sup>th</sup>) **Comprehensive Annual Financial Report** (CAFR) of the City of Napoleon, Ohio, (the City) for the year ended December 31, 2011. 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 for the fiscal year ended December 31, 2011.

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, 2011***

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The City's financial statements have been audited by an Independent Public Accountant (IPA), James G Zupka, CPA, Inc., of Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. The IPA issued an 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, 2011. The report from the IPA is presented as the first component of the financial section of this report.

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

**Early History**

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

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

**The City of Napoleon**

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

***Letter of Transmittal  
For the Year Ended December 31, 2011***

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

**Form of Government**

By 1950, the population of the Village of Napoleon exceeded 5,000 people allowing the Village to be incorporated into the City of Napoleon. The Citizens of Napoleon, who were determined to exercise “*Home Rule*” authority, voted to become a *Chartered City*, as allowed by the State Constitution of Ohio, effective January 1, 1952. The City Charter has been amended several times, and was last amended in its entirety by a vote of its Citizens on November 7, 2000, with an effective date of July 1, 2001. The City Charter stipulates a charter review every eight (8) years. In 2008, the City Charter underwent a full review by an appointed Charter Review Commission. The Charter Review Commission recommended various changes to the Charter to be voted by the Citizens of Napoleon. City Council agreed, and placed these proposed changes before its Citizens for a vote on November 4, 2008; and all proposed changes were defeated. The City Charter remains unchanged from the prior changes effective July 1, 2001.

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

General elections for the City are held every two years, alternating with four (4) council seats and then three (3) council seats plus the Mayor. All council seats and the Mayor are elected at-large and terms of office are four (4) years. The Municipal Court Judge is separately elected every six (6) years. The Council President is the presiding officer of Council and is elected from among the Council members. Except for Municipal Court, the Charter establishes certain administrative departments and Council may establish additional departments as needed; Council establishes all department positions. By Charter, the

***Letter of Transmittal  
For the Year Ended December 31, 2011***

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City Manager, the Finance Director and the Law Director are all appointed by, and serve at the pleasure of Council with no specified term limits. Except for departments of Finance, Law and Municipal Court, the City Manager has authority over all other operational departments and appoints those department heads. Subject to approval of Council, the Mayor, and on certain boards the City Manager, recommends appointments of individuals to the various City boards and commissions.

**Municipal Services**

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

The City operates four (4) enterprise activities: 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 storm water abatement charge that is included in the sewer enterprise fund. Storm water funds are designated for the separation of the storm water systems from the sanitary sewer systems.

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

The City is 1 of 129 public entity members (from seven states) 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 coal powered and Fremont Energy gas powered generating plants, various hydroelectric power generating stations and solar energy "green" projects; including a solar project currently being developed in Napoleon. 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 power providers.

***Letter of Transmittal  
For the Year Ended December 31, 2011***

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

**The Reporting Entity**

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

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

**Budgetary and Accounting Controls**

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

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

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2011***

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**Budgetary Controls**

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

**Personal Services:**

- Salary and Wages
- Fringe Benefits

**Other Expenditures:**

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

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

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

**Local Economy**

The local economy demonstrated signs of growth in 2011, 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 2011 to 2010 overall combined total income tax collections were up by +2.2%. Business profit taxes were down, however, individual returns and withholding taxes all trended higher in 2011. Actual income tax revenues collected in 2011 at the 1.5% rate was \$3,453,701, up +\$75,203 in 2011 over 2010 of \$3,378,498. The taxable income to the date of this letter in 2012 is continuing to trend slowly higher compared to the same period for 2011. Income tax receipts, including withholdings, have the potential to be negatively impacted, with possible reduced taxable income, from business implementation of various state and federal mandates imposed on the City to exclude tax deferral plans from its allowable taxation base. Future taxable income growth may be restricted or reduced by implementation of various approved tax deferred 125 type plans, and other possible State imposed mandates and controls that could be placed on the income tax source. Currently, State Law limits the City tax to be applied only against Box 5 of the W-2 (Medicare wages and not Gross wages).



***Letter of Transmittal  
For the Year Ended December 31, 2011***

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

Local housing growth and general home values continued to be flat in 2011, both following State and National trends. Local area new housing starts did see very slight recovery, and the turn over of pre-existing homes picked up slightly in 2011. This trend has continued into the first quarter 2012 for the sales of pre-existing homes, and is due to a better economy along with lowered mortgage rates and incentive programs offered through the State and Federal Governments. Overall local home foreclosures are starting to slow when compared to previous years. Building Permits for both residential and commercial improvements were close to the same in 2011 when compared to 2010.

With improvements to the domestic automotive manufacturing and their related industries, the unemployment rate in Henry County was lower in 2011 at 8.9% as of December 31, 2011, versus 11.0% for December 31, 2010 (not seasonally adjusted). The rate has slightly increased through March 31, 2012 to 10.1%. The local area unemployment rate is higher compared to the State of Ohio rate of 7.9% and the National rate of 8.5%, at the end of 2011. While specific data is unavailable from the reporting sources for the City, it is estimated that the City's unemployment rate falls some where between the State of Ohio rate and the rate for Henry County. Using the rates through December 31, 2011, it is estimated the rate for the City would fall between 7.9% and 8.9%, or about 8.4%.

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 2011. Some recent losses of general, retail or food businesses in 2011 located inside or close to the City include: Porter's BP, Napoleon Creamery Co., Isolex Corp., All-State Insurance, Advance Precision Tool, Rayburn Financial Service, Kircher's Flowers, Inc., and Bil-Jax Rental Center.

On the positive side, there were some new businesses added in 2011, these include: Cakewalk Cakery, Napoleon Motor Inn, Fastenal Company, D & R Computers, Maumee Valley Guidance Center, Tammy's Tiny Tack, Nooks & Crannies Antiques, Lefty's Pizza, GPS Auto and Kurt's Karate.

**CITY OF NAPOLEON, OHIO**

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***Letter of Transmittal  
For the Year Ended December 31, 2011***

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

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

It should be noted, all the companies listed in the table under “**Business**” section above were in business in 2009 and 2010, and are still in business as of the date of this report. This is a great testament to the talent, work ethic and resourcefulness of these companies during trying times.

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

***Letter of Transmittal  
For the Year Ended December 31, 2011***

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***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 2011 progressed many promising events took place helping to turn economic development activity around. It started with the Koester Corporations' purchase of CIC owned property and proposed major expansion. All the necessary support work was completed that would enable them to make a 20,000 square foot expansion to their existing 40,000 square foot manufacturing facility in the City. The actual construction is now underway in 2012, and when completed is estimated to add up to 5 to 10 employees to their payroll.

Isofoton a Spanish solar panel manufacturer announced they would establish their North American business and manufacturing center in Napoleon, Ohio in 2011. Very little investment actually occurred in 2011, but starting in early 2012 a great deal of investment and activity is now occurring in a formerly vacant existing manufacturing building located in the City. The expectation is that this facility will be manufacturing product and have an employment level of 130 by the end of 2012.

Ruralogic a software design company located one (1) of the three (3) centers they promised to establish in Northwest Ohio in the City at the end of 2011. They currently employ approximately 10 people at this time, but are projected to increase the number substantially as their business becomes better established.

The massive Campbell's Soup complex in Henry County, located just outside the City limits, promoted two very large construction projects in 2011. The first was the construction of a 9.8 megawatt solar field that provides power to their plant and was completed in December, 2011. The second was the start of the construction of a 700,000 cubic foot freezer at a total project cost of over \$7,000,000. This project will be completed sometime in 2012. 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 2011 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. The City received approval from the State of Ohio, in late 2011, for a second \$400,000 downtown development grant. Both the first, and now the second grant, will continue to encourage public and private investment in the downtown area for 2012 and years to come.

**Future Development**

CIC is continually 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 occurring sometime in 2012 (expanding Route 24 into a four lane highway between Toledo, Ohio and Fort Wayne, Indiana); this, along with 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), will help drive economic development in the City and Henry County for many years to come. These developments have a wide variety of other companies are currently looking at this area to set up new businesses and/or operations; or, expand their current operations. This brings the promise of hope that economic development, expansion and growth will occur in 2012 and beyond.

***Letter of Transmittal  
For the Year Ended December 31, 2011***

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**Major City Accomplishments 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 solar generating site.
- Upgraded major equipment in many of the departments, including new recycling truck.
- Upgraded various department computers, software, phones and added fiber optic extensions.
- Continued the upgrade of the City's electrical substations and distribution system.
- Completed major sewer separations on the sanitary sewer and storm water systems at various locations in the City, including construction of major upgrades to Clairmont and Haley Avenues.
- Fine tuned the operation of the MIEX water pretreatment facility to lower THMs in the system.
- Fine tuned the operation of the 2.5 million gallon equalization (EQ) basin detention storm water basin control project (completed in 2010) with state of the art infrared treatment.

**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, including Scott St. upgrades.
- Upgrade of water lines to improve water flow rates and reliability to all customers.
- Expansion of electric, water and sewer lines to new development areas in the City as needed.
- Elimination of sanitary sewer and combined sewer overflows through specific projects.
- Completion of the SR-24 Fort to Port project, scheduled to open in early fall of 2012.
- A study by the State of Ohio for a second possible river bridge crossing over the Maumee River.
- Continued major equipment and utility infrastructure upgrades and replacements.

**Department Accomplishments**

Management reviews for all departmental operations to be performed by the State Auditors Office in 2012 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, 2011***

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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, 2011, issued by the IPA, James G Zupka, CPA, Inc., Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a CAFR, and to meet requirements of certain revenue trust agreements on enterprise revenue debt. In addition, an annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

**Awards**

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

The City received a Certificate of Achievement for the fiscal year ended December 31, 2010. We believe this, our sixteenth (16<sup>th</sup>) Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting, and so therefore the City is submitting it to GFOA for certification.

**Public Disclosure**

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

**Acknowledgments**

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

***Letter of Transmittal  
For the Year Ended December 31, 2011***

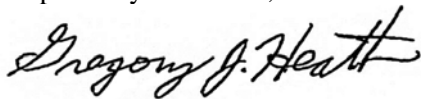
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Sincere appreciation is also extended to the many individuals who have worked diligently and contributed significant time and effort in gathering data for this report, particularly the staff of Donald J. Schonhardt & Associates, Inc., who through their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

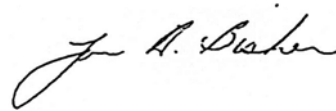
A special thank you is extended to the Members of City Council, the Mayor and the City Departments for the support and trust shown to the City Administration and the Finance Department and for allocating the resources and time for the development of this report, which demonstrates the City's commitment 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, 2011**

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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	11	A
Glenn Miller	President of Council	12/31/13	14	A
Mike DeWit	Council	12/31/11	19	A
Jim Hershberger	Council	12/31/13	4.5	A
Jeff Lankenau	Council	12/31/13	3.5	A
Travis Sheaffer	Council	12/31/13	17	A
Terri Williams	Council	12/31/11	23	A
John Helberg	Council	12/31/11	11	A
John Collier	Municipal Judge	12/31/11	15.5	A
Amy Rosebrook *	Municipal Judge		0.5	A

**Appointed Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Jon Bisher	City Manager	Indefinite	13	A
Gregory Heath	Director of Finance	Indefinite	16	A
Betty Marihugh	Clerk of Courts	Indefinite	28	A
David Grahn	Law Director	Indefinite	18	A

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

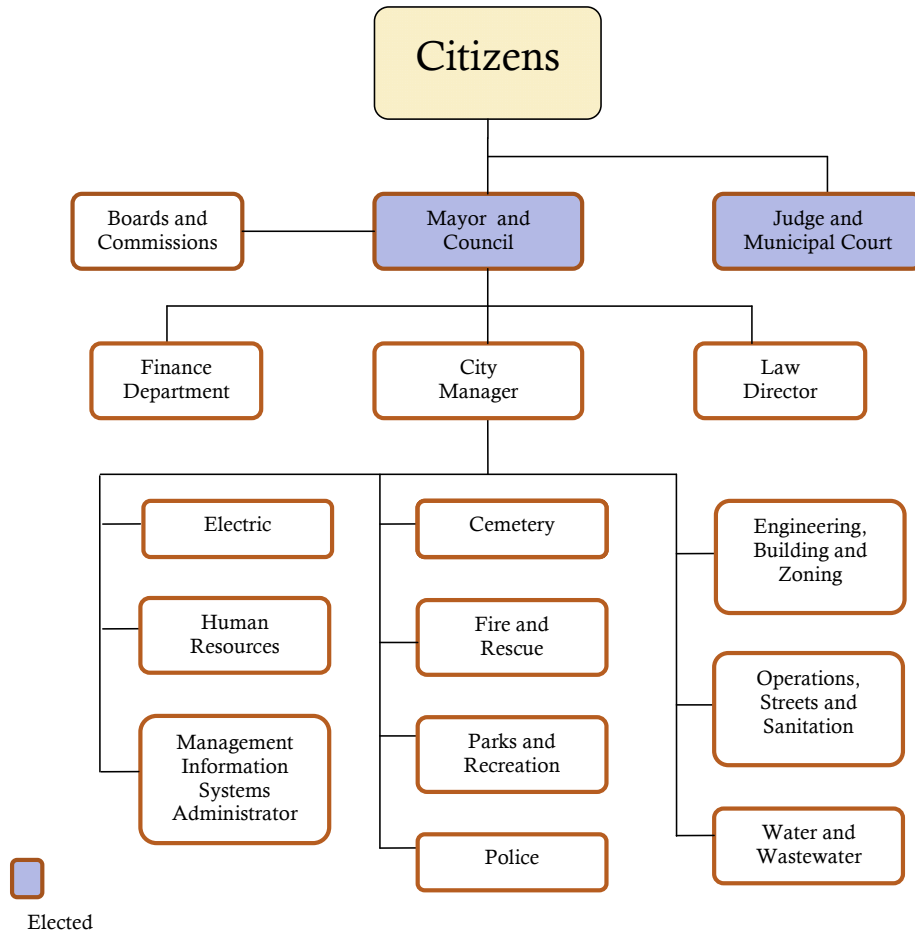
\* Appointed by the Governor to fill Judge Collier's unfulfilled term.

City Address:

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

**City Organizational Chart  
For the Year Ended December 31, 2011**

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**Boards and Commissions**

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



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

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Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Napoleon  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2010

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.



*Linda C. Danson*

President

*Jeffrey R. Enos*

Executive Director



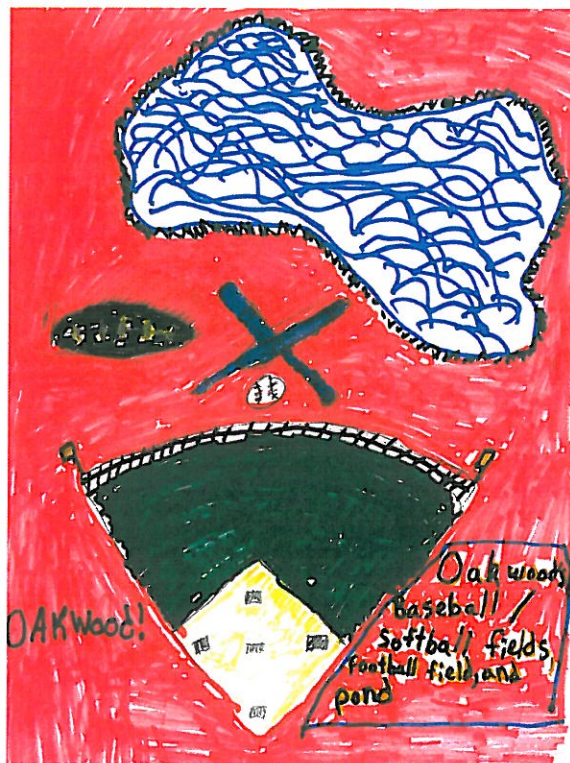
# FINANCIAL SECTION

Suzy Thomas 4<sup>th</sup> grade Central Elementary – Henry County Fair



WELCOME TO THE FAIR

AND BASEBALL IN THE AIR



Aaron Bostelman 6<sup>th</sup> grade St. John Lutheran – Oakwood Ball Diamond



**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, 2011, 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, 2011, 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.

As described in Note 5, the City implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and restated the December 31, 2010 fund balances of the governmental funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2012, 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

July 16, 2012

The management discussion and analysis (MD&A) of the City of Napoleon's (City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2011. 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 2011 are as follows:

- ❑ In total, net assets increased \$969,134, a 1.4% increase from 2010. The net assets of governmental activities decreased \$190,960, a small decrease from 2010; and the net assets of business-type activities increased \$1,160,094, representing a 3.3% increase from 2010. Please see additional Note on this item on the Changes in Net Assets Table listed later in the MD&A.
- ❑ Total revenues exceeded \$30 million. \$4.8 million was general revenues, or 16% of the total revenues; and \$25.3 million was program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions, or over 84% of the total revenues.
- ❑ The City had \$7.5 million in program expenses related to governmental activities; only \$2.8 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) and excess cash reserves of \$4.7 million were adequate to provide for the balance on these programs.
- ❑ Among major funds, the general fund had \$5.1 million in revenues and \$3.9 million in expenditures (the expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities). The general fund's fund balance decreased \$68,824.
- ❑ Net assets for the proprietary funds increased by \$1,154,974. The increase is a result of higher revenues in electric, water, sewer and refuse; with an increase in operating expenses for electric and water, and a reduction of operating expenses in sewer and refuse. This number includes capital contributions in the form of capital assets for all proprietary funds.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net 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) are 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, 2011***

***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 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$7,002,866	\$7,741,172	\$20,511,738	\$19,823,847	\$27,514,604	\$27,565,019
Capital assets, Net	31,682,111	31,252,036	39,732,961	39,845,381	71,415,072	71,097,417
Total assets	38,684,977	38,993,208	60,244,699	59,669,228	98,929,676	98,662,436
Long-term debt outstanding	2,302,190	2,399,915	23,036,244	23,645,578	25,338,434	26,045,493
Other liabilities	856,271	875,817	1,289,225	1,264,514	2,145,496	2,140,331
Total liabilities	3,158,461	3,275,732	24,325,469	24,910,092	27,483,930	28,185,824
Net assets						
Invested in capital assets, net of related debt	30,103,480	29,541,627	21,224,567	19,332,790	51,328,047	48,874,417
Restricted	3,885,950	4,512,545	0	0	3,885,950	4,512,545
Unrestricted	1,537,086	1,663,304	14,694,663	15,426,346	16,231,749	17,089,650
Total net assets	\$35,526,516	\$35,717,476	\$35,919,230	\$34,759,136	\$71,445,746	\$70,476,612

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**CITY OF NAPOLEON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2011**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,363,825	\$1,486,665	\$22,371,953	\$21,797,021	\$23,735,778	\$23,283,686
Operating Grants and Contributions	1,323,169	894,469	0	0	1,323,169	894,469
Capital Grants and Contributions	104,301	157,440	113,431	403,881	217,732	561,321
General revenues:						
Property Taxes	382,639	386,482	0	0	382,639	386,482
Income Taxes	2,826,623	2,796,692	0	0	2,826,623	2,796,692
Other Local Taxes	522,615	515,545	0	0	522,615	515,545
Shared Revenues	691,333	629,483	0	0	691,333	629,483
Investment Earnings	91,360	92,083	155,535	176,329	246,895	268,412
Miscellaneous	139,873	123,757	0	0	139,873	123,757
Total revenues	7,445,738	7,082,616	22,640,919	22,377,231	30,086,657	29,459,847
Program Expenses						
Security of Persons and Property	3,318,795	3,125,458	0	0	3,318,795	3,125,458
Public Health and Welfare Services	123,641	112,440	0	0	123,641	112,440
Leisure Time Activities	868,775	904,829	0	0	868,775	904,829
Community Environment	1,263,518	517,452	0	0	1,263,518	517,452
Transportation	760,223	1,299,067	0	0	760,223	1,299,067
General Government	1,086,864	1,122,335	0	0	1,086,864	1,122,335
Interest and Fiscal Charges	96,494	85,901	0	0	96,494	85,901
Electric	0	0	14,714,910	14,396,085	14,714,910	14,396,085
Water	0	0	3,229,358	2,474,059	3,229,358	2,474,059
Sewer	0	0	2,921,313	2,782,393	2,921,313	2,782,393
Sanitation	0	0	733,632	768,173	733,632	768,173
Total expenses	7,518,310	7,167,482	21,599,213	20,420,710	29,117,523	27,588,192
Change in Net Assets Before Transfers	(72,572)	(84,866)	1,041,706	1,956,521	969,134	1,871,655
Transfers (1)	(118,388)	0	118,388	0	0	0
Total Change in Net Assets	(190,960)	(84,866)	1,160,094	1,956,521	969,134	1,871,655
Beginning Net Assets	35,717,476	35,802,342	34,759,136	32,802,615	70,476,612	68,604,957
Ending Net Assets	\$35,526,516	\$35,717,476	\$35,919,230	\$34,759,136	\$71,445,746	\$70,476,612

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

***Governmental Activities***

Net assets of the City's *governmental activities* show a decrease of \$190,960 in 2011 from 2010. In 2011, the City experienced a net increase in total revenues for governmental activities over 2010, primarily in operating grants. Program expenses, including major grant related and capital expenses, increased in total for 2011 over 2010. Economic factors impacting general trends to revenues stabilized in 2011, but continue to remain a concern and will require continued monitoring.

*Voted* property tax revenues in Ohio do not change solely as a result of inflation or deflation, but remain fixed to property value at passage of a *New Levy* for the period of the levy, or at *Renewal* of the levy. (Example: A 1.0 mill levy on a home valued at \$100,000 is taxed at 35% of its value, or \$35,000, and generates \$35.00 annually in taxes; however, if the home is reappraised at \$200,000, taxed value for the *voted levy* remains at \$35,000, reducing the effective rate of the *voted levy* to 0.5 mills.) Only by passing a *New Levy* would the effective rate increase back to 1 mill. The City currently has *no voted property tax levies*; however, the City receives a 2.90 mill allocation from the *un-voted inside 10 mill general property tax* as allowed by the State of Ohio. The 2.90 mill allocation *is not* subject to the set valuation on voted levies, and will rise or fall yearly as property values change. Economic changes from 2008 through 2010 in the housing sector continue to impact home valuations into 2011. With reduced valuations the corresponding collections of property tax collected on the un-voted 2.90 mill allocation for the City has been reduced. This source of revenue has recently been negatively impacted by changes made by the State of Ohio General Assembly; whom has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and they may continue to make similar revisions. The County Auditor maintains and collects the inside millage. The City is aware of these reduced valuations and has made adjustments to its general revenue estimates, with corresponding adjustments to its program expenses, to account for these reduced revenues from this source.

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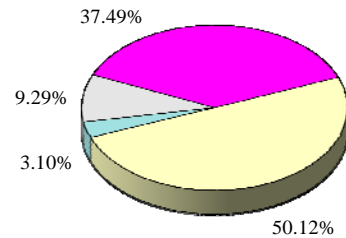
**Management’s Discussion and Analysis  
For the Year Ended December 31, 2011**

**Unaudited**

In 2011, the City had a permanent income tax rate of 1.5%. Prior to July 1, 2009, the rate was 1.2% (1% for General Operations and Capital Improvements, and 0.2% Recreation Levy). On May 5, 2009, the Citizens of Napoleon voted on and approved an *additional permanent income tax of 0.3%* for General Operations and Capital Improvements of the City, with a July 1, 2009 effective date. When added to the prior 1.2% rate, this increased the total income tax rate to 1.5%. Starting July 1, 2009, the rate adjusted up to 1.5% of all salaries, wages, commissions and other compensation earned from residents, and from nonresidents for work done or services performed or rendered in the City. In addition, on May 4, 2010, the Citizens of Napoleon voted on and approved a permanent income tax renewal of the Recreation Levy of 0.2%, with the net tax rate remaining at 1.5%. With this approval, the income tax rate of 1.5% was made permanent and is now not subject to periodic voted renewals. In 2011, the municipal income taxes reflect an increase in revenues of 1.07% over 2010. This is due to a more stable local economy.

Property taxes and income taxes made up 5% and 38% respectively of revenues for governmental activities for the City in fiscal year 2011. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 50.12% of total revenues from general tax revenues:

Revenue Sources	2011	Percent of Total
General Shared Revenues	\$691,333	9.29%
Program Revenues	2,791,295	37.49%
General Tax Revenues	3,731,877	50.12%
General Other	231,233	3.10%
Total Revenue	<u>\$7,445,738</u>	<u>100.00%</u>



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**Management's Discussion and Analysis  
For the Year Ended December 31, 2011**

**Unaudited**

**Business-Type Activities**

In 2011, the total net assets of all business-type activities increased by \$1,160,094. The operating incomes/losses for the business-type activities of electric increased \$750,625, of water decreased \$(303,124), of sewer increased \$979,163 and of sanitation increased \$123,299. In all business-type activities operating revenues in 2011 exceeded 2010, and was primarily due to rate increases. Overall billable dollars for electric, water, sewer and refuse increased in 2011 as compared to 2010, even though actual recorded usage was down in both water and sewer.

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

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

The City's governmental funds reported a combined fund balance of \$5,116,147, which is a decrease of \$380,564 from last year's balance of \$5,496,711. \$348,241 was paid for prior deferred assessments out of the Special Assessment Bond Retirement Fund to the Ohio Rural Water/Sewer Commission (ORWSC) in 2011. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2011 and 2010:

	Fund Balance December 31, 2011	Restated Fund Balance December 31, 2010	Increase (Decrease)
General	\$1,951,907	\$2,020,731	(\$68,824)
Special Assessment Bond Retirement	550,427	898,599	(348,172)
Capital Improvement	692,081	546,780	145,301
Other Governmental	1,921,732	2,030,601	(108,869)
Total	<u>\$5,116,147</u>	<u>\$5,496,711</u>	<u>(\$380,564)</u>

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

	2011 Revenues	2010 Revenues	Increase (Decrease)
Taxes (Income, Property and Other)	\$3,628,496	\$3,604,361	\$24,135
Intergovernmental Revenue	542,646	541,152	1,494
Charges for Services	281,638	265,710	15,928
Licenses and Permits	68,203	63,599	4,604
Investment Earnings	63,732	72,888	(9,156)
Fines and Forfeitures	248,556	267,980	(19,424)
Special Assessments	236	634	(398)
All Other Revenue	347,215	331,577	15,638
Total	<u>\$5,180,722</u>	<u>\$5,147,901</u>	<u>\$32,821</u>

***Management's Discussion and Analysis  
For the Year Ended December 31, 2011***

***Unaudited***

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General Fund revenues in 2011 increased less than 1% compared to revenues in fiscal year 2010. The most significant factor contributing to this increase was in Income Taxes. Decreases occurred in three categories of revenue; investment earnings, fines and forfeitures, and special assessments.

	2011	2010	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,489,073	\$2,327,273	\$161,800
Public Health and Welfare Services	110,917	101,383	9,534
Community Environment	453,996	104,102	349,894
General Government	908,695	974,155	(65,460)
Total	<u>\$3,962,681</u>	<u>\$3,506,913</u>	<u>\$455,768</u>

General Fund expenditures increased overall by \$455,768, or about 13%, when compared to the prior year of 2010. The largest increases were in Security of Persons and Property of \$161,800; and, in Community Environment of \$349,894 due to capital grants. General Government decreased by \$(65,460). 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 \$193,400 higher in 2011 as compared to 2010. In addition, reimbursement off-sets are included for the kilowatt hour tax monies collected in the Electric Fund, and directed back to the General Fund pursuant to Ohio law. In all funds, including business-type activities and governmental activities, individual salary and wages, retirement contributions, health and life insurance premiums, and other benefits for the City's employees decreased slightly in 2011 as compared to 2010.

Expenditures in the Special Assessment Bond Retirement Fund and Other Governmental Funds increased in 2011 as compared to 2010; see previous explanation above on payment to ORWSC. Expenditures for capital outlays in Governmental Funds decreased in 2011 compared to 2010.

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 2011 the City amended its General Fund budget, along with other funds, various times on an as needed basis.

In the General Fund, the final budget basis for revenue was \$5.6 million, including transfers in. This was a \$372,741 increase 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 2011.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2011***

***Unaudited***

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2011 the City had \$71,415,072 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$31,682,111 was related to governmental activities and \$39,732,961 to the business-type activities. The following table shows fiscal year 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$11,598,507	\$11,621,683	(\$23,176)
Construction in Progress	670,933	433,833	237,100
Improvements	1,805,566	1,842,275	(36,709)
Buildings	3,575,153	3,551,977	23,176
Machinery and Equipment	6,044,234	5,681,709	362,525
Infrastructure	26,922,552	26,338,431	584,121
Less: Accumulated Depreciation	(18,934,834)	(18,217,872)	(716,962)
Totals	\$31,682,111	\$31,252,036	\$430,075

	Business-Type Activities		Increase (Decrease)
	2011	2010	
Land	\$349,695	\$349,695	\$0
Construction in Progress	3,341,516	2,446,086	895,430
Buildings	7,030,855	7,030,855	0
Improvements	44,604,642	44,431,303	173,339
Machinery and Equipment	6,615,940	6,541,625	74,315
Less: Accumulated Depreciation	(22,209,687)	(20,954,183)	(1,255,504)
Totals	\$39,732,961	\$39,845,381	(\$112,420)

In the governmental activities, increases were the greatest in Construction in Progress, Machinery and Equipment and Infrastructure; for business-type activities, increases were greatest in Construction in Progress, Improvements and Machinery and Equipment. This reflects both major equipment purchases and major infrastructure upgrades primarily with continuing projects associated with meeting the City's Long Term Control Plan with the EPA. In 2011 the City purchased a major new piece of equipment for its Fire Department. Additional information on the City's capital assets can be found in Note 10.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2011***

***Unaudited***

***Debt***

At December 31, 2011, the City had \$13.1 million in bonds outstanding, \$713,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2011 and 2010:

	2011	2010
Governmental Activities:		
Special Assessment Bonds	\$243,553	\$308,953
General Obligation Bonds	1,250,000	1,315,000
OPWC Loans Payable	74,104	86,455
Compensated Absences	734,533	689,507
Total Governmental Activities	2,302,190	2,399,915
Business-Type Activities:		
General Obligation Bonds	\$1,610,000	\$1,740,000
Mortgage Revenue Bonds	9,885,000	10,290,000
Special Assessment Bonds	69,446	75,046
Long-Term Notes	1,200,000	0
WPCLF Loans Payable	7,251,586	7,653,135
OWDA Loans Payable	1,828,963	2,261,064
OPWC Loans Payable	454,475	483,159
OSWRC Deferred Loan Payable	310,945	659,186
Payable to Joint Venture	149,215	190,682
Compensated Absences	276,614	293,306
Total Business-Type Activities	23,036,244	23,645,578
Totals	\$25,338,434	\$26,045,493

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, 2011, 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 reductions or limited increases in base operating costs. Budgetary revenue estimates for the General Fund, and other funds, typically projects no growth, or potential reductions as necessary, in the various revenue sources for each budgeted fund. Original budgeted expenditures for the General Fund, and other funds, are typically *projected to exceed revenues*. Reductions, as necessary, are then made to budgeted expenditures to keep the funds in balance as required by State Law. The City utilizes projected fund balance reserves for any negative differences in revenues to expenditures to keep the budget balanced. The original 2011 General Fund budgeted revenues were conservatively projected below final actual revenues; and the budgeted expenditures were projected above final actual expenditures. The estimated level for revenues was 4.2% less than actual final receipts for the year; and for expenditures was 6.9% 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 year ending fund reserves at sustainable levels. This process helps to buffer any potential down turns, or no growth, in local economic conditions, such as what has recently occurred in fiscal years 2008 through 2010.



***Management's Discussion and Analysis  
For the Year Ended December 31, 2011***

***Unaudited***

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The General Fund, and other funds, added no additional permanent full time personnel to the final 2011 approved budget. Certain department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were reduced or eliminated; and only those items that City management and City Council determined necessary were appropriated.

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

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

**REQUESTS FOR INFORMATION**

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

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



**CITY OF NAPOLEON, OHIO**

**Statement of Net Assets  
December 31, 2011**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 4,340,890	\$ 13,917,384	\$ 18,258,274
Receivables:			
Property Taxes	481,144	0	481,144
Municipal Income Taxes	832,702	0	832,702
Accounts	484,759	3,622,186	4,106,945
Intergovernmental	435,015	2,656	437,671
Interest	11,658	19,700	31,358
Special Assessments	294,615	465,761	760,376
Internal Balances	(9,600)	9,600	0
Inventory of Supplies at Cost	131,683	1,277,999	1,409,682
Capital Assets:			
Capital Assets Not Being Depreciated	12,269,440	3,691,211	15,960,651
Capital Assets Being Depreciated, Net	19,412,671	36,041,750	55,454,421
Investment in Joint Venture	0	1,196,452	1,196,452
<b>Total Assets</b>	<b>38,684,977</b>	<b>60,244,699</b>	<b>98,929,676</b>
<b>Liabilities:</b>			
Accounts Payable	124,654	1,029,792	1,154,446
Accrued Wages and Benefits	308,286	125,048	433,334
Unearned Revenue	415,578	0	415,578
Accrued Interest Payable	7,753	134,385	142,138
Long-Term Liabilities:			
Due Within One Year	450,463	2,836,981	3,287,444
Due in More Than One Year	1,851,727	20,199,263	22,050,990
<b>Total Liabilities</b>	<b>3,158,461</b>	<b>24,325,469</b>	<b>27,483,930</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	30,103,480	21,224,567	51,328,047
Restricted For:			
Capital Projects	778,331	0	778,331
Debt Service	847,411	0	847,411
Street Construction, Maintenance and Repair	918,644	0	918,644
EMS Transport Service	495,954	0	495,954
Fire Equipment	375,230	0	375,230
Court Improvement	207,185	0	207,185
Other Purposes	263,195	0	263,195
Unrestricted	1,537,086	14,694,663	16,231,749
<b>Total Net Assets</b>	<b>\$ 35,526,516</b>	<b>\$ 35,919,230</b>	<b>\$ 71,445,746</b>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2011**

	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	\$ 3,318,795	\$ 1,008,026	\$ 4,230	\$ 2,360
Public Health and Welfare Services	123,641	24,203	0	0
Leisure Time Activities	868,775	207,272	0	0
Community Environment	1,263,518	4,968	771,871	0
Transportation	760,223	6,267	541,568	101,941
General Government	1,086,864	113,089	5,500	0
Interest and Fiscal Charges	96,494	0	0	0
<b>Total Governmental Activities</b>	<b>7,518,310</b>	<b>1,363,825</b>	<b>1,323,169</b>	<b>104,301</b>
<b>Business-Type Activities:</b>				
Electric	14,714,910	15,490,550	0	0
Water	3,229,358	2,610,784	0	46,412
Sewer	2,921,313	3,412,565	0	67,019
Sanitation	733,632	858,054	0	0
<b>Total Business-Type Activities</b>	<b>21,599,213</b>	<b>22,371,953</b>	<b>0</b>	<b>113,431</b>
<b>Totals</b>	<b>\$ 29,117,523</b>	<b>\$ 23,735,778</b>	<b>\$ 1,323,169</b>	<b>\$ 217,732</b>

**General Revenues:**

Property Taxes  
Municipal Income Taxes  
Other Local Taxes (kWh Tax)  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous  
Transfers  
Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year  
Net Assets End of Year

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,304,179)	\$ 0	\$ (2,304,179)
(99,438)	0	(99,438)
(661,503)	0	(661,503)
(486,679)	0	(486,679)
(110,447)	0	(110,447)
(968,275)	0	(968,275)
(96,494)	0	(96,494)
<u>(4,727,015)</u>	<u>0</u>	<u>(4,727,015)</u>
0	775,640	775,640
0	(572,162)	(572,162)
0	558,271	558,271
0	124,422	124,422
<u>0</u>	<u>886,171</u>	<u>886,171</u>
<u>\$ (4,727,015)</u>	<u>\$ 886,171</u>	<u>\$ (3,840,844)</u>
382,639	0	382,639
2,826,623	0	2,826,623
522,615	0	522,615
691,333	0	691,333
91,360	155,535	246,895
139,873	0	139,873
(118,388)	118,388	0
<u>4,536,055</u>	<u>273,923</u>	<u>4,809,978</u>
(190,960)	1,160,094	969,134
<u>35,717,476</u>	<u>34,759,136</u>	<u>70,476,612</u>
<u>\$ 35,526,516</u>	<u>\$ 35,919,230</u>	<u>\$ 71,445,746</u>

**CITY OF NAPOLEON, OHIO**

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**Balance Sheet  
Governmental Funds  
December 31, 2011**

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	General	Special Assessment Bond Retirement	Capital Improvement
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,268,637	\$ 550,027	\$ 706,307
Receivables:			
Property Taxes	343,779	0	0
Municipal Income Taxes	832,702	0	0
Accounts	60,782	0	1,762
Intergovernmental	172,966	0	0
Interest	8,452	994	0
Special Assessments	0	294,615	0
Inventory of Supplies, at Cost	1,606	0	0
<b>Total Assets</b>	<u>\$ 2,688,924</u>	<u>\$ 845,636</u>	<u>\$ 708,069</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 61,828	\$ 0	\$ 15,988
Accrued Wages and Benefits Payable	185,059	0	0
Deferred Revenue	490,130	295,209	0
<b>Total Liabilities</b>	<u>737,017</u>	<u>295,209</u>	<u>15,988</u>
<b>Fund Balances:</b>			
Nonspendable	5,761	0	0
Restricted	0	550,427	0
Committed	93,945	0	692,081
Assigned	42,032	0	0
Unassigned	1,810,169	0	0
<b>Total Fund Balances</b>	<u>1,951,907</u>	<u>550,427</u>	<u>692,081</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,688,924</u>	<u>\$ 845,636</u>	<u>\$ 708,069</u>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 1,800,281	\$ 4,325,252
137,365	481,144
0	832,702
418,855	481,399
262,049	435,015
2,212	11,658
0	294,615
120,535	122,141
<u>\$ 2,741,297</u>	<u>\$ 6,983,926</u>
\$ 42,976	\$ 120,792
117,661	302,720
658,928	1,444,267
<u>819,565</u>	<u>1,867,779</u>
120,535	126,296
1,554,885	2,105,312
318,758	1,104,784
9,528	51,560
(81,974)	1,728,195
<u>1,921,732</u>	<u>5,116,147</u>
<u>\$ 2,741,297</u>	<u>\$ 6,983,926</u>

***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2011***

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<b>Total Governmental Fund Balances</b>	\$ 5,116,147
 <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.	31,671,138
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,028,689
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.	14,243
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,303,701)</u>
<b><i>Net Assets of Governmental Activities</i></b>	<b><u>\$ 35,526,516</u></b>

See accompanying notes to the basic financial statements





**CITY OF NAPOLEON, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2011**

	General	Special Assessment Bond Retirement	Capital Improvement
<b>Revenues:</b>			
Property Taxes	\$ 268,487	\$ 0	\$ 0
Municipal Income Tax	2,837,394	0	0
Other Local Taxes (kWh Tax)	522,615	0	0
Intergovernmental Revenues	542,646	0	30,110
Charges for Services	281,638	0	0
Licenses and Permits	68,203	0	0
Investment Earnings	63,732	13,354	0
Special Assessments	236	92,002	0
Fines and Forfeitures	248,556	0	0
All Other Revenue	347,215	0	1,762
<b>Total Revenue</b>	<b>5,180,722</b>	<b>105,356</b>	<b>31,872</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	2,489,073	0	0
Public Health and Welfare Services	110,917	0	0
Leisure Time Activities	0	0	0
Community Environment	453,996	0	0
Transportation	0	0	0
General Government	908,695	3,058	0
Capital Outlay	0	0	650,487
Debt Service:			
Principal Retirement	0	77,751	0
Interest and Fiscal Charges	0	36,838	0
<b>Total Expenditures</b>	<b>3,962,681</b>	<b>117,647</b>	<b>650,487</b>
Excess (Deficiency) of Revenues Over Expenditures	1,218,041	(12,291)	(618,615)
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	26	0	0
Transfers In	440,118	12,360	1,058,381
Transfers Out	(1,725,921)	(348,241)	(294,465)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,285,777)</b>	<b>(335,881)</b>	<b>763,916</b>
Net Change in Fund Balances	(67,736)	(348,172)	145,301
<b>Fund Balances at Beginning of Year, as Restated</b>	<b>2,020,731</b>	<b>898,599</b>	<b>546,780</b>
Increase (Decrease) in Inventory Reserve	(1,088)	0	0
<b>Fund Balances End of Year</b>	<b>\$ 1,951,907</b>	<b>\$ 550,427</b>	<b>\$ 692,081</b>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 120,908	\$ 389,395
0	2,837,394
0	522,615
1,647,866	2,220,622
518,649	800,287
0	68,203
18,349	95,435
0	92,238
115,206	363,762
52,134	401,111
<u>2,473,112</u>	<u>7,791,062</u>
789,014	3,278,087
0	110,917
799,615	799,615
806,988	1,260,984
596,226	596,226
51,074	962,827
0	650,487
65,000	142,751
60,100	96,938
<u>3,168,017</u>	<u>7,898,832</u>
(694,905)	(107,770)
0	26
663,485	2,174,344
<u>(78,478)</u>	<u>(2,447,105)</u>
<u>585,007</u>	<u>(272,735)</u>
(109,898)	(380,505)
2,030,601	5,496,711
1,029	(59)
<u>\$ 1,921,732</u>	<u>\$ 5,116,147</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, 2011***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (380,505)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 580,598

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. (151,557)

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. 700

Capital assets transferred in from Business-Type Activities 1,373

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (346,050)

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. 142,751

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 444

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. (44,971)

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. 6,257

***Change in Net Assets of Governmental Activities*** \$ (190,960)

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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 231,990	\$ 268,487	\$ 268,487	\$ 0
Municipal Income Tax	2,975,000	3,333,713	3,333,713	0
Other Local Taxes	522,000	522,615	522,615	0
Intergovernmental Revenue	500,750	528,802	528,802	0
Charges for Services	250,850	264,862	264,862	0
Licenses and Permits	54,610	68,203	68,203	0
Investment Earnings	97,620	89,126	89,126	0
Special Assessments	500	236	236	0
Fines and Forfeitures	273,000	247,040	247,040	0
All Other Revenues	352,920	314,241	314,241	0
<b>Total Revenues</b>	<b>5,259,240</b>	<b>5,637,325</b>	<b>5,637,325</b>	<b>0</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,689,537	2,492,564	2,483,337	9,227
Public Health and Welfare Services	111,280	110,005	110,000	5
Community Environment	127,990	112,610	112,603	7
General Government	1,725,609	1,514,881	1,507,227	7,654
<b>Total Expenditures</b>	<b>4,654,416</b>	<b>4,230,060</b>	<b>4,213,167</b>	<b>16,893</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	604,824	1,407,265	1,424,158	16,893
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	26	26	0
Transfers In	58,935	53,565	40,118	(13,447)
Transfers Out	(1,564,700)	(1,737,921)	(1,737,921)	0
<b>Total Other Financing Sources (Uses):</b>	<b>(1,505,765)</b>	<b>(1,684,330)</b>	<b>(1,697,777)</b>	<b>(13,447)</b>
Net Change In Fund Balance	(900,941)	(277,065)	(273,619)	3,446
Fund Balance at Beginning of Year	1,278,830	1,278,830	1,278,830	0
Prior Year Encumbrances	64,860	64,860	64,860	0
<b>Fund Balance at End of Year</b>	<b>\$ 442,749</b>	<b>\$ 1,066,625</b>	<b>\$ 1,070,071</b>	<b>\$ 3,446</b>

See accompanying notes to the basic financial statements

**CITY OF NAPOLEON, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 6,671,318	\$ 1,039,892	\$ 5,665,071
Receivables:			
Accounts	2,532,344	392,032	544,158
Intergovernmental	0	2,656	0
Interest	8,172	1,342	9,214
Special Assessments	0	36,985	428,776
Inventory of Supplies at Cost	1,064,789	150,395	62,815
<i>Total Current Assets</i>	10,276,623	1,623,302	6,710,034
<i>Non Current Assets:</i>			
Capital Assets, Net	11,216,966	9,195,662	18,790,179
Investment in Joint Venture	1,196,452	0	0
<i>Total Non Current Assets</i>	12,413,418	9,195,662	18,790,179
<b>Total Assets</b>	22,690,041	10,818,964	25,500,213
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	957,196	33,125	26,072
Accrued Wages and Benefits	42,942	33,279	39,464
Compensated Absences Payable - Current	57,760	26,478	28,203
Accrued Interest Payable	0	35,248	99,137
Notes Payable	0	204,000	996,000
General Obligation Bonds - Current	0	140,000	0
Special Assessment Bonds - Current	0	0	6,400
Mortgage Revenue Bonds - Current	0	145,000	295,000
Ohio Public Works Commission Loan - Current	0	0	28,684
Ohio Water Development Authority Loans - Current	0	42,687	420,894
Water Pollution Control Loans - Current	0	0	438,422
<i>Total Current Liabilities</i>	1,057,898	659,817	2,378,276

**CITY OF NAPOLEON, OHIO**

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Sanitation	Total	Internal Service Funds
\$ 541,103	\$ 13,917,384	\$ 15,638
153,652	3,622,186	3,360
0	2,656	0
972	19,700	0
0	465,761	0
0	1,277,999	9,542
695,727	19,305,686	28,540
530,154	39,732,961	10,973
0	1,196,452	0
530,154	40,929,413	10,973
1,225,881	60,235,099	39,513
13,399	1,029,792	3,862
9,363	125,048	5,566
7,453	119,894	4,289
0	134,385	0
0	1,200,000	0
0	140,000	0
0	6,400	0
0	440,000	0
0	28,684	0
0	463,581	0
0	438,422	0
30,215	4,126,206	13,717

(Continued)

**CITY OF NAPOLEON, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	65,884	33,566	51,650
General Obligation Bonds Payable	0	1,470,000	0
Special Assessment Bonds Payable	0	0	63,046
Revenue Bonds Payable	0	3,820,000	5,625,000
OWDA Loans Payable	0	341,011	1,024,371
OPWC Loans Payable	0	0	425,791
Ohio Sewer & Water Rotary Commission Deferred Loan Payable	0	68,061	242,884
Water Pollution Control Loans Payable	0	0	6,813,164
Payable to Joint Venture	149,215	0	0
<i>Total Long-Term Liabilities</i>	<u>215,099</u>	<u>5,732,638</u>	<u>14,245,906</u>
<b>Total Liabilities</b>	<u>1,272,997</u>	<u>6,392,455</u>	<u>16,624,182</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	11,216,966	3,654,619	5,822,828
Unrestricted	10,200,078	771,890	3,053,203
<b>Total Net Assets</b>	<u>\$ 21,417,044</u>	<u>\$ 4,426,509</u>	<u>\$ 8,876,031</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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<u>Sanitation</u>	<u>Total</u>	<u>Internal Service Funds</u>
5,620	156,720	1,953
0	1,470,000	0
0	63,046	0
0	9,445,000	0
0	1,365,382	0
0	425,791	0
0	310,945	0
0	6,813,164	0
<u>0</u>	<u>149,215</u>	<u>0</u>
<u>5,620</u>	<u>20,199,263</u>	<u>1,953</u>
<u>35,835</u>	<u>24,325,469</u>	<u>15,670</u>
530,154	21,224,567	10,973
<u>659,892</u>	<u>14,685,063</u>	<u>12,870</u>
<u>\$ 1,190,046</u>	<u>\$ 35,909,630</u>	<u>\$ 23,843</u>
	<u>9,600</u>	
	<u>\$ 35,919,230</u>	

**CITY OF NAPOLEON, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<b>Operating Revenues:</b>			
Charges for Services	\$ 15,262,862	\$ 2,437,880	\$ 3,234,934
Other Charges for Services	90,388	190,196	177,631
<b>Total Operating Revenues</b>	<b>15,353,250</b>	<b>2,628,076</b>	<b>3,412,565</b>
<b>Operating Expenses:</b>			
Personal Services	1,084,546	696,892	569,409
Contractual Services	983,033	615,661	574,363
Purchased Power	11,744,636	0	0
Materials and Supplies	353,602	1,217,420	572,068
Utilities	48,314	167,499	146,529
Depreciation	388,494	233,728	571,033
<b>Total Operating Expenses</b>	<b>14,602,625</b>	<b>2,931,200</b>	<b>2,433,402</b>
Operating Income (Loss)	750,625	(303,124)	979,163
<b>Nonoperating Revenue (Expenses):</b>			
Investment Earnings	61,104	15,756	72,040
Interest Expense	0	(299,207)	(488,089)
Sale of Capital Assets	0	(17,292)	0
Other Local Taxes (kWh Tax)	109,491	0	0
Gain on Investment in Joint Venture	27,809	0	0
Other Nonoperating Expense (kWh Paid to State)	(115,055)	0	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>83,349</b>	<b>(300,743)</b>	<b>(416,049)</b>
Income (Loss) Before Transfers and Contributions	833,974	(603,867)	563,114
Transfers In	0	96,310	495,021
Transfers Out	(401,373)	(39,090)	(32,480)
Capital Contributions	0	46,412	67,019
Change in Net Assets	432,601	(500,235)	1,092,674
Net Assets Beginning of Year	20,984,443	4,926,744	7,783,357
Net Assets End of Year	\$ 21,417,044	\$ 4,426,509	\$ 8,876,031

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	Internal Service Funds
\$ 846,840	\$ 21,782,516	\$ 76,189
11,214	469,429	2,761
858,054	22,251,945	78,950
205,931	2,556,778	131,513
391,701	2,564,758	0
0	11,744,636	0
72,773	2,215,863	87,439
2,101	364,443	582
62,249	1,255,504	1,039
734,755	20,701,982	220,573
123,299	1,549,963	(141,623)
6,635	155,535	0
0	(787,296)	0
0	(17,292)	0
0	109,491	0
0	27,809	0
0	(115,055)	0
6,635	(626,808)	0
129,934	923,155	(141,623)
0	591,331	153,000
0	(472,943)	0
0	113,431	0
129,934	1,154,974	11,377
1,060,112	34,754,656	12,466
\$ 1,190,046	\$ 35,909,630	\$ 23,843
	\$ 1,154,974	
	5,120	
	\$ 1,160,094	

**CITY OF NAPOLEON, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$15,209,341	\$2,591,214	\$3,585,636
Cash Payments for Goods and Services	(13,042,915)	(2,013,934)	(1,301,802)
Cash Payments to Employees	(1,093,499)	(703,354)	(560,837)
Net Cash Provided (Used) by Operating Activities	1,072,927	(126,074)	1,722,997
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	96,310	495,021
Transfers Out to Other Funds	(400,000)	(39,090)	(32,480)
Receipts of Other Local Taxes	109,491	0	0
kWh Tax Paid to State	(115,055)	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	(405,564)	57,220	462,541
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(318,507)	(453,989)	(484,117)
Capital Contributions	0	41,100	143,697
General Obligation Notes Issued	0	204,000	996,000
Principal Paid on Special Assessment Bond	0	0	(5,600)
Principal Paid on General Obligation Bonds	0	(130,000)	0
Principal Paid on Mortgage Revenue Bonds	0	(140,000)	(265,000)
Principal Paid on Ohio Sewer and Water Rotary Commission Loans	0	(90,105)	(258,136)
Principal Paid on Ohio Public Works Commission Loan	0	0	(28,684)
Principal Paid on Ohio Water Development Authority Loans	0	(39,973)	(392,128)
Principal Paid on Water Pollution Control Loan Fund Loan	0	0	(401,549)
Interest Paid on All Debt	0	(287,072)	(425,541)
Net Cash Used for Capital and Related Financing Activities	(318,507)	(896,039)	(1,121,058)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	64,739	16,950	75,167
Net Cash Provided by Investing Activities	64,739	16,950	75,167
Net Increase (Decrease) in Cash and Cash Equivalents	413,595	(947,943)	1,139,647
Cash and Cash Equivalents at Beginning of Year	6,257,723	1,987,835	4,525,424
Cash and Cash Equivalents at End of Year	\$6,671,318	\$1,039,892	\$5,665,071

**CITY OF NAPOLEON, OHIO**

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Sanitation	Totals	Governmental Activities Internal Service Funds
\$854,520	\$22,240,711	\$78,552
(465,846)	(16,824,497)	(87,682)
(205,624)	(2,563,314)	(130,543)
183,050	2,852,900	(139,673)
0	591,331	153,000
0	(471,570)	0
0	109,491	0
0	(115,055)	0
0	114,197	153,000
(16,692)	(1,273,305)	0
0	184,797	0
0	1,200,000	0
0	(5,600)	0
0	(130,000)	0
0	(405,000)	0
0	(348,241)	0
0	(28,684)	0
0	(432,101)	0
0	(401,549)	0
0	(712,613)	0
(16,692)	(2,352,296)	0
6,838	163,694	0
6,838	163,694	0
173,196	778,495	13,327
367,907	13,138,889	2,311
\$541,103	\$13,917,384	\$15,638

(Continued)

**CITY OF NAPOLEON, OHIO**

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**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2011**

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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)	\$750,625	(\$303,124)	\$979,163
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	388,494	233,728	571,033
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(158,926)	(39,674)	16,818
Decrease in Special Assessments Receivable	0	2,812	156,253
Decrease (Increase) in Inventory	52,368	(9,816)	(13,760)
Increase in Accounts Payable	49,319	(3,538)	4,918
Increase (Decrease) in Accrued			
Wages and Benefits	(2,148)	5,843	18,173
Increase (Decrease) in			
Compensated Absences	(6,805)	(12,305)	(9,601)
Total Adjustments	<u>322,302</u>	<u>177,050</u>	<u>743,834</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,072,927</u>	<u>(\$126,074)</u>	<u>\$1,722,997</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2011, the Sanitation fund had outstanding liabilities of \$600 for the purchase of certain capital assets.

In addition, the Sewer Fund had capital assets purchased from various other sources in the amount of \$8,320.

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>
\$123,299	\$1,549,963	(\$141,623)
62,249	1,255,504	1,039
(3,534)	(185,316)	(398)
0	159,065	0
0	28,792	(1,310)
729	51,428	1,649
1,220	23,088	856
(913)	(29,624)	114
<u>59,751</u>	<u>1,302,937</u>	<u>1,950</u>
<u>\$183,050</u>	<u>\$2,852,900</u>	<u>(\$139,673)</u>

**CITY OF NAPOLEON, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2011***

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	<u>\$ 36,012</u>
<b>Total Assets</b>	<u>36,012</u>
<b>Liabilities:</b>	
Due to Others	<u>36,012</u>
<b>Total Liabilities</b>	<u>\$ 36,012</u>

See accompanying notes to the basic financial statements



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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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, 2011 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 16 "Joint Ventures and Jointly Governed Organizations."

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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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 16 "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 16 "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 16 "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 16 "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, 2011***

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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, 2011***

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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, 2011***

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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, 2011***

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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, 2011 but are not intended to finance 2011 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 7 "Taxes".

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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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, 2011***

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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 2011.

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 2011, several supplemental appropriations were necessary to budget the use of contingency funds, intergovernmental grant proceeds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--General Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

**E. Budgetary Process (Continued)**

4. Encumbrances

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

5. Lapsing of Appropriations

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

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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

**E. Budgetary Process (Continued)**

**6. Budgetary Basis of Accounting**

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

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

	Net Change In Fund Balance
	General Fund
GAAP Basis (as reported)	(\$67,736)
Increase (Decrease):	
Accrued Revenues at December 31, 2011 received during 2012	(928,551)
Accrued Revenues at December 31, 2010 received during 2011	850,645
Accrued Expenditures at December 31, 2011 paid during 2012	246,887
Accrued Expenditures at December 31, 2010 paid during 2011	(263,269)
2010 Adjustment to Fair Value	77,019
2011 Adjustment to Fair Value	(51,661)
Outstanding Encumbrances	(61,004)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	(75,949)
Budget Basis	(\$273,619)

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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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 6, "Cash, Cash Equivalents and Investments." Investment earnings of \$59,267 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 6, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2011. 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, 2011.

**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, 2011***

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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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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

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

3. Depreciation

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

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

**J. Long-Term Debt**

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

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund Water Fund
Mortgage Revenue Bonds	Sewer Fund, Water Fund
Special Assessment Bonds 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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

**K. Compensated Absences**

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

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

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

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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

**M. Fund Balances**

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

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

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

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

*Assigned* – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

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

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

**N. Pensions**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

**O. Interfund Activity**

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

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

**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 2011.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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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	\$49,416
Delinquent Property Tax Revenue	27,003
Shared Revenues	304,451
Interest Revenues	6,963
Charges for Services	346,241
Special Assessment Revenue	294,615
	<hr/>
	\$1,028,689

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

Special Assessment Bonds Payable	(\$243,553)
General Obligation Bonds Payable	(1,250,000)
OPWC Loans Payable	(74,104)
Accrued Interest on Long-Term Debt	(7,753)
Compensated Absences Payable	(728,291)
	<hr/>
	(\$2,303,701)

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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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 capital outlay exceeded depreciation in the current period:*

Capital Outlay	\$1,718,666
Depreciation Expense	<u>(1,138,068)</u>
	\$580,598

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Income Tax Revenue	(\$10,771)
Decrease in Delinquent Property Tax	(6,756)
Decrease in Shared Revenue	(203,760)
Decrease in Interest Revenue	(4,075)
Decrease in Charges for Services	(101,941)
Decrease in Special Assessment Revenue	<u>(18,747)</u>
	(\$346,050)

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

Increase in Compensated Absences Payable	(\$44,912)
Decrease in supplies inventory	<u>(59)</u>
	(\$44,971)

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

***Fund Deficits*** - The fund deficits at December 31, 2011 of \$49,504 in the Police Pension Fund and \$32,470 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, 2011**

**NOTE 4 – FUND BALANCE CLASSIFICATION**

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

Fund Balances	General Fund	Special Assessment Bond Retirement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies Inventory	\$1,606	\$0	\$0	\$120,535	\$122,141
Unclaimed Monies	4,155	0	0	0	4,155
Total Nonspendable	<u>5,761</u>	<u>0</u>	<u>0</u>	<u>120,535</u>	<u>126,296</u>
Restricted:					
Special Assessment Debt Service Payments	0	550,427	0	0	550,427
Street Construction and Maintenance	0	0	0	160,219	160,219
State Highway Improvements	0	0	0	26,892	26,892
Motor Vehicle License Tax	0	0	0	510,548	510,548
Cemetery	0	0	0	68,776	68,776
Hotel/Motel	0	0	0	1,383	1,383
Fire Equipment	0	0	0	374,825	374,825
Fire Loss	0	0	0	13,860	13,860
CDBG Grant	0	0	0	30,545	30,545
Indigent Drivers Alcohol Treatment	0	0	0	43,059	43,059
Law Enforcement and Education	0	0	0	5,070	5,070
Law Enforcement	0	0	0	1,679	1,679
Court Computerization	0	0	0	33,631	33,631
Mandatory Drug Fine	0	0	0	16,710	16,710
Municipal Probation Service	0	0	0	9,418	9,418
Law Enforcement Grant	0	0	0	15,671	15,671
Probation Officer Grant	0	0	0	14,528	14,528
Court Improvement	0	0	0	207,185	207,185
Handicap Parking	0	0	0	1,100	1,100
Certified Police Training	0	0	0	3,280	3,280
Indigent Drivers Interlock/Alcohol	0	0	0	16,506	16,506
Total Restricted	<u>0</u>	<u>550,427</u>	<u>0</u>	<u>1,554,885</u>	<u>2,105,312</u>
Committed:					
Special Events	4,873	0	0	0	4,873
Economic Development	81,087	0	0	0	81,087
Employee Benefits	7,985	0	692,081	0	700,066
EMS Transport Service	0	0	0	149,713	149,713
Recreation	0	0	0	82,795	82,795
CIP	0	0	0	86,250	86,250
Total Committed	<u>93,945</u>	<u>0</u>	<u>692,081</u>	<u>318,758</u>	<u>1,104,784</u>
Assigned	42,032	0	0	9,528	51,560
Unassigned	1,810,169	0	0	(81,974)	1,728,195
Total Fund Balances	<u>\$1,951,907</u>	<u>\$550,427</u>	<u>\$692,081</u>	<u>\$1,921,732</u>	<u>\$5,116,147</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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**NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE – RESTATEMENT OF FUND BALANCE**

For 2011 the City implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”.

Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions. While the application of this new standard did not have an effect on total prior year fund balances, it did result in the reclassification of funds as detailed below:

	General Fund	Special Assessment Bond Retirement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance					
at December 31, 2010	\$2,010,775	\$898,599	\$546,780	\$2,040,557	\$5,496,711
Fund Reclassification	9,956	0	0	(9,956)	0
Fund Balance, as restated	<u>\$2,020,731</u>	<u>\$898,599</u>	<u>\$546,780</u>	<u>\$2,030,601</u>	<u>\$5,496,711</u>

**NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

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

**A. Deposits**

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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

**A. Deposits (Continued)**

At year end the carrying amount of the City's deposits was \$14,749,290, including \$2,500 of cash on hand. \$7,706,889 of the City's bank balance of \$15,578,711 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, 2011 are summarized below:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
T-BILL	\$1,517,871	AAA <sup>1</sup> / Aaa <sup>2</sup>	\$0	\$1,517,871
FFCB	1,000,000	AAA <sup>1</sup> / Aaa <sup>2</sup>	0	1,000,000
FHLB	1,022,530	AAA <sup>1</sup> / Aaa <sup>2</sup>	1,022,530	0
STAR Ohio	4,595	AAAm <sup>1</sup>	4,595	0
Total Investments	<u>\$3,544,996</u>		<u>\$1,027,125</u>	<u>\$2,517,871</u>

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

**B. Investments (Continued)**

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in T-Bills, FFCB and FHLB securities in the amounts of \$1,517,871, \$1,000,000 and \$1,022,530 respectively are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent in the City's name. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. The City has invested 43% of its investments in T-Bills, 28% in FFCB, 28% in FHLB, and 1% in STAR Ohio.

**NOTE 7 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2011 and the equalization adjustment was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

Tangible personal property tax revenues received in 2011 (other than public utility property) represent the collection of 2011 taxes. Tangible personal property taxes received in 2011 were levied after October 1, 2010, on the true value as of January 1, 2010. 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 7 - TAXES** (Continued)

**A. Property Taxes** (Continued)

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.

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, 2011 was \$2.90 per \$1,000 of assessed value. The assessed value upon which the 2011 receipts were based was \$152,001,940. This amount constitutes \$151,320,860 in real property assessed value and \$681,080 in public utility assessed value.

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

**B. Income Tax**

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

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



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2011 consisted of taxes, interest, accounts receivable, special assessments and intergovernmental receivables arising from shared revenues.

**NOTE 9 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2011:

Transfers In:	Transfers Out:							Total
	General Fund	Special Assessment Bond Retirement Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Electric Fund	Water Fund	Sewer Fund	
General Fund	\$0	\$0	\$0	\$40,118	\$400,000	\$0	\$0	\$440,118
Special Assessment Bond Retirement Fund	0	0	0	12,360	0	0	0	12,360
Capital Improvement Fund	1,032,106	0	0	0	0	0	26,275	1,058,381
Nonmajor Governmental Funds	540,815	0	96,670	26,000	0	0	0	663,485
Water Fund	0	90,105	0	0	0	0	6,205	96,310
Sewer Fund	0	258,136	197,795	0	0	39,090	0	495,021
Internal Service Fund	153,000	0	0	0	0	0	0	153,000
Total	<u>\$1,725,921</u>	<u>\$348,241</u>	<u>\$294,465</u>	<u>\$78,478</u>	<u>\$400,000</u>	<u>\$39,090</u>	<u>\$32,480</u>	<u>\$2,918,675</u>

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

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

During 2011, net transfers were made from the Electric Fund to the general capital assets in the amount of \$1,373. The transfer was related to a vehicle originally purchased by governmental activities that was returned from the Electric Fund.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 10 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2011:

*Historical Cost:*

Class	December 31, 2010	Transfers	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>					
Land	\$11,621,683	(\$23,176)	\$0	\$0	\$11,598,507
Construction in Progress	433,833	0	237,100	0	670,933
Subtotal	12,055,516	(23,176)	237,100	0	12,269,440
<i>Capital assets being depreciated:</i>					
Improvements	1,842,275	0	0	(36,709)	1,805,566
Buildings	3,551,977	23,176	0	0	3,575,153
Machinery and Equipment	5,681,709	1,373	391,366	(30,214)	6,044,234
Infrastructure	26,338,431	0	1,090,900	(506,779)	26,922,552
Subtotal	37,414,392	24,549	1,482,266	(573,702)	38,347,505
Total Cost	\$49,469,908	\$1,373	\$1,719,366	(\$573,702)	\$50,616,945

*Accumulated Depreciation:*

Class	December 31, 2010	Transfers	Additions	Deletions	December 31, 2011
Improvements	(\$380,381)	\$0	(\$38,654)	\$0	(\$419,035)
Buildings	(2,159,375)	0	(66,558)	0	(2,225,933)
Machinery and Equipment	(3,515,251)	(26,170)	(276,854)	17,981	(3,800,294)
Infrastructure	(12,162,865)	0	(730,871)	404,164	(12,489,572)
Total Depreciation	(\$18,217,872)	(\$26,170)	(\$1,112,937) *	\$422,145	(\$18,934,834)
<i>Net Value:</i>	\$31,252,036				\$31,682,111

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

Security of Persons and Property	\$156,773
Public Health and Welfare Services	5,862
Leisure Time Activities	67,319
Community Environment	393
Transportation	789,165
General Government	92,386
Total Depreciation Expense recorded within the Governmental Activities	1,111,898
Amount of Depreciation Expense recorded in the Internal Service Fund	1,039
Total Depreciation Expense	\$1,112,937

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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

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

Summary by Category at December 31, 2011:

*Historical Cost:*

Class	December 31, 2010	Transfers	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>					
Land	\$349,695	\$0	\$0	\$0	\$349,695
Construction in Progress	2,446,086	0	895,430	0	3,341,516
Subtotal	2,795,781	0	895,430	0	3,691,211
<i>Capital assets being depreciated:</i>					
Buildings	7,030,855	0	0	0	7,030,855
Improvements	44,431,303	0	190,631	(17,292)	44,604,642
Machinery and Equipment	6,541,625	(1,373)	75,688	0	6,615,940
Subtotal	58,003,783	(1,373)	266,319	(17,292)	58,251,437
Total Cost	\$60,799,564	(\$1,373)	\$1,161,749	(\$17,292)	\$61,942,648

*Accumulated Depreciation:*

Class	December 31, 2010	Transfers	Additions	Deletions	December 31, 2011
Buildings	(\$4,179,351)	\$0	(\$195,468)	\$0	(\$4,374,819)
Improvements	(11,556,500)	0	(878,111)	0	(12,434,611)
Machinery and Equipment	(5,218,332)	26,170	(208,095)	0	(5,400,257)
Total Depreciation	(\$20,954,183)	\$26,170	(\$1,281,674)	\$0	(\$22,209,687)
<i>Net Value:</i>	\$39,845,381				\$39,732,961

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

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

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

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by 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 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

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

calendar year 2011. 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, 2011, 2010, and 2009 were \$647,768, \$415,720 and \$262,671, respectively, which were equal to the required contributions for each year.

**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 2011, 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, 2011, 2010, and 2009 were \$165,193, \$164,972 and \$91,150 for police and \$114,483, \$99,297 and \$71,527 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

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

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

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by 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 2011, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

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

The City's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$185,077, \$236,998 and \$367,318, 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.

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

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2011, 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, 2011, 2010, and 2009 were \$57,182, \$57,106 and \$52,363 for police and \$32,198, \$27,927 and \$29,712 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 13 – COMPENSATED ABSENCES**

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

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

At December 31, 2011, the City's accumulated, unpaid compensated absences amounted to \$1,011,147, of which \$734,533 is recorded as a liability of the Governmental Activities and \$276,614 is recorded as a liability of the Business-Type Activities.



**CITY OF NAPOLEON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 14 - LONG-TERM DEBT**

Long-term debt of the City at December 31, 2011 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2010	Additions	(Reductions)	Balance December 31, 2011	Amount Due Within One Year
<b>Business-Type Activities:</b>								
<b>General Obligation Bonds:</b>								
2005	3.00% - 5.00%	Waterworks System Improvements	2019	\$960,000	\$0	(\$90,000)	\$870,000	\$95,000
2004	2.50% - 5.12%	Capital Facilities Improvement	2024	780,000	0	(40,000)	740,000	45,000
Total General Obligation Bonds				1,740,000	0	(130,000)	1,610,000	140,000
<b>Mortgage Revenue Bonds:</b>								
2008	3.50% - 4.50%	Water System Improvements	2028	3,260,000	0	(125,000)	3,135,000	130,000
2010	4.60%	Water - Woodlawn Avenue Reconstruction	2040	305,000	0	(6,200)	298,800	5,400
2010	4.60%	Water - West Washington Avenue Reconstruction	2040	540,000	0	(8,800)	531,200	9,600
2010	4.60%	Sewer System Improvement	2040	1,944,000	0	(139,350)	1,804,650	132,500
2010	4.60%	Sewer - Woodlawn Avenue Reconstruction	2040	1,706,000	0	(105,650)	1,600,350	117,500
2010	7.50%	Sewer - West Washington Avenue Reconstruction	2040	2,535,000	0	(20,000)	2,515,000	45,000
Total Mortgage Revenue Bonds				10,290,000	0	(405,000)	9,885,000	440,000
<b>Special Assessment Bond:</b>								
(with Governmental Commitment)								
2000	5.00%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	75,046	0	(5,600)	69,446	6,400
<b>Long-Term Notes Payable:</b>								
2011	8.50%	Water - Clairmont Ave./Haely I & I		0	204,000	0	204,000	204,000
2011	8.50%	Sewer - Clairmont Ave./Haely I & I		0	996,000	0	996,000	996,000
Total Long-Term Notes Payable				0	1,200,000	0	1,200,000	1,200,000
<b>Ohio Sewer and Water Rotary Commission Deferred Loans:</b>								
1998		OSWRC - Palmer Ditch Project		81,457	0	(33,397)	48,060	0
2005		OSWRC - North Pointe Water and SewerProject		577,729	0	(314,844)	262,885	0
Total OSWRC Loans				659,186	0	(348,241)	310,945	0
<b>Ohio Public Works Commission Loans (OPWC):</b>								
2000		Railroad Street Sewer Separation	2020	33,159	0	(3,684)	29,475	3,684
2008		Woodlawn Avenue Improvements	2020	450,000	0	(25,000)	425,000	25,000
Total Ohio Public Works Commission Loans				483,159	0	(28,684)	454,475	28,684
<b>Ohio Water Development Authority Loans (OWDA):</b>								
1990	7.840%	OWDA - Project #1089	2013	695,709	0	(334,773)	360,936	360,935
1992	9.185%	OWDA - Malinta Waterline	2016	182,014	0	(27,833)	154,181	29,996
2005	4.490%	OWDA - Sewer System Improvements	2025	1,141,684	0	(57,355)	1,084,329	59,959
2005	4.490%	OWDA - NP Waterline Improvements	2025	241,657	0	(12,140)	229,517	12,691
Total Ohio Water Development Authority Loans				2,261,064	0	(432,101)	1,828,963	463,581
<b>Water Pollution Control Loan Fund Loans (WPCLF):</b>								
2008		Southside I & I Reduction Study	2013	96,185	0	(38,186)	57,999	38,570
2008		EQ Basin Storm Water Retention	2031	7,556,950	0	(363,363)	7,193,587	399,852
Total Water Pollution Control Loan Fund Loans				7,653,135	0	(401,549)	7,251,586	438,422
Payable to Joint Venture				190,682	0	(41,467)	149,215	0
Compensated Absences				293,306	276,614	(293,306)	276,614	119,894
Total Business-Type Long-Term Debt				\$23,645,578	\$1,476,614	(\$2,085,948)	\$23,036,244	\$2,836,981

**CITY OF NAPOLEON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2010	Additions	(Reductions)	Balance December 31, 2011	Amount Due Within One Year
Governmental Activities:								
Special Assessment Bonds:								
1991	5.65-6.55%	Street Improvements	2011	\$10,000	\$0	(\$10,000)	\$0	\$0
1992	5.70-6.10%	Street Improvements	2012	40,000	0	(20,000)	20,000	20,000
1993	5.40%	Street Improvements	2013	30,000	0	(9,000)	21,000	10,000
1996	5.90%	Street Improvements	2016	80,000	0	(10,000)	70,000	10,000
1998	4.50-5.125%	Street Improvements	2018	90,000	0	(10,000)	80,000	10,000
1998	4.50-5.125%	Street Improvements	2018	40,000	0	(5,000)	35,000	5,000
2000	5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	18,953	0	(1,400)	17,553	1,600
Total Special Assessment Bonds (with Governmental Commitment)				308,953	0	(65,400)	243,553	56,600
General Obligation Bonds:								
2005	3.00% - 5.00%	Northcrest Drive	2025	310,000	0	(15,000)	295,000	15,000
2005	3.00% - 5.00%	SR 424 Resurfacing	2025	245,000	0	(10,000)	235,000	15,000
2010	4.50%	Courthouse Renovations	2025	760,000	0	(40,000)	720,000	40,000
Total General Obligation Bonds				1,315,000	0	(65,000)	1,250,000	70,000
Ohio Public Works Commission Loan:								
1998		Unimproved Street Program	2017	86,455	0	(12,351)	74,104	12,351
Compensated Absences				689,507	734,533	(689,507)	734,533	311,512
Total Governmental Activities Long-Term Debt				\$2,399,915	\$734,533	(\$832,258)	\$2,302,190	\$450,463

The principal amount of the City's special assessment debt outstanding at December 31, 2011, \$312,999, 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 \$550,427 in the Special Assessment Bond Retirement Fund at December 31, 2011 is restricted for the retirement of outstanding special assessment bonds. The Sewer Fund will be collecting special assessments to retire the enterprise funds' special assessment debt.

**Water Pollution Control Loan Fund Loans** - During 2008, the City entered into two loan agreements with the Water Pollution Control Loan Fund (WPCLF). These loans were related to sewer and storm water improvements. The loan balance decreased by \$401,549 during 2011 to a year end balance of \$7,251,586.

**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, 2011***

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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>
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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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

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

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

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

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

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

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

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

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

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**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, 2011 follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	240,000	92,106	490,000	408,696	40,000	6,793
2017-2021	1,100,000	297,468	1,965,000	1,772,266	82,999	9,467
2022-2026	635,000	70,138	1,785,000	1,373,856	0	0
2027-2031	0	0	1,400,000	927,456	0	0
2032-2036	0	0	1,195,000	592,000	0	0
2037-2040	0	0	1,210,000	189,230	0	0
Totals	<u>\$2,860,000</u>	<u>\$906,354</u>	<u>\$9,885,000</u>	<u>\$7,043,078</u>	<u>\$312,999</u>	<u>\$67,624</u>

Years	OWDA Loans		OPWC Loans		WPCLF Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$463,581	\$98,548	\$41,035	\$0	\$438,422	\$76,064
2013	108,276	64,535	41,035	0	390,115	71,897
2014	114,235	58,576	41,035	0	374,401	68,084
2015	140,021	53,776	41,035	0	378,154	64,331
2016	86,771	44,065	41,035	0	381,946	60,540
2017-2021	496,653	157,526	148,394	0	1,967,937	244,491
2022-2026	419,426	38,500	125,010	0	2,068,578	143,851
2027-2030	0	0	50,000	0	1,252,033	39,070
Totals	<u>\$1,828,963</u>	<u>\$515,526</u>	<u>\$528,579</u>	<u>\$0</u>	<u>\$7,251,586</u>	<u>\$768,328</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, 2011***

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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 specifics 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, 2011, the pool has cash reserves of \$723,835, which in the opinion of management is adequate for any claims currently pending against the pool. During 2011, the City paid \$117,826 into the pool for total premiums for the property and casualty coverage received.

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 \$92,031,000, 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 12/01/2011 through 11/30/2012, the amount of risk retained within the pool is \$50,000 per occurrence for property, \$25,000 per occurrence for crime, and \$50,000 per occurrence for general liability and automobile liability. The City's individual liability is \$1,000 per occurrence for property and crime losses. Coverage is provided by various insurance carriers with total property limits of \$92,014,000, primary general liability limit of \$2,000,000 per occurrence, primary Automobile Liability limit of \$2,000,000 per occurrence and excess liability limits of \$8,000,000 per occurrence and aggregate. These limits are inclusive of the above noted retentions.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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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 12/01/2010 through 11/30/2011 up to \$1,650,000 maximum per year; and Stop Loss for period 12/01/2011 through 11/30/2012 up to \$1,700,000 maximum per year.

**B. BORMA Health Benefits Pool**

The BORMA Health Benefits Pool is for employee benefits and includes Life Insurance, Accidental Death and Dismemberment Insurance, Health Insurance and Prescription Drug Insurance. Each pool member has its own respective plan and coverage it has elected to provide for its employees. Premiums paid into the pool by each member are based on the level of coverage within each respective plan. In 2011, 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, 2011, the pool had total reported assets of \$4,848,343.

Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool. The 2011 premiums paid by the City of Napoleon into the employee benefits pool were a monthly cost of \$1,008.70 for family coverage and \$355.04 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 2011, the City paid \$1,016,503 into the pool for health benefits coverage, and \$6,183 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 \$150,000 per individual for 2011 with excess coverage provided by Sun Life Financial.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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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 2011, the City paid \$124,980 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 2011, the City paid \$6,114 to the Ohio Department of Job and Family Services for unemployment benefit claims.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 16 - 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 \$57,491 at December 31, 2011. 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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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 16 - 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, 2011 are:

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

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 16 - 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, 2011 Napoleon has met their debt coverage obligation.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

OMEGA JV5 is managed by AMP-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.

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 \$780,652 at December 31, 2011. 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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2011 Napoleon has met their debt coverage obligation.

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

OMEGA JV6 is managed by American Municipal Power-Ohio, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP-Ohio issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. The City's net obligation for these bonds at December 31, 2011 was \$149,215 (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 \$358,309 at December 31, 2011. 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, 2011**

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**NOTE 16 - 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, 2011 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	<u>7,200</u>	<u>100.00%</u>

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2012	\$ 37,534	\$ 4,766	\$ 42,300
2013	37,445	4,855	42,300
2014	38,958	3,342	42,300
2015	40,533	1,768	42,301
2016	13,699	274	13,973
Total Gross Liability	<u>168,169</u>	<u>15,005</u>	<u>183,174</u>
Less: Amounts Held in Reserve	(18,954)		
Net Obligation	<u>\$ 149,215</u>		



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 16 - 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 \$342,025 to the CIC during 2011. 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 2011, the City paid administrative fees of \$55,146 to MVPO.

**NOTE 17 - 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 had no obligation for the debt beyond the resources provided by the mortgage revenue bonds. Neither the City, the State, nor any political subdivision thereof was obligated in any manner for repayment of the bonds. Accordingly, the bonds were not reported as liabilities in the accompanying financial statements. The principal amount of these bonds was paid off during February 2011.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 18 - CONTINGENCIES**

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

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

As of December 31, 2011 the total stranded costs for the project amounts to \$126,147,042. As a member participant, the City is contractually obligated to pay a pro rata share of any costs incurred for the project, based on its membership percentage. AMP has provided the City with an exposure of \$0 to \$1,962,663 as its share of potential stranded cost obligations. In addition, because the City is a participant in the AMP Fremont Energy Center Project (AFEC) it has received a \$696,229 *credit* that may be used to reduce its share of AMPGS potential stranded costs.

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

It is the opinion of management and their legal counsel that the above amount is a contingent liability with an estimated maximum exposure, not an estimate of what management believes to be a reasonable estimate of a final amount. In addition, AMP and the City are unable to estimate the ultimate liability due to the current factors and a pending law suit. Therefore, the City has not booked a liability or expense as of December 31, 2011. Booking an operating expense of \$1,962,663 in 2011 would have caused the City to violate its debt covenants on the Joint Venture Projects (2/5/6).

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

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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

**Street Construction, Maintenance and Repair Fund**

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

**State Highway Improvement Fund**

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

**Motor Vehicle License Tax Fund**

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

**EMS Transport Service Fund**

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

**Recreation Fund**

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

**Special Events Fund**

To account for revenues received from various sources to be used for special events sponsored by the City. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

**Economic Development Fund**

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

**Downtown Revitalization Grant Fund**

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

(Continued)

***Special Revenue Funds***

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**Hotel/Motel Tax Fund**

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

**Fire Loss Claims Fund**

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

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

To account for Community Housing Improvement Program grant monies to be used for home improvements. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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

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

**Indigent Drivers Alcohol Treatment Fund**

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

**Law Enforcement and Education Fund**

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

**Court Computerization Fund**

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

**Law Enforcement Trust Fund**

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

**Mandatory Drug Fine Fund**

To account for mandatory fines collected for drug related offenses.

**Fire Equipment Fund**

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

(Continued)

***Special Revenue Funds***

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**Municipal Probation Service Fund**

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

**Probation Officer Grant Fund**

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

**Court Improvement Fund**

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

**Handicap Parking Fines Fund**

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

**Police Pension Fund**

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

**Fire Pension Fund**

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

**Cemetery Fund**

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

**Law Enforcement OT Grant Fund**

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

**Certified Police Training Fund**

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

**Indigent Drivers Interlock/Alcohol Fund**

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

***Debt Service Fund***

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

**General Bond Retirement Fund**

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

***Capital Projects Funds***

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

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

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

**CITY OF NAPOLEON, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,704,503	\$ 9,528	\$ 86,250	\$ 1,800,281
Receivables:				
Taxes	137,365	0	0	137,365
Accounts	418,855	0	0	418,855
Intergovernmental	262,049	0	0	262,049
Interest	2,212	0	0	2,212
Inventory of Supplies, at Cost	120,535	0	0	120,535
<b>Total Assets</b>	<u>\$ 2,645,519</u>	<u>\$ 9,528</u>	<u>\$ 86,250</u>	<u>\$ 2,741,297</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 42,976	\$ 0	\$ 0	\$ 42,976
Accrued Wages and Benefits Payable	117,661	0	0	117,661
Deferred Revenue	658,928	0	0	658,928
<b>Total Liabilities</b>	<u>819,565</u>	<u>0</u>	<u>0</u>	<u>819,565</u>
<b>Fund Balances:</b>				
Nonspendable	120,535	0	0	120,535
Restricted	1,554,885	0	0	1,554,885
Committed	232,508	0	86,250	318,758
Assigned	0	9,528	0	9,528
Unassigned	(81,974)	0	0	(81,974)
<b>Total Fund Balances</b>	<u>1,825,954</u>	<u>9,528</u>	<u>86,250</u>	<u>1,921,732</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,645,519</u>	<u>\$ 9,528</u>	<u>\$ 86,250</u>	<u>\$ 2,741,297</u>



**CITY OF NAPOLEON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 120,908	\$ 0	\$ 0	\$ 120,908
Intergovernmental Revenues	1,647,866	0	0	1,647,866
Charges for Services	518,649	0	0	518,649
Investment Earnings	18,349	0	0	18,349
Fines and Forfeitures	115,206	0	0	115,206
All Other Revenue	52,134	0	0	52,134
<b>Total Revenue</b>	<b>2,473,112</b>	<b>0</b>	<b>0</b>	<b>2,473,112</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	789,014	0	0	789,014
Leisure Time Activities	799,615	0	0	799,615
Community Environment	806,988	0	0	806,988
Transportation	596,226	0	0	596,226
General Government	51,074	0	0	51,074
Debt Service:				
Principal Retirement	40,000	25,000	0	65,000
Interest and Fiscal Charges	34,438	25,662	0	60,100
<b>Total Expenditures</b>	<b>3,117,355</b>	<b>50,662</b>	<b>0</b>	<b>3,168,017</b>
Excess (Deficiency) of Revenues Over Expenditures	(644,243)	(50,662)	0	(694,905)
<b>Other Financing Sources (Uses):</b>				
Transfers In	612,815	50,670	0	663,485
Transfers Out	(78,478)	0	0	(78,478)
<b>Total Other Financing Sources (Uses)</b>	<b>534,337</b>	<b>50,670</b>	<b>0</b>	<b>585,007</b>
Net Change In Fund Balance	(109,906)	8	0	(109,898)
<b>Fund Balances at Beginning of Year, as Restated</b>	<b>1,934,831</b>	<b>9,520</b>	<b>86,250</b>	<b>2,030,601</b>
Increase in Inventory Reserve	1,029	0	0	1,029
<b>Fund Balances End of Year</b>	<b>\$ 1,825,954</b>	<b>\$ 9,528</b>	<b>\$ 86,250</b>	<b>\$ 1,921,732</b>

**CITY OF NAPOLEON, OHIO**

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**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2011**

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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	\$ 111,768	\$ 21,946	\$ 500,168	\$ 120,727
Receivables:				
Taxes	0	0	0	0
Accounts	6,650	0	0	396,941
Intergovernmental	182,346	14,790	30,045	0
Interest	201	40	906	0
Inventory of Supplies, at Cost	111,044	0	0	0
<b>Total Assets</b>	<u>\$ 412,009</u>	<u>\$ 36,776</u>	<u>\$ 531,119</u>	<u>\$ 517,668</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 3,813	\$ 0	\$ 0	\$ 21,714
Accrued Wages and Benefits Payable	15,249	0	0	0
Deferred Revenue	121,684	9,884	20,571	346,241
<b>Total Liabilities</b>	<u>140,746</u>	<u>9,884</u>	<u>20,571</u>	<u>367,955</u>
<b>Fund Balances:</b>				
Nonspendable	111,044	0	0	0
Restricted	160,219	26,892	510,548	0
Committed	0	0	0	149,713
Unassigned	0	0	0	0
<b>Total Fund Balances</b>	<u>271,263</u>	<u>26,892</u>	<u>510,548</u>	<u>149,713</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 412,009</u>	<u>\$ 36,776</u>	<u>\$ 531,119</u>	<u>\$ 517,668</u>

**CITY OF NAPOLEON, OHIO**

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Recreation	Downtown Revitalization Grant	Hotel/Motel Tax	Fire Loss Claims	CDBG Income	Indigent Drivers Alcohol Treatment
\$ 107,784	\$ 2,844	\$ 0	\$ 13,860	\$ 32,272	\$ 42,334
0	0	0	0	0	0
874	0	4,339	0	0	695
0	2,844	0	0	0	0
194	0	0	0	0	75
9,491	0	0	0	0	0
<u>\$ 118,343</u>	<u>\$ 5,688</u>	<u>\$ 4,339</u>	<u>\$ 13,860</u>	<u>\$ 32,272</u>	<u>\$ 43,104</u>
\$ 7,380	\$ 2,844	\$ 2,956	\$ 0	\$ 1,727	\$ 0
18,561	0	0	0	0	0
116	2,844	0	0	0	45
<u>26,057</u>	<u>5,688</u>	<u>2,956</u>	<u>0</u>	<u>1,727</u>	<u>45</u>
9,491	0	0	0	0	0
0	0	1,383	13,860	30,545	43,059
82,795	0	0	0	0	0
0	0	0	0	0	0
<u>92,286</u>	<u>0</u>	<u>1,383</u>	<u>13,860</u>	<u>30,545</u>	<u>43,059</u>
<u>\$ 118,343</u>	<u>\$ 5,688</u>	<u>\$ 4,339</u>	<u>\$ 13,860</u>	<u>\$ 32,272</u>	<u>\$ 43,104</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

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**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2011**

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	Law Enforcement and Education	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 5,219	\$ 34,165	\$ 1,678	\$ 16,336
Receivables:				
Taxes	0	0	0	0
Accounts	129	1,701	0	363
Intergovernmental	0	0	0	0
Interest	10	62	3	28
Inventory of Supplies, at Cost	0	0	0	0
<b>Total Assets</b>	<u>\$ 5,358</u>	<u>\$ 35,928</u>	<u>\$ 1,681</u>	<u>\$ 16,727</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 282	\$ 2,260	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Deferred Revenue	6	37	2	17
<b>Total Liabilities</b>	<u>288</u>	<u>2,297</u>	<u>2</u>	<u>17</u>
<b>Fund Balances:</b>				
Nonspendable	0	0	0	0
Restricted	5,070	33,631	1,679	16,710
Committed	0	0	0	0
Unassigned	0	0	0	0
<b>Total Fund Balances</b>	<u>5,070</u>	<u>33,631</u>	<u>1,679</u>	<u>16,710</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,358</u>	<u>\$ 35,928</u>	<u>\$ 1,681</u>	<u>\$ 16,727</u>

**CITY OF NAPOLEON, OHIO**

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<u>Fire Equipment</u>	<u>Municipal Probation Service</u>	<u>Probation Officer Grant</u>	<u>Court Improvement</u>	<u>Handicap Parking Fines</u>	<u>Police Pension</u>
\$ 374,552	\$ 8,582	\$ 4,083	\$ 201,190	\$ 1,100	\$ 0
0	0	0	0	0	91,577
0	830	0	5,995	0	0
0	0	24,644	0	0	4,919
678	15	0	0	0	0
0	0	0	0	0	0
<u>\$ 375,230</u>	<u>\$ 9,427</u>	<u>\$ 28,727</u>	<u>\$ 207,185</u>	<u>\$ 1,100</u>	<u>\$ 96,496</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	1,877	0	0	49,504
405	9	12,322	0	0	96,496
<u>405</u>	<u>9</u>	<u>14,199</u>	<u>0</u>	<u>0</u>	<u>146,000</u>
0	0	0	0	0	0
374,825	9,418	14,528	207,185	1,100	0
0	0	0	0	0	0
0	0	0	0	0	(49,504)
<u>374,825</u>	<u>9,418</u>	<u>14,528</u>	<u>207,185</u>	<u>1,100</u>	<u>(49,504)</u>
<u>\$ 375,230</u>	<u>\$ 9,427</u>	<u>\$ 28,727</u>	<u>\$ 207,185</u>	<u>\$ 1,100</u>	<u>\$ 96,496</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

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**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2011**

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	Fire Pension	Cemetery	Law Enforcement OT Grant	Certified Police Training
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 0	\$ 68,776	\$ 15,671	\$ 3,280
Receivables:				
Taxes	45,788	0	0	0
Accounts	0	0	0	0
Intergovernmental	2,461	0	0	0
Interest	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
<b>Total Assets</b>	<u>\$ 48,249</u>	<u>\$ 68,776</u>	<u>\$ 15,671</u>	<u>\$ 3,280</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	32,470	0	0	0
Deferred Revenue	48,249	0	0	0
<b>Total Liabilities</b>	<u>80,719</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>				
Nonspendable	0	0	0	0
Restricted	0	68,776	15,671	3,280
Committed	0	0	0	0
Unassigned	(32,470)	0	0	0
<b>Total Fund Balances</b>	<u>(32,470)</u>	<u>68,776</u>	<u>15,671</u>	<u>3,280</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 48,249</u>	<u>\$ 68,776</u>	<u>\$ 15,671</u>	<u>\$ 3,280</u>

**CITY OF NAPOLEON, OHIO**

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<u>Indigent Drivers Interlock/ Alcohol</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 16,168	\$ 1,704,503
0	137,365
338	418,855
0	262,049
0	2,212
0	120,535
<u>\$ 16,506</u>	<u>\$ 2,645,519</u>
\$ 0	\$ 42,976
0	117,661
0	658,928
<u>0</u>	<u>819,565</u>
0	120,535
16,506	1,554,885
0	232,508
0	(81,974)
<u>16,506</u>	<u>1,825,954</u>
<u>\$ 16,506</u>	<u>\$ 2,645,519</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, 2011**

	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	400,600	32,483	109,371	4,230
Charges for Services	6,731	0	0	321,975
Investment Earnings	2,123	471	6,792	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	4,077	0	0	0
<b>Total Revenue</b>	<u>413,531</u>	<u>32,954</u>	<u>116,163</u>	<u>326,205</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	284,184
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	491,145	39,990	65,091	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<u>491,145</u>	<u>39,990</u>	<u>65,091</u>	<u>284,184</u>
Excess (Deficiency) of Revenues Over Expenditures	(77,614)	(7,036)	51,072	42,021
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	(12,360)	(26,000)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(12,360)</u>	<u>(26,000)</u>
Net Change In Fund Balance	(77,614)	(7,036)	38,712	16,021
<b>Fund Balances (Deficit)</b>				
at Beginning of Year, as Restated	346,825	33,928	471,836	133,692
Increase (Decrease) in Inventory Reserve	2,052	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 271,263</u>	<u>\$ 26,892</u>	<u>\$ 510,548</u>	<u>\$ 149,713</u>



**CITY OF NAPOLEON, OHIO**

Recreation	Downtown Revitalization Grant	Hotel/Motel Tax	Fire Loss Claims	CHIP Income	CDBG Income
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	370,648	78,612	0	394,566	3,742
166,975	0	0	0	0	0
2,474	0	0	0	0	0
0	0	0	0	0	0
39,957	0	0	8,000	0	0
<u>209,406</u>	<u>370,648</u>	<u>78,612</u>	<u>8,000</u>	<u>394,566</u>	<u>3,742</u>
0	0	0	0	0	0
799,615	0	0	0	0	0
0	374,164	0	0	388,066	39,154
0	0	0	0	0	0
0	0	43,074	8,000	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>799,615</u>	<u>374,164</u>	<u>43,074</u>	<u>8,000</u>	<u>388,066</u>	<u>39,154</u>
(590,209)	(3,516)	35,538	0	6,500	(35,412)
540,815	0	0	0	0	0
0	0	(40,118)	0	0	0
<u>540,815</u>	<u>0</u>	<u>(40,118)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(49,394)	(3,516)	(4,580)	0	6,500	(35,412)
142,703	3,516	5,963	13,860	(6,500)	65,957
(1,023)	0	0	0	0	0
<u>\$ 92,286</u>	<u>\$ 0</u>	<u>\$ 1,383</u>	<u>\$ 13,860</u>	<u>\$ 0</u>	<u>\$ 30,545</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, 2011***

	Indigent Drivers Alcohol Treatment	Law Enforcement and Education	Court Computerization	Law Enforcement Trust
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	563	84	444	29
Fines and Forfeitures	8,537	1,157	19,256	0
All Other Revenue	0	0	0	100
<b>Total Revenue</b>	<u>9,100</u>	<u>1,241</u>	<u>19,700</u>	<u>129</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,088	1,230	14,159	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<u>3,088</u>	<u>1,230</u>	<u>14,159</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	6,012	11	5,541	129
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	6,012	11	5,541	129
<b>Fund Balances (Deficit)</b>				
at Beginning of Year, as Restated	37,047	5,059	28,090	1,550
Increase (Decrease) in Inventory Reserve	0	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 43,059</u>	<u>\$ 5,070</u>	<u>\$ 33,631</u>	<u>\$ 1,679</u>

**CITY OF NAPOLEON, OHIO**

Mandatory Drug Fine	Fire Equipment	Municipal Probation Service	Probation Officer Grant	Court Improvement	Handicap Parking Fines
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	178,125	0	49,289	0	0
0	18,000	0	0	0	0
228	5,047	94	0	0	0
2,767	0	12,064	0	65,909	0
0	0	0	0	0	0
<u>2,995</u>	<u>201,172</u>	<u>12,158</u>	<u>49,289</u>	<u>65,909</u>	<u>0</u>
95	268,668	10,982	49,661	3,161	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	40,000	0
0	0	0	0	34,438	0
<u>95</u>	<u>268,668</u>	<u>10,982</u>	<u>49,661</u>	<u>77,599</u>	<u>0</u>
2,900	(67,496)	1,176	(372)	(11,690)	0
0	72,000	0	0	0	0
0	0	0	0	0	0
0	72,000	0	0	0	0
<u>2,900</u>	<u>4,504</u>	<u>1,176</u>	<u>(372)</u>	<u>(11,690)</u>	<u>0</u>
13,810	370,321	8,242	14,900	218,875	1,100
0	0	0	0	0	0
<u>\$ 16,710</u>	<u>\$ 374,825</u>	<u>\$ 9,418</u>	<u>\$ 14,528</u>	<u>\$ 207,185</u>	<u>\$ 1,100</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011**

	Police Pension	Fire Pension	Cemetery	Law Enforcement OT Grant
<b>Revenues:</b>				
Property Taxes	\$ 80,546	\$ 40,362	\$ 0	\$ 0
Intergovernmental Revenues	14,253	11,947	0	0
Charges for Services	0	0	4,968	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<u>94,799</u>	<u>52,309</u>	<u>4,968</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	96,215	57,171	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	5,604	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<u>96,215</u>	<u>57,171</u>	<u>5,604</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,416)	(4,862)	(636)	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	(1,416)	(4,862)	(636)	0
<b>Fund Balances (Deficit)</b>				
at Beginning of Year, as Restated	(48,088)	(27,608)	69,412	15,671
Increase (Decrease) in Inventory Reserve	0	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ (49,504)</u>	<u>\$ (32,470)</u>	<u>\$ 68,776</u>	<u>\$ 15,671</u>

**CITY OF NAPOLEON, OHIO**

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Certified Police Training	Indigent Drivers Interlock/ Alcohol	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 120,908
0	0	1,647,866
0	0	518,649
0	0	18,349
0	5,516	115,206
0	0	52,134
<u>0</u>	<u>5,516</u>	<u>2,473,112</u>
400	0	789,014
0	0	799,615
0	0	806,988
0	0	596,226
0	0	51,074
0	0	40,000
0	0	34,438
<u>400</u>	<u>0</u>	<u>3,117,355</u>
(400)	5,516	(644,243)
0	0	612,815
<u>0</u>	<u>0</u>	<u>(78,478)</u>
0	0	534,337
(400)	5,516	(109,906)
3,680	10,990	1,934,831
<u>0</u>	<u>0</u>	<u>1,029</u>
<u>\$ 3,280</u>	<u>\$ 16,506</u>	<u>\$ 1,825,954</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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 231,990	\$ 268,487	\$ 268,487	\$ 0
Municipal Income Taxes	2,975,000	3,333,713	3,333,713	0
Other Local Taxes	522,000	522,615	522,615	0
Intergovernmental Revenues	500,750	528,802	528,802	0
Charges for Services	250,850	264,862	264,862	0
Licenses and Permits	54,610	68,203	68,203	0
Investment Earnings	97,620	89,126	89,126	0
Special Assessments	500	236	236	0
Fines and Forfeitures	273,000	247,040	247,040	0
All Other Revenues	352,920	314,241	314,241	0
Total Revenues	5,259,240	5,637,325	5,637,325	0
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	1,507,252	1,455,314	1,455,310	4
Materials and Supplies	85,673	73,820	73,109	711
Contractual Services	138,713	107,232	105,902	1,330
Other Expenditures	6,326	5,446	5,424	22
Total Police	1,737,964	1,641,812	1,639,745	2,067
Fire:				
Personal Services	747,880	718,162	718,161	1
Materials and Supplies	53,784	39,297	39,274	23
Contractual Services	149,909	93,293	86,157	7,136
Total Fire	951,573	850,752	843,592	7,160
Total Security of Persons and Property	2,689,537	2,492,564	2,483,337	9,227
Public Health and Welfare Services:				
Cemetery:				
Personal Services	81,850	84,634	84,634	0
Materials and Supplies	13,150	11,788	11,787	1
Contractual Services	16,280	13,583	13,579	4
Total Public Health and Welfare Services	111,280	110,005	110,000	5

(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, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	103,600	101,763	101,761	2
Materials and Supplies	2,700	1,323	1,322	1
Contractual Services	21,040	9,445	9,442	3
Other Expenditures	650	79	78	1
Total Community Environment	127,990	112,610	112,603	7
General Government:				
City Council:				
Personal Services	10,365	8,852	8,789	63
Materials and Supplies	300	223	222	1
Contractual Services	1,464	1,008	1,001	7
Other Expenditures	400	1,273	1,273	0
Total City Council	12,529	11,356	11,285	71
Mayor:				
Personal Services	4,227	3,613	3,587	26
Materials and Supplies	200	70	70	0
Contractual Services	1,530	1,064	1,063	1
Other Expenditures	50	25	25	0
Total Mayor	6,007	4,772	4,745	27
City Manager - Administration:				
Personal Services	59,581	50,567	50,205	362
Materials and Supplies	1,236	645	640	5
Contractual Services	967	384	381	3
Other Expenditures	400	414	414	0
Total City Manager - Administration	62,184	52,010	51,640	370
City Manager - Human Resources:				
Personal Services	90,560	91,235	91,235	0
Materials and Supplies	500	203	202	1
Contractual Services	6,780	3,164	3,163	1
Other Expenditures	200	0	0	0
Total City Manager - Human Resources	98,040	94,602	94,600	2

(Continued)

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Law Director:</b>				
Personal Services	52,218	44,641	44,322	319
Materials and Supplies	2,197	70	70	0
Contractual Services	10,777	5,122	4,865	257
Other Expenditures	500	0	0	0
Total Law Director	65,692	49,833	49,257	576
<b>Finance - Administration:</b>				
Personal Services	100,890	87,525	86,900	625
Materials and Supplies	2,350	2,969	2,968	1
Contractual Services	33,839	26,343	26,153	190
Other Expenditures	1,260	1,163	1,163	0
Total Finance - Administration	138,339	118,000	117,184	816
<b>Finance - Utility Billing:</b>				
Personal Services	37,439	31,904	31,675	229
Materials and Supplies	11,467	8,582	8,521	61
Contractual Services	12,763	10,360	10,286	74
Total Finance - Utility Billing	61,669	50,846	50,482	364
<b>Finance - Income Tax Collection:</b>				
Personal Services	133,960	130,331	130,331	0
Materials and Supplies	6,010	5,822	5,822	0
Contractual Services	19,200	13,215	13,011	204
Capital Outlay	2,950	1,719	1,719	0
Total Finance - Income Tax Collection	162,120	151,087	150,883	204
<b>Finance - Information Systems:</b>				
Personal Services	82,190	79,430	79,428	2
Materials and Supplies	22,934	21,601	21,600	1
Contractual Services	56,510	52,082	50,654	1,428
Total Finance - Information Systems	161,634	153,113	151,682	1,431
<b>City Engineer:</b>				
Personal Services	103,590	87,134	86,511	623
Materials and Supplies	2,746	2,662	2,642	20
Contractual Services	23,775	20,215	18,888	1,327
Other Expenditures	4,000	2,805	2,805	0
Total City Engineer	134,111	112,816	110,846	1,970

(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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	424,180	395,770	395,767	3
Materials and Supplies	42,500	37,712	37,709	3
Contractual Services	58,140	43,637	43,631	6
Other Expenditures	230	124	124	0
Total Municipal Court	<u>525,050</u>	<u>477,243</u>	<u>477,231</u>	<u>12</u>
Service - Buildings, Property and Equipment:				
Personal Services	35,141	31,532	31,307	225
Materials and Supplies	4,797	3,681	3,650	31
Contractual Services	1,178	494	490	4
Other Expenditures	140	199	199	0
Total Service - Buildings, Property and Equipment	<u>41,256</u>	<u>35,906</u>	<u>35,646</u>	<u>260</u>
Miscellaneous:				
Materials and Supplies	7,185	3,015	2,992	23
Contractual Services	95,399	74,187	73,620	567
Other Expenditures	154,394	126,095	125,134	961
Total Miscellaneous	<u>256,978</u>	<u>203,297</u>	<u>201,746</u>	<u>1,551</u>
Total General Government	<u>1,725,609</u>	<u>1,514,881</u>	<u>1,507,227</u>	<u>7,654</u>
Total Expenditures	<u>4,654,416</u>	<u>4,230,060</u>	<u>4,213,167</u>	<u>16,893</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	604,824	1,407,265	1,424,158	16,893
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	26	26	0
Transfers In	58,935	53,565	40,118	(13,447)
Transfers Out	(1,564,700)	(1,737,921)	(1,737,921)	0
Total Other Financing Sources (Uses)	<u>(1,505,765)</u>	<u>(1,684,330)</u>	<u>(1,697,777)</u>	<u>(13,447)</u>
Net Change In Fund Balance	(900,941)	(277,065)	(273,619)	3,446
Fund Balance at Beginning of Year	1,278,830	1,278,830	1,278,830	0
Prior Year Encumbrances	64,860	64,860	64,860	0
Fund Balance at End of Year	<u>\$ 442,749</u>	<u>\$ 1,066,625</u>	<u>\$ 1,070,071</u>	<u>\$ 3,446</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2011***

<b>SPECIAL ASSESSMENT BOND RETIREMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 15,860	\$ 13,586	\$ 13,586	\$ 0
Special Assessments	110,660	101,941	101,941	0
Total Revenues	<u>126,520</u>	<u>115,527</u>	<u>115,527</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	4,500	3,059	3,058	1
Debt Service:				
Principal Retirement	95,717	443,949	443,949	0
Interest and Fiscal Charges	9,183	28,821	28,820	1
Total Expenditures	<u>109,400</u>	<u>475,829</u>	<u>475,827</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,120	(360,302)	(360,300)	2
<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	29,480	(347,942)	(347,940)	2
Fund Balance at Beginning of Year	897,967	897,967	897,967	0
Fund Balance at End of Year	<u>\$ 927,447</u>	<u>\$ 550,025</u>	<u>\$ 550,027</u>	<u>\$ 2</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, 2011***

<b>CAPITAL IMPROVEMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 27,750	\$ 30,110	\$ 30,110	\$ 0
Total Revenues	<u>27,750</u>	<u>30,110</u>	<u>30,110</u>	<u>0</u>
<b>Expenditures:</b>				
Capital Outlay:				
City Council	10,000	10,132	10,131	1
City Manager	1,500	231	231	0
Law Director	1,500	1,000	1,000	0
Finance - Administration	10,900	4,267	4,266	1
Central Information System	16,000	15,521	15,521	0
Engineering	29,564	25,863	25,863	0
Police	88,000	85,074	85,074	0
Fire	4,000	2,783	2,783	0
Parks and Recreation	78,747	75,555	73,808	1,747
Cemetery	6,400	4,450	4,450	0
Street Maintenance	676,468	570,129	570,129	0
Total Expenditures	<u>923,079</u>	<u>795,005</u>	<u>793,256</u>	<u>1,749</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(895,329)	(764,895)	(763,146)	1,749
<b>Other Financing Sources (Uses):</b>				
Transfers In	868,860	1,058,381	1,058,381	0
Transfers Out	(246,670)	(294,465)	(294,465)	0
Advances In	35,300	35,300	35,300	0
Total Other Financing Sources (Uses)	<u>657,490</u>	<u>799,216</u>	<u>799,216</u>	<u>0</u>
Net Change In Fund Balance	(237,839)	34,321	36,070	1,749
Fund Balance at Beginning of Year	449,301	449,301	449,301	0
Prior Year Encumbrances	72,779	72,779	72,779	0
Fund Balance at End of Year	<u>\$ 284,241</u>	<u>\$ 556,401</u>	<u>\$ 558,150</u>	<u>\$ 1,749</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, 2011**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 410,000	\$ 401,439	\$ 401,439	\$ 0
Charges for Services	2,500	5,179	5,179	0
Investment Earnings	1,800	2,196	2,196	0
All Other Revenues	5,480	5,016	5,016	0
Total Revenues	419,780	413,830	413,830	0
<b>Expenditures:</b>				
Transportation:				
Street Maintenance:				
Personal Services	298,540	282,423	282,423	0
Materials and Supplies	111,176	85,993	83,849	2,144
Contractual Services	52,790	50,143	50,139	4
Other Expenditures	24,300	12,149	12,148	1
Total Street Maintenance	486,806	430,708	428,559	2,149
Ice and Snow Removal:				
Personal Services	32,000	31,659	31,659	0
Materials and Supplies	12,600	6,592	6,591	1
Contractual Services	10,400	13,288	13,288	0
Other Expenditures	7,500	5,509	5,508	1
Total Ice and Snow Removal	62,500	57,048	57,046	2
Storm Drainage:				
Personal Services	11,000	18,351	18,350	1
Materials and Supplies	8,000	2,347	2,346	1
Contractual Services	3,000	329	329	0
Other Expenditures	1,000	221	221	0
Total Storm Drainage	23,000	21,248	21,246	2
Total Expenditures	572,306	509,004	506,851	2,153
Excess (Deficiency) of Revenues Over (Under) Expenditures	(152,526)	(95,174)	(93,021)	2,153
Fund Balance at Beginning of Year	179,798	179,798	179,798	0
Prior Year Encumbrances	10,576	10,576	10,576	0
Fund Balance at End of Year	\$ 37,848	\$ 95,200	\$ 97,353	\$ 2,153

**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, 2011***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 32,700	\$ 32,549	\$ 32,549	\$ 0
Investment Earnings	520	474	474	0
Total Revenues	<u>33,220</u>	<u>33,023</u>	<u>33,023</u>	<u>0</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	19,444	18,931	18,930	1
Contractual Services	<u>26,000</u>	<u>21,060</u>	<u>21,060</u>	<u>0</u>
Total Expenditures	<u>45,444</u>	<u>39,991</u>	<u>39,990</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,224)	(6,968)	(6,967)	1
Fund Balance at Beginning of Year	24,869	24,869	24,869	0
Prior Year Encumbrances	<u>4,044</u>	<u>4,044</u>	<u>4,044</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,689</u>	<u>\$ 21,945</u>	<u>\$ 21,946</u>	<u>\$ 1</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011***

<b>MOTOR VEHICLE LICENSE TAX FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 104,700	\$ 108,909	\$ 108,909	\$ 0
Investment Earnings	5,540	6,728	6,728	0
Total Revenues	<u>110,240</u>	<u>115,637</u>	<u>115,637</u>	<u>0</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	90,000	70,028	70,026	2
Contractual Services	<u>109,000</u>	<u>82,394</u>	<u>82,393</u>	<u>1</u>
Total Expenditures	<u>199,000</u>	<u>152,422</u>	<u>152,419</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,760)	(36,785)	(36,782)	3
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(12,360)</u>	<u>(12,360)</u>	<u>(12,360)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(12,360)</u>	<u>(12,360)</u>	<u>(12,360)</u>	<u>0</u>
Net Change In Fund Balance	(101,120)	(49,145)	(49,142)	3
Fund Balance at Beginning of Year	<u>462,028</u>	<u>462,028</u>	<u>462,028</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 360,908</u>	<u>\$ 412,883</u>	<u>\$ 412,886</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, 2011**

<b>EMS TRANSPORT SERVICE FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 4,950	\$ 4,230	\$ 4,230	\$ 0
Charges for Services	216,000	309,381	309,381	0
Total Revenues	<u>220,950</u>	<u>313,611</u>	<u>313,611</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Materials and Supplies	33,600	22,911	22,909	2
Contractual Services	104,800	93,330	93,328	2
Other Expenditures	160,000	175,000	175,000	0
Capital Outlay	4,950	4,946	4,945	1
Total Expenditures	<u>303,350</u>	<u>296,187</u>	<u>296,182</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(82,400)	17,424	17,429	5
<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	(108,400)	(8,576)	(8,571)	5
Fund Balance at Beginning of Year	109,196	109,196	109,196	0
Fund Balance at End of Year	<u>\$ 796</u>	<u>\$ 100,620</u>	<u>\$ 100,625</u>	<u>\$ 5</u>



**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011**

<b>RECREATION FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Charges for Services	\$ 229,520	\$ 166,270	\$ 166,272	\$ 2
Investment Earnings	2,580	2,517	2,517	0
All Other Revenues	39,560	39,957	39,957	0
Total Revenues	<u>271,660</u>	<u>208,744</u>	<u>208,746</u>	<u>2</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Administration:				
Personal Services	81,040	80,535	80,531	4
Materials and Supplies	17,000	14,241	14,240	1
Contractual Services	4,265	787	691	96
Other Expenditures	2,750	0	0	0
Total Administration	<u>105,055</u>	<u>95,563</u>	<u>95,462</u>	<u>101</u>
Golf Course Operations:				
Personal Services	150,330	137,507	137,504	3
Materials and Supplies	76,738	66,903	66,570	333
Contractual Services	20,668	17,614	17,593	21
Total Golf Course Operations	<u>247,736</u>	<u>222,024</u>	<u>221,667</u>	<u>357</u>
Pool Operations:				
Personal Services	57,350	49,539	49,536	3
Materials and Supplies	30,000	24,889	24,889	0
Contractual Services	28,430	22,834	22,830	4
Total Pool Operations	<u>115,780</u>	<u>97,262</u>	<u>97,255</u>	<u>7</u>
Parks and Programs:				
Personal Services	246,350	249,999	249,999	0
Materials and Supplies	89,040	91,325	91,285	40
Contractual Services	61,340	48,455	48,453	2
Total Parks and Programs	<u>396,730</u>	<u>389,779</u>	<u>389,737</u>	<u>42</u>
Total Expenditures	<u>865,301</u>	<u>804,628</u>	<u>804,121</u>	<u>507</u>

(Continued)

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011***

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	RECREATION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(593,641)	(595,884)	(595,375)	509
<b>Other Financing Sources (Uses):</b>				
Transfers In	507,480	540,815	540,815	0
Total Other Financing Sources (Uses)	507,480	540,815	540,815	0
Net Change In Fund Balance	(86,161)	(55,069)	(54,560)	509
Fund Balance at Beginning of Year	154,736	154,736	154,736	0
Prior Year Encumbrances	1,551	1,551	1,551	0
Fund Balance at End of Year	<u>\$ 70,126</u>	<u>\$ 101,218</u>	<u>\$ 101,727</u>	<u>\$ 509</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, 2011***

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	SPECIAL EVENTS FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
General Government:				
Contractual Services	12,000	11,369	11,369	0
Total Expenditures	12,000	11,369	11,369	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,000)	(11,369)	(11,369)	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	12,000	12,000	12,000	0
Total Other Financing Sources (Uses)	12,000	12,000	12,000	0
Net Change In Fund Balance	0	631	631	0
Fund Balance at Beginning of Year	4,242	4,242	4,242	0
Fund Balance at End of Year	\$ 4,242	\$ 4,873	\$ 4,873	\$ 0

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011***

<b>ECONOMIC DEVELOPMENT FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Investment Earnings	\$ 220	\$ 1,698	\$ 1,698	\$ 0
All Other Revenues	0	15,645	15,645	0
Total Revenues	<u>220</u>	<u>17,343</u>	<u>17,343</u>	<u>0</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	392,030	342,026	342,025	1
Total Expenditures	<u>392,030</u>	<u>342,026</u>	<u>342,025</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(391,810)	(324,683)	(324,682)	1
<b>Other Financing Sources (Uses):</b>				
Transfers In	400,000	400,000	400,000	0
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>0</u>
Net Change In Fund Balance	8,190	75,317	75,318	1
Fund Balance at Beginning of Year	5,710	5,710	5,710	0
Fund Balance at End of Year	<u>\$ 13,900</u>	<u>\$ 81,027</u>	<u>\$ 81,028</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, 2011***

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**DOWNTOWN REVITALIZATION GRANT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 370,000</u>	<u>\$ 370,648</u>	<u>\$ 370,648</u>	<u>\$ 0</u>
Total Revenues	<u>370,000</u>	<u>370,648</u>	<u>370,648</u>	<u>0</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	<u>370,000</u>	<u>374,164</u>	<u>374,164</u>	<u>0</u>
Total Expenditures	<u>370,000</u>	<u>374,164</u>	<u>374,164</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(3,516)	(3,516)	0
Fund Balance at Beginning of Year	<u>3,516</u>	<u>3,516</u>	<u>3,516</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,516</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, 2011***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 75,000	\$ 80,236	\$ 80,236	\$ 0
Total Revenues	<u>75,000</u>	<u>80,236</u>	<u>80,236</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>37,500</u>	<u>40,118</u>	<u>40,118</u>	<u>0</u>
Total Expenditures	<u>37,500</u>	<u>40,118</u>	<u>40,118</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,500	40,118	40,118	0
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(37,500)</u>	<u>(40,118)</u>	<u>(40,118)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(37,500)</u>	<u>(40,118)</u>	<u>(40,118)</u>	<u>0</u>
Net Change In Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF NAPOLEON, OHIO**

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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, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 0	\$ 8,000	\$ 8,000	\$ 0
Total Revenues	<u>0</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Other Expenditures	13,860	8,000	8,000	0
Total Expenditures	<u>13,860</u>	<u>8,000</u>	<u>8,000</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, 2011***

<b>CHIP INCOME FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 415,000	\$ 394,566	\$ 394,566	\$ 0
Total Revenues	<u>415,000</u>	<u>394,566</u>	<u>394,566</u>	<u>0</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	450,300	394,566	394,566	0
Total Expenditures	<u>450,300</u>	<u>394,566</u>	<u>394,566</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,300)	0	0	0
<b>Other Financing Sources (Uses):</b>				
Advances Out	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	(35,300)	(35,300)	(35,300)	0
Fund Balance at Beginning of Year	35,300	35,300	35,300	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011***

<b>CDBG INCOME FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 3,742	\$ 3,742	\$ 0
Total Revenues	<u>0</u>	<u>3,742</u>	<u>3,742</u>	<u>0</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	65,000	37,427	37,427	0
Total Expenditures	<u>65,000</u>	<u>37,427</u>	<u>37,427</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,000)	(33,685)	(33,685)	0
Fund Balance at Beginning of Year	65,957	65,957	65,957	0
Fund Balance at End of Year	<u>\$ 957</u>	<u>\$ 32,272</u>	<u>\$ 32,272</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, 2011***

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**INDIGENT DRIVERS ALCOHOL TREATMENT FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 570	\$ 560	\$ 560	\$ 0
Fines and Forfeitures	7,000	9,914	9,914	0
Total Revenues	<u>7,570</u>	<u>10,474</u>	<u>10,474</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	25,000	3,088	3,088	0
Total Expenditures	<u>25,000</u>	<u>3,088</u>	<u>3,088</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,430)	7,386	7,386	0
Fund Balance at Beginning of Year	34,948	34,948	34,948	0
Fund Balance at End of Year	<u>\$ 17,518</u>	<u>\$ 42,334</u>	<u>\$ 42,334</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, 2011***

**LAW ENFORCEMENT AND EDUCATION FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 100	\$ 84	\$ 84	\$ 0
Fines and Forfeitures	1,900	1,082	1,082	0
Total Revenues	<u>2,000</u>	<u>1,166</u>	<u>1,166</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	3,000	300	299	1
Contractual Services	2,125	1,094	969	125
Capital Outlay	1,000	0	0	0
Total Expenditures	<u>6,125</u>	<u>1,394</u>	<u>1,268</u>	<u>126</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,125)	(228)	(102)	126
Fund Balance at Beginning of Year	4,876	4,876	4,876	0
Prior Year Encumbrances	125	125	125	0
Fund Balance at End of Year	<u>\$ 876</u>	<u>\$ 4,773</u>	<u>\$ 4,899</u>	<u>\$ 126</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, 2011***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 460	\$ 439	\$ 439	\$ 0
Fines and Forfeitures	18,000	18,786	18,786	0
Total Revenues	18,460	19,225	19,225	0
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	3,500	0	0	0
Other Expenditures	10,000	10,000	10,000	0
Capital Outlay	6,500	8,699	8,699	0
Total Expenditures	20,000	18,699	18,699	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,540)	526	526	0
Fund Balance at Beginning of Year	26,839	26,839	26,839	0
Fund Balance at End of Year	\$ 25,299	\$ 27,365	\$ 27,365	\$ 0

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 50	\$ 29	\$ 29	\$ 0
All Other Revenues	900	100	100	0
Total Revenues	950	129	129	0
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	1,000	0	0	0
Capital Outlay	500	0	0	0
Total Expenditures	1,500	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(550)	129	129	0
Fund Balance at Beginning of Year	1,549	1,549	1,549	0
Fund Balance at End of Year	\$ 999	\$ 1,678	\$ 1,678	\$ 0

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 180	\$ 227	\$ 227	\$ 0
Fines and Forfeitures	500	2,414	2,414	0
Total Revenues	680	2,641	2,641	0
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Other Expenditures	2,000	95	95	0
Total Expenditures	5,000	95	95	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,320)	2,546	2,546	0
Fund Balance at Beginning of Year	13,790	13,790	13,790	0
Fund Balance at End of Year	\$ 9,470	\$ 16,336	\$ 16,336	\$ 0

**CITY OF NAPOLEON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011**

<b>FIRE EQUIPMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 178,130	\$ 178,125	\$ 178,125	\$ 0
Charges for Services	18,000	18,000	18,000	0
Investment Earnings	5,630	5,022	5,022	0
Total Revenues	<u>201,760</u>	<u>201,147</u>	<u>201,147</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Capital Outlay	<u>270,626</u>	<u>270,466</u>	<u>270,465</u>	<u>1</u>
Total Expenditures	<u>270,626</u>	<u>270,466</u>	<u>270,465</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,866)	(69,319)	(69,318)	1
<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	3,134	2,681	2,682	1
Fund Balance at Beginning of Year	112,244	112,244	112,244	0
Prior Year Encumbrances	<u>259,626</u>	<u>259,626</u>	<u>259,626</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 375,004</u>	<u>\$ 374,551</u>	<u>\$ 374,552</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, 2011***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>MUNICIPAL PROBATION SERVICE FUND</b>				
<b>Revenues:</b>				
Investment Earnings	\$ 210	\$ 98	\$ 98	\$ 0
Fines and Forfeitures	18,000	11,329	11,330	1
Total Revenues	18,210	11,427	11,428	1
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	3,250	934	933	1
Contractual Services	12,000	9,630	9,630	0
Other Expenditures	3,500	420	419	1
Total Expenditures	18,750	10,984	10,982	2
Excess (Deficiency) of Revenues Over (Under) Expenditures	(540)	443	446	3
Fund Balance at Beginning of Year	8,136	8,136	8,136	0
Fund Balance at End of Year	\$ 7,596	\$ 8,579	\$ 8,582	\$ 3



**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, 2011***

<b>PROBATION OFFICER GRANT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 49,290	\$ 49,289	\$ 49,289	\$ 0
Total Revenues	<u>49,290</u>	<u>49,289</u>	<u>49,289</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	49,290	49,292	49,292	0
Total Expenditures	<u>49,290</u>	<u>49,292</u>	<u>49,292</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(3)	(3)	0
Fund Balance at Beginning of Year	<u>4,086</u>	<u>4,086</u>	<u>4,086</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,086</u>	<u>\$ 4,083</u>	<u>\$ 4,083</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, 2011***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 70,000	\$ 64,562	\$ 64,562	\$ 0
Total Revenues	<u>70,000</u>	<u>64,562</u>	<u>64,562</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Capital Outlay	4,760	3,162	3,161	1
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	34,440	34,439	34,438	1
Total Expenditures	<u>79,200</u>	<u>77,601</u>	<u>77,599</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,200)	(13,039)	(13,037)	2
Fund Balance at Beginning of Year	214,227	214,227	214,227	0
Fund Balance at End of Year	<u>\$ 205,027</u>	<u>\$ 201,188</u>	<u>\$ 201,190</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, 2011***

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	HANDICAP PARKING FINES FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	<u>1,100</u>	<u>0</u>	<u>0</u>	<u>0</u>
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	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 1,100</u>	<u>\$ 1,100</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, 2011***

<b>POLICE PENSION FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 74,120	\$ 80,546	\$ 80,546	\$ 0
Intergovernmental Revenues	16,270	14,253	14,253	0
Total Revenues	<u>90,390</u>	<u>94,799</u>	<u>94,799</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	90,380	94,799	94,799	0
Total Expenditures	<u>90,380</u>	<u>94,799</u>	<u>94,799</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 10</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, 2011**

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<b>FIRE PENSION FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 33,440	\$ 40,362	\$ 40,362	\$ 0
Intergovernmental Revenues	11,750	11,947	11,947	0
Total Revenues	<u>45,190</u>	<u>52,309</u>	<u>52,309</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	45,190	52,309	52,309	0
Total Expenditures	<u>45,190</u>	<u>52,309</u>	<u>52,309</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011**

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	CEMETERY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Charges for Services	\$ 2,500	\$ 4,968	\$ 4,968	\$ 0
Total Revenues	<u>2,500</u>	<u>4,968</u>	<u>4,968</u>	<u>0</u>
<b>Expenditures:</b>				
Community Environment:				
Materials and Supplies	<u>6,000</u>	<u>5,604</u>	<u>5,604</u>	<u>0</u>
Total Expenditures	<u>6,000</u>	<u>5,604</u>	<u>5,604</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,500)	(636)	(636)	0
Fund Balance at Beginning of Year	<u>69,412</u>	<u>69,412</u>	<u>69,412</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 65,912</u>	<u>\$ 68,776</u>	<u>\$ 68,776</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, 2011***

<b>LAW ENFORCEMENT OT GRANT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 5,000	\$ 0	\$ 0	\$ 0
Total Revenues	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	4,950	0	0	0
Contractual Services	610	0	0	0
Total Expenditures	<u>5,560</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(560)	0	0	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	560	0	0	0
Total Other Financing Sources (Uses)	<u>560</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	15,671	15,671	15,671	0
Fund Balance at End of Year	<u>\$ 15,671</u>	<u>\$ 15,671</u>	<u>\$ 15,671</u>	<u>\$ 0</u>

**CITY OF NAPOLEON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011**

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<b>CERTIFIED POLICE TRAINING FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 400	\$ 0	\$ 0	\$ 0
Total Revenues	<u>400</u>	<u>0</u>	<u>0</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	(2,600)	0	0	0
Fund Balance at Beginning of Year	<u>3,280</u>	<u>3,280</u>	<u>3,280</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 680</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, 2011***

<b>INDIGENT DRIVERS INTERLOCK / ALCOHOL FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 2,000	\$ 5,742	\$ 5,742	\$ 0
Total Revenues	<u>2,000</u>	<u>5,742</u>	<u>5,742</u>	<u>0</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	0	5,742	5,742	0
Fund Balance at Beginning of Year	<u>10,426</u>	<u>10,426</u>	<u>10,426</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,426</u>	<u>\$ 16,168</u>	<u>\$ 16,168</u>	<u>\$ 0</u>

**CITY OF NAPOLEON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Fund  
For the Year Ended December 31, 2011***

<b>GENERAL BOND RETIREMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	25,000	25,000	25,000	0
Interest and Fiscal Charges	25,670	25,663	25,662	1
Total Expenditures	50,670	50,663	50,662	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,670)	(50,663)	(50,662)	1
<b>Other Financing Sources (Uses):</b>				
Transfers In	50,670	50,670	50,670	0
Total Other Financing Sources (Uses)	50,670	50,670	50,670	0
Net Change In Fund Balance	0	7	8	1
Fund Balance at Beginning of Year	9,520	9,520	9,520	0
Fund Balance at End of Year	\$ 9,520	\$ 9,527	\$ 9,528	\$ 1

**CITY OF NAPOLEON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Project Fund  
For the Year Ended December 31, 2011***

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	CIP FUNDING RESERVE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>				
Capital Outlay:				
Street Maintenance	<u>77,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>77,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,000)	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>\$ 9,250</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, 2011***

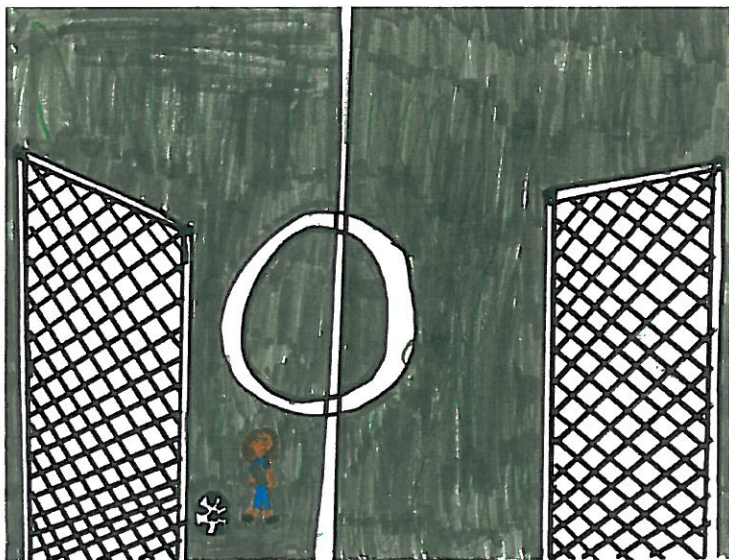
	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$15,335	\$1,562,917	(\$1,551,810)	\$26,442
Total Assets	<u>\$15,335</u>	<u>\$1,562,917</u>	<u>(\$1,551,810)</u>	<u>\$26,442</u>
Liabilities:				
Due to Others	\$15,335	\$1,562,917	(\$1,551,810)	\$26,442
Total Liabilities	<u>\$15,335</u>	<u>\$1,562,917</u>	<u>(\$1,551,810)</u>	<u>\$26,442</u>
<u>Law Library</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$26,895	(\$26,895)	\$0
Total Assets	<u>\$0</u>	<u>\$26,895</u>	<u>(\$26,895)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$26,895	(\$26,895)	\$0
Total Liabilities	<u>\$0</u>	<u>\$26,895</u>	<u>(\$26,895)</u>	<u>\$0</u>
<u>Payroll Withholding</u>				
Assets:				
Cash and Cash Equivalents	\$9,948	\$22,996	(\$23,374)	\$9,570
Total Assets	<u>\$9,948</u>	<u>\$22,996</u>	<u>(\$23,374)</u>	<u>\$9,570</u>
Liabilities:				
Due to Others	\$9,948	\$22,996	(\$23,374)	\$9,570
Total Liabilities	<u>\$9,948</u>	<u>\$22,996</u>	<u>(\$23,374)</u>	<u>\$9,570</u>
<u>Totals - Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$25,283	\$1,612,808	(\$1,602,079)	\$36,012
Total Assets	<u>\$25,283</u>	<u>\$1,612,808</u>	<u>(\$1,602,079)</u>	<u>\$36,012</u>
Liabilities:				
Due to Others	\$25,283	\$1,612,808	(\$1,602,079)	\$36,012
Total Liabilities	<u>\$25,283</u>	<u>\$1,612,808</u>	<u>(\$1,602,079)</u>	<u>\$36,012</u>



# *STATISTICAL SECTION*

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Stevie Rieger 4<sup>th</sup> grade Central Elementary – Napoleon Soccer Field



GOALS TO BE MADE

KNOWLEDGE TO BE DISCOVERED



Maggie Weller 4<sup>th</sup> grade St. John Lutheran – Napoleon Public Library





## *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 Nine 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>	<u>2011</u>
\$24,814,158	\$28,323,805	\$29,555,216	\$29,541,627	\$30,103,480
5,668,640	3,625,081	4,298,992	4,512,545	3,885,950
<u>3,267,539</u>	<u>2,815,897</u>	<u>1,948,134</u>	<u>1,663,304</u>	<u>1,537,086</u>
<u>\$33,750,337</u>	<u>\$34,764,783</u>	<u>\$35,802,342</u>	<u>\$35,717,476</u>	<u>\$35,526,516</u>
\$13,254,500	\$15,258,691	\$16,271,445	\$19,332,790	\$21,224,567
17,723,570	16,121,443	16,531,170	15,426,346	14,694,663
<u>\$30,978,070</u>	<u>\$31,380,134</u>	<u>\$32,802,615</u>	<u>\$34,759,136</u>	<u>\$35,919,230</u>
\$38,068,658	\$43,582,496	\$45,826,661	\$48,874,417	\$51,328,047
5,668,640	3,625,081	4,298,992	4,512,545	3,885,950
<u>20,991,109</u>	<u>18,937,340</u>	<u>18,479,304</u>	<u>17,089,650</u>	<u>16,231,749</u>
<u>\$64,728,407</u>	<u>\$66,144,917</u>	<u>\$68,604,957</u>	<u>\$70,476,612</u>	<u>\$71,445,746</u>

## City of Napoleon, Ohio

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

(continued)

## City of Napoleon, Ohio

### Changes in Net Assets Last Nine 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>	15,522,502	17,644,022	20,307,635	18,218,699
<i>Total Primary Government Program Revenues</i>	17,265,220	20,921,594	25,687,758	20,948,801
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(5,367,126)	(3,729,588)	(1,946,840)	(3,589,225)
Business-type Activities	235,739	(314,807)	1,270,193	865,775
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$5,131,387)	(\$4,044,395)	(\$676,647)	(\$2,723,450)
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Property Taxes Levied for:				
Property Taxes	\$389,763	\$405,565	\$403,855	\$481,259
Municipal Income Taxes	2,134,591	2,308,225	2,520,569	2,455,843
Other Local Taxes (kWh Tax)	540,096	558,804	585,033	586,070
Grants and Entitlements not Restricted to Specific Programs	1,028,057	602,094	369,573	710,157
Investment Earnings	153,241	195,858	239,399	334,547
Miscellaneous	318,967	322,631	540,580	324,313
Transfers	0	0	(31,000)	231,000
<i>Total Governmental Activities</i>	4,564,715	4,393,177	4,628,009	5,123,189
Business-type Activities:				
Investment Earnings	230,404	214,275	284,854	427,411
Transfers	0	0	31,000	(231,000)
<i>Total Business-type Activities</i>	230,404	214,275	315,854	196,411
<i>Total Primary Government</i>	\$4,795,119	\$4,607,452	\$4,943,863	\$5,319,600
<b>Change in Net Assets</b>				
Governmental Activities	(\$802,411)	\$663,589	\$2,681,169	\$1,533,964
Business-type Activities	466,143	(100,532)	1,586,047	1,062,186
<i>Total Primary Government Change in Net Assets</i>	(\$336,268)	\$563,057	\$4,267,216	\$2,596,150

Source: Finance Director's Office

*City of Napoleon, Ohio*

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

## City of Napoleon, Ohio

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

	2002	2003	2004	2005	2006
<b>General Fund</b>					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	15,083	59,976	160,550	74,393	54,611
Unreserved	2,573,339	2,166,503	1,889,815	2,317,704	2,059,287
<b>Total General Fund</b>	<b>2,588,422</b>	<b>2,226,479</b>	<b>2,050,365</b>	<b>2,392,097</b>	<b>2,113,898</b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	1,707,883	900,349	857,300	759,549	724,245
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,460,408	1,730,554	1,678,474	2,038,888	2,410,223
Debt Service Funds	0	423,721	441,272	448,463	470,238
Capital Projects Funds	289,238	307,041	773,460	312,492	390,741
<b>Total All Other Governmental Funds</b>	<b>3,457,529</b>	<b>3,361,665</b>	<b>3,750,506</b>	<b>3,559,392</b>	<b>3,995,447</b>
<b>Total Governmental Funds</b>	<b>\$6,045,951</b>	<b>\$5,588,144</b>	<b>\$5,800,871</b>	<b>\$5,951,489</b>	<b>\$6,109,345</b>

Source: Finance Director's Office



*City of Napoleon, Ohio*

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

## *City of Napoleon, Ohio*

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

	2002	2003	2004	2005
<b>Revenues:</b>				
Taxes	\$3,337,819	\$3,057,298	\$3,253,269	\$3,481,493
Intergovernmental Revenues	1,277,546	1,842,915	1,728,312	3,246,136
Charges for Services	686,624	597,894	627,492	659,064
Licenses and Permits	66,533	121,639	114,276	89,952
Investment Earnings	317,932	189,435	188,501	233,988
Special Assessments	205,720	279,314	246,059	224,108
Fines and Forfeitures	480,217	380,875	299,738	342,082
All Other Revenue	270,778	218,791	247,579	302,543
<b>Total Revenue</b>	<u>6,643,169</u>	<u>6,688,161</u>	<u>6,705,226</u>	<u>8,579,366</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,334,971	2,475,239	2,821,246	3,269,915
Public Health and Welfare Services	80,577	87,882	89,627	88,465
Leisure Time Activities	770,783	756,745	755,563	764,355
Community Environment	599,187	1,071,531	229,297	716,342
Transportation	645,695	617,653	727,926	585,866
General Government	977,419	833,966	857,184	696,044
Capital Outlay	1,003,002	1,107,011	1,386,011	2,175,773
Debt Service:				
Principal Retirement	159,156	169,156	180,357	890,357
Interest and Fiscal Charges	87,631	83,845	77,153	93,633
<b>Total Expenditures</b>	<u>6,658,421</u>	<u>7,203,028</u>	<u>7,124,364</u>	<u>9,280,750</u>
Excess (Deficiency) of Revenues Over Expenditures	(15,252)	(514,867)	(419,138)	(701,384)

*City of Napoleon, Ohio*

2006	2007	2008	2009	2010	2011
\$3,530,340	\$3,518,822	\$3,245,315	\$3,220,684	\$3,722,602	\$3,749,404
2,156,790	2,187,335	1,891,032	1,605,562	1,380,019	2,220,622
768,875	660,349	732,494	803,479	807,930	800,287
70,448	64,289	64,957	63,825	63,599	68,203
270,293	646,848	421,070	185,858	114,664	95,435
223,796	113,080	105,288	106,700	101,853	92,238
382,767	363,862	381,139	407,561	371,916	363,988
312,405	440,028	388,066	797,505	456,874	400,885
<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>	<u>7,791,062</u>

2,616,306	3,163,034	3,946,531	2,900,346	2,949,630	3,278,087
90,918	102,920	98,955	92,695	101,383	110,917
783,864	845,965	875,791	783,006	821,199	799,615
797,857	796,478	483,116	538,556	515,451	1,260,984
526,918	673,933	604,199	539,327	582,589	596,226
887,028	1,023,651	1,114,009	847,258	1,027,824	962,827
1,826,376	2,075,703	901,518	688,609	873,383	650,487
215,357	111,357	111,550	112,550	112,557	142,751
86,526	101,500	122,968	76,940	85,058	96,938
<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>	<u>7,898,832</u>

(115,436)      (899,928)      (1,029,276)      611,887      (49,617)      (107,770)

(Continued)

## *City of Napoleon, Ohio*

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

	2002	2003	2004	2005
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	80,038	0	28,500	288,567
General Obligation Notes Issued	0	0	690,000	0
General Obligation Bonds Issued	0	0	0	690,000
Transfers In	1,906,222	1,948,930	1,791,249	2,184,086
Transfers Out	(2,214,433)	(1,993,930)	(1,880,199)	(2,310,086)
<b>Total Other Financing Sources (Uses)</b>	<u>(228,173)</u>	<u>(45,000)</u>	<u>629,550</u>	<u>852,567</u>
<b>Net Change in Fund Balance</b>	<u>(\$243,425)</u>	<u>(\$559,867)</u>	<u>\$210,412</u>	<u>\$151,183</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	3.90%	4.14%	4.29%	15.37%

Source: Finance Director's Office

*City of Napoleon, Ohio*

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2006	2007	2008	2009	2010	2011
127,000	21,991	202	10,941	11,224	26
0	0	0	0	0	0
0	0	0	0	760,000	0
2,730,521	2,357,900	2,210,781	1,907,304	2,053,509	2,174,344
<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>(2,447,105)</u>
<u>270,000</u>	<u>133,991</u>	<u>(47,118)</u>	<u>(28,140)</u>	<u>689,964</u>	<u>(272,735)</u>
<u>\$154,564</u>	<u>(\$765,937)</u>	<u>(\$1,076,394)</u>	<u>\$583,747</u>	<u>\$640,347</u>	<u>(\$380,505)</u>
5.83%	3.41%	3.86%	3.31%	3.33%	3.88%

## *City of Napoleon, Ohio*

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

<b>Tax year</b>	2002	2003	2004	2005
Income Tax Rate	1.20%	1.20%	1.20%	1.20%
Estimated Personal Income	\$232,726,368	\$247,150,632	\$253,412,328	\$262,320,336
Total Tax Collected	\$2,677,590	\$2,475,787	\$2,675,075	\$2,846,956
Income Tax Receipts				
Withholding	1,933,705	1,930,447	1,982,186	2,119,461
Percentage	72.22%	77.97%	74.09%	74.45%
Corporate	365,599	185,927	320,101	322,555
Percentage	13.65%	7.51%	11.97%	11.33%
Individuals	378,286	359,413	372,788	404,940
Percentage	14.13%	14.52%	13.94%	14.22%

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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2006	2007	2008	2009	2010	2011
			(1)		
1.20%	1.20%	1.20%	1.50%	1.50%	1.50%
\$285,652,608	\$296,442,852	\$300,589,362	\$302,853,636	\$284,359,998	\$288,367,040
\$2,977,788	\$2,917,159	\$2,808,030	\$2,905,178	\$3,378,498	\$3,453,702
2,140,405	2,138,258	2,140,997	2,212,313	2,529,184	2,620,422
71.87%	73.30%	76.24%	76.15%	74.86%	75.88%
409,001	326,668	269,755	263,809	366,726	333,369
13.74%	11.20%	9.61%	9.08%	10.85%	9.65%
428,382	452,233	397,278	429,056	482,588	499,911
14.39%	15.50%	14.15%	14.77%	14.29%	14.47%





## City of Napoleon, Ohio

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

Calendar Year 2011				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,730	54.28%	\$17,230,067	10.88%
20,000 - 49,999	1,223	24.32%	40,305,680	25.45%
50,000 - 74,999	510	10.14%	30,975,657	19.56%
75,000 - 99,999	290	5.77%	24,940,349	15.75%
Over 100,000	276	5.49%	44,893,265	28.36%
Total	5,029	100.00%	\$158,345,018	100.00%

Calendar Year 2002				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,206	47.61%	\$16,117,293	11.31%
20,000 - 49,999	1,489	32.14%	49,477,907	34.71%
50,000 - 74,999	559	12.07%	34,212,328	24.00%
75,000 - 99,999	221	4.77%	18,908,248	13.26%
Over 100,000	158	3.41%	23,840,794	16.72%
Total	4,633	100.00%	\$142,556,570	100.00%

Source: Finance Director's Office

## *City of Napoleon, Ohio*

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

	2002	2003	2004
<b>Governmental Activities</b> <sup>(1)</sup>			
General Obligation Bonds Payable	\$0	\$0	\$0
Special Assessment Bonds Payable	1,288,388	1,131,582	963,575
Long-Term Notes Payable	0	0	690,000
Ohio Public Works Commission Loan Payable	185,262	172,912	160,562
<b>Business-type Activities</b> <sup>(1)</sup>			
Ohio Water Development Authority Loans Payable	2,974,633	2,776,311	2,562,451
Ohio Public Works Commission Loans Payable	62,634	58,950	55,266
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	1,525,000	1,460,000	2,385,000
Special Assessment Bond Payable	108,612	105,418	101,425
Mortgage Revenue Bonds Payable	5,800,000	5,550,000	5,280,000
Total Primary Government	<u>\$12,032,870</u>	<u>\$11,343,514</u>	<u>\$12,286,620</u>
<b>Population</b> <sup>(2)</sup>			
City of Napoleon	9,318	9,318	9,318
Outstanding Debt Per Capita	\$1,291	\$1,217	\$1,319
<b>Income</b> <sup>(3)</sup>			
Personal (in thousands)	232,726	247,151	253,412
Percentage of Personal Income	5.17%	4.59%	4.85%

**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*

2005	2006	2007	2008	2009	2010	2011
\$680,000	\$655,000	\$630,000	\$605,000	\$580,000	\$1,315,000	\$1,250,000
785,568	607,561	533,553	459,353	384,153	308,953	243,553
0	0	0	0	0	0	0
148,212	135,862	123,512	111,162	98,812	86,455	74,104
4,019,916	3,715,575	3,389,225	3,039,222	2,663,802	2,261,064	1,828,963
51,582	47,898	44,214	540,530	511,846	483,159	454,475
666,070	666,070	666,070	666,070	666,070	659,186	310,945
0	0	0	587,200	5,204,566	7,653,135	7,251,586
0	0	0	0	4,000,000	0	1,200,000
2,350,000	2,240,000	2,115,000	1,995,000	1,870,000	1,740,000	1,610,000
97,432	93,439	89,446	84,646	79,846	75,046	69,446
5,000,000	4,710,000	4,410,000	7,600,000	7,150,000	10,290,000	9,885,000
<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>	<u>\$24,178,072</u>
9,318	9,318	9,318	9,318	9,318	8,749	8,749
\$1,481	\$1,381	\$1,288	\$1,684	\$2,491	\$2,843	\$2,764
262,320	285,653	296,443	300,589	302,854	284,360	288,367
5.26%	4.51%	4.05%	5.22%	7.66%	8.75%	8.38%

## *City of Napoleon, Ohio*

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

Year	2002	2003	2004	2005
<b>Population</b> <sup>(1)</sup>	9,318	9,318	9,318	9,318
<b>Assessed Value</b> <sup>(2)</sup>	\$148,399,344	\$150,797,521	\$153,282,264	\$162,145,824
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$1,525,000	\$1,460,000	\$2,385,000	\$3,030,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$0	\$0	\$0	\$19,791
<b>Net General Bonded Debt</b>	\$1,525,000	\$1,460,000	\$2,385,000	\$3,010,209
<b>Ratio of Net Bonded Debt to Assessed Value</b>	1.03%	0.97%	1.56%	1.86%
<b>Net Bonded Debt per Capita</b>	\$163.66	\$156.69	\$255.96	\$323.05

**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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2006	2007	2008	2009	2010	2011
9,318	9,318	9,318	9,318	8,749	8,749
\$157,767,430	\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660
\$2,895,000	\$2,745,000	\$2,600,000	\$2,450,000	\$3,055,000	\$2,860,000
\$26,227	\$43,211	\$9,737	\$37,048	\$9,520	\$9,528
\$2,868,773	\$2,701,789	\$2,590,263	\$2,412,952	\$3,045,480	\$2,850,472
1.82%	1.80%	1.70%	1.60%	2.00%	1.99%
\$307.87	\$289.95	\$277.98	\$258.96	\$348.09	\$325.81



## *City of Napoleon, Ohio*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2011*

<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	\$1,250,000	100.00%	\$1,250,000
<b>Overlapping:</b>			
Napoleon City School District	2,255,000	49.45%	1,115,098
Liberty Center School District	1,983,049	2.59%	51,361
Henry County	1,142,000	23.77%	271,453
		Subtotal	<u>1,437,912</u>
		Total	<u><u>\$2,687,912</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Total Debt</b>				
Net Assessed Valuation	\$148,399,344	\$150,797,521	\$153,282,264	\$162,145,824
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	15,581,931	15,833,740	16,094,638	17,025,312
City Debt Outstanding (2)	0	0	0	680,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>(19,791)</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>660,209</u>
Overall Legal Debt Margin	<u><u>\$15,581,931</u></u>	<u><u>\$15,833,740</u></u>	<u><u>\$16,094,638</u></u>	<u><u>\$16,365,103</u></u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$148,399,344	\$150,797,521	\$153,282,264	\$162,145,824
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	8,161,964	8,293,864	8,430,525	8,918,020
City Debt Outstanding (2)	0	0	0	680,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>(19,791)</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>660,209</u>
Overall Legal Debt Margin	<u><u>\$8,161,964</u></u>	<u><u>\$8,293,864</u></u>	<u><u>\$8,430,525</u></u>	<u><u>\$8,257,811</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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2006	2007	2008	2009	2010	2011
\$157,767,430	\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
16,565,580	15,803,911	15,973,461	15,817,941	15,960,204	15,048,249
655,000	630,000	605,000	580,000	1,315,000	1,250,000
(26,227)	(43,211)	(9,737)	(37,048)	(9,520)	(9,528)
628,773	586,789	595,263	542,952	1,305,480	1,240,472
<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>	<u>\$13,807,777</u>
\$157,767,430	\$150,513,440	\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
8,677,209	8,278,239	8,367,051	8,285,588	8,360,107	7,882,416
655,000	630,000	605,000	580,000	1,315,000	1,250,000
(26,227)	(43,211)	(9,737)	(37,048)	(9,520)	(9,528)
628,773	586,789	595,263	542,952	1,305,480	1,240,472
<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>	<u>\$6,641,944</u>

## City of Napoleon, Ohio

### Pledged Revenue Coverage Last Ten Years

	2002	2003	2004	2005
<b>Sewer System Bonds (1 a)</b>				
Gross Revenues (2)	\$1,905,831	\$1,950,287	\$2,026,358	\$2,436,476
Direct Operating Expenses (3)	1,123,268	921,891	1,459,737	1,153,972
Net Revenue Available for Debt Service	782,563	1,028,396	566,621	1,282,504
Annual Debt Service Requirement (4)	272,667	272,437	276,913	275,892
Coverage	2.87	3.77	2.05	4.65
<b>Electric System Bonds (1 b)</b>				
Gross Revenues (2)	\$11,379,589	\$11,271,553	\$12,842,711	\$14,878,004
Direct Operating Expenses (3)	11,350,288	10,865,183	12,524,754	14,055,686
Net Revenue Available for Debt Service	29,301	406,370	317,957	822,318
Annual Debt Service Requirement (4)	257,120	252,500	257,400	256,810
Coverage	0.11	1.61	1.24	3.20
<b>Electric System Amp-Ohio (1 b)</b>				
Gross Revenues (5)	\$11,244,419	\$11,158,614	\$12,739,632	\$14,744,866
Direct Operating Expenses (3)	10,593,975	10,101,397	11,724,425	13,235,112
Net Revenue Available for Debt Service	650,444	1,057,217	1,015,207	1,509,754
Annual Debt Service Requirement (4)	756,313	763,786	800,329	820,574
Coverage	0.86	1.38	1.27	1.84
<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*

2006	2007	2008	2009	2010	2011
\$2,414,785	\$3,250,149	\$3,589,269	\$3,463,044	\$3,225,591	\$3,484,605
1,109,623	1,545,755	1,929,369	2,440,970	2,286,816	1,862,369
1,305,162	1,704,394	1,659,900	1,022,074	938,775	1,622,236
273,244	272,985	276,088	273,663	245,684	543,135
4.78	6.24	6.01	3.73	3.82	2.99
\$13,175,363	\$13,138,486	\$13,400,514	\$14,398,829	\$14,892,869	\$15,414,354
12,544,217	12,220,066	11,858,934	13,225,462	13,496,084	14,214,131
631,146	918,420	1,541,580	1,173,367	1,396,785	1,200,223
254,512	254,777	253,325	256,575	0	0
2.48	3.60	6.09	4.57	N/A	N/A
\$12,996,003	\$12,872,163	\$13,182,141	\$14,283,334	\$14,823,120	\$15,353,250
11,768,899	11,444,835	11,082,996	12,434,280	13,496,084	14,214,131
1,227,104	1,427,328	2,099,145	1,849,054	1,327,036	1,139,119
775,318	775,231	775,938	791,182	0	0
1.58	1.84	2.71	2.34	N/A	N/A
N/A	N/A	N/A	\$2,489,814	\$2,843,139	\$2,643,832
N/A	N/A	N/A	1,999,194	1,913,351	2,697,472
N/A	N/A	N/A	490,620	929,788	(53,640)
N/A	N/A	N/A	263,819	264,619	321,889
N/A	N/A	N/A	1.86	3.51	(0.17)

## *City of Napoleon, Ohio*

### *Demographic and Economic Statistics Last Ten Years*

Calendar Year	2002	2003	2004	2005	2006
<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)	232,726	247,151	253,412	262,320	285,653
Per Capita	24,976	26,524	27,196	28,152	30,656
<b>Unemployment Rate</b> <sup>(3)</sup>					
Federal	4.8%	5.8%	6.0%	5.5%	5.0%
State	4.3%	5.7%	6.1%	6.0%	5.9%
Henry County	5.3%	5.8%	6.4%	6.2%	5.9%
<b>Civilian Work Force Estimates</b> <sup>(3)</sup>					
State	5,828,000	5,915,000	5,875,300	5,900,400	5,971,500
Henry County	15,400	15,900	16,100	16,100	16,100

**Sources:**

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2010 for the presentation of 2011 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics

*City of Napoleon, Ohio*

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<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
9,318	9,318	9,318	8,749	8,749
29,310	29,310	29,310	28,215	28,215
296,443	300,589	302,854	284,360	288,367
31,814	32,259	32,502	32,502	32,960
4.6%	5.8%	9.3%	9.4%	8.9%
5.6%	6.6%	10.2%	9.5%	8.6%
6.3%	8.0%	13.3%	11.0%	9.7%
5,976,500	5,986,400	5,970,000	5,894,000	5,806,000
15,900	15,900	15,900	15,600	15,300



## City of Napoleon, Ohio

### Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2011		
		Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	486	1	4.66%
Henry County Auditors	County Government	398	2	3.81%
Wal-Mart Stores	Retail	364	3	3.49%
Campbel Soup Supply Co LLC	Soup Manufacturer	362	4	3.47%
Henry County Hospital Inc	Health Care	294	5	2.82%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	241	6	2.31%
City of Napoleon	Local Government	230	7	2.20%
The Lutheran Home	Long-term Health Care	228	8	2.18%
Cloverleaf Cold Storage	Food Storage	167	9	1.60%
Koester Corporation	Manufacturing	70	10	0.67%
Total		<u>2,840</u>		
Total Employment within the City		<u><u>10,438</u></u>		

Employer	Nature of Business	2002		
		Number of Employees	Rank	Percentage of Total Employment
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	375	1	3.20%
Henry County	County Government	365	2	3.12%
Wal-Mart Stores	Retail	345	3	2.95%
Napoleon City School District	Education	323	4	2.76%
City of Napoleon	Local Government	226	5	1.93%
The Lutheran Home	Long-term Health Care	173	6	1.48%
Plastech Engineered Products(LDM)	Manufacturing	171	7	1.46%
Carson Industries	Manufacturing	124	8	1.06%
Automatic Feed Company	Steel Handling Equipment	110	9	0.94%
Golden Living Center - Northcrest	Health Care and Rehabilitation	94	10	0.80%
Total		<u>2,306</u>		
Total Employment within the City		<u><u>11,704</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*

	2002	2003	2004	2005	2006
<b>Governmental Activities</b>					
General Government					
Finance	10.00	10.00	10.00	12.00	10.00
Legal/Court	8.00	10.00	9.00	9.00	9.00
Administration	8.00	8.00	9.00	8.00	8.00
Maintenance	4.00	4.00	4.00	4.00	4.00
Security of Persons and Property					
Police	21.00	21.00	25.00	24.00	22.00
Fire	8.00	8.00	15.00	14.00	8.00
Transportation					
Street	8.00	7.00	7.00	6.00	6.00
Leisure Time Activities					
Recreation/Seniors	6.00	6.00	6.00	5.00	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	17.00	16.00	15.00	14.00
Water	10.00	10.00	10.00	10.00	10.00
Sewer	5.00	6.00	6.00	6.00	6.00
Solid Waste	3.00	3.00	3.00	3.00	3.00
<i>Total Employees</i>	<u>107.00</u>	<u>111.00</u>	<u>121.00</u>	<u>117.00</u>	<u>106.00</u>

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

Source: Finance Director's Office



*City of Napoleon*

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<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
10.00	9.00	11.00	10.00	10.00
9.00	9.00	9.00	8.00	9.00
10.00	10.00	11.00	9.00	10.00
4.00	4.00	3.00	4.00	4.00
21.00	22.00	22.00	22.00	22.00
8.00	8.00	8.00	8.00	10.00
7.00	7.00	6.00	7.00	6.00
5.00	5.00	4.00	5.00	4.00
1.00	1.00	1.00	1.00	1.00
15.00	15.00	14.00	14.00	13.00
10.00	10.00	9.00	10.00	9.00
6.00	6.00	7.00	7.00	7.00
3.00	3.00	3.00	3.00	3.00
<u>109.00</u>	<u>109.00</u>	<u>108.00</u>	<u>108.00</u>	<u>108.00</u>

## *City of Napoleon*

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

	2002	2003	2004	2005
<b>Governmental Activities</b>				
General Government				
Licenses and Permits				
Number of Building Permits	509	626	517	540
Number of Commercial Permits	134	81	116	93
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	863	800	867	1,200
Number of Parking Tickets	186	104	226	134
Number of Law Violations:				
Criminal/Juvenile Citations	2,431	2,359	1,631	1,193
Fire				
Number of Fire Calls Answered	163	125	232	190
Number of EMS Runs	860	769	870	950
Number of Inspections	10	10	43	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	3,634
Daily Average Consumption (gallons)	1.3M	1.3M	1.3M	1.3M
Maximum Daily Capacity of Treatment (gallons)	4.5M	4.5M	4.5M	4.5M
Sewer				
Number of Service Connections	3,500	3,500	3,500	3,493
Daily Average Sewage Treatment (gallons)	1.8M	1.8M	1.8M	1.8M
Maximum Daily Capacity of Treatment (gallons)	2.5M	2.5M	2.5M	2.5M

Source: Finance Director's Office

*City of Napoleon*

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2006	2007	2008	2009	2010	2011
379	382	387	302	222	222
85	67	28	21	15	18
1,122	990	927	878	834	816
108	97	184	191	125	142
1,225	1,129	1,022	1,644	1,508	611
131	233	173	144	178	133
898	903	866	919	1,003	1,041
28	12	66	30	45	67
72	72	72	72	72	72
3,634	3,679	3,679	4,114	4,114	4,114
1.3M	1.3M	1.3M	1.3M	1.3M	1.3M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M
3,493	3,679	3,679	3,593	3,593	3,593
1.8M	1.8M	1.8M	1.8M	1.8M	1.8M
2.5M	2.5M	2.5M	4.5M	4.5M	4.5M

# City of Napoleon

## Capital Asset Statistics by Function Last Ten Years

	2002	2003	2004	2005	2006
<b>Governmental Activities</b>					
General Government					
Area (square miles)	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	1	1	2	2	1
Vehicles	7	7	8	8	9
Fire					
Stations	1	1	2	2	1
Vehicles	8	8	9	10	10
Transportation					
Street					
Vehicles	8	8	9	9	9
Leisure Time Activities					
Recreation/Seniors					
Land (acres)	225	225	225	225	225
Parks	9	9	9	9	9
Swimming Pools	1	1	1	1	1
Tennis Courts	2	2	2	2	2
Baseball/Softball Diamonds	5	5	7	7	7
Golf Courses	1	1	1	1	1
<b>Business-Type Activities</b>					
Utilities					
Water					
Waterlines (Miles)	58	58	58	58	58
Number of Purification Plants	1	1	1	1	1
Number of Hydrants	327	327	599	599	599
Number of Water Towers	1	1	1	1	2
Sewer					
Sewerlines (Miles)	45	45	45	45	45
Number of Treatment Plants	1	1	1	1	1
Storm Water Drainage					
Miles of Storm Sewers	30	30	30	30	30

Source: Finance Director's Office

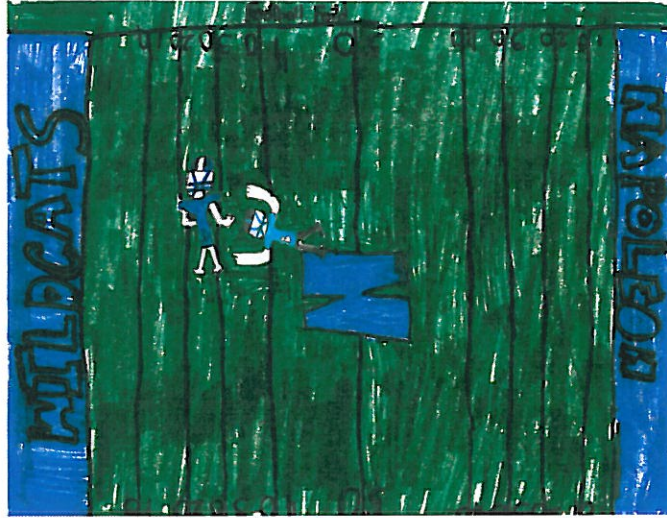
*City of Napoleon*

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2007	2008	2009	2010	2011
7	7	7	7	7
1	1	1	1	1
9	9	8	8	7
1	1	1	1	1
10	10	11	11	11
9	9	9	9	10
225	225	225	225	225
9	9	9	9	9
1	1	1	1	1
2	2	2	2	1
7	7	7	7	7
1	1	1	1	1
58	58	58	58	58
1	1	2	2	2
599	599	599	599	599
2	2	2	2	2
45	45	47	47	47
1	1	1	1	1
30	30	37	37	37





Devonte Blair 4<sup>th</sup> grade Central Elementary – Napoleon Wildcat Football Field



Makenna Boehm 4<sup>th</sup> grade Central Elementary – Maumee River and Henry County Veterans Bridge

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# Dave Yost • Auditor of State

CITY OF NAPOLEON

HENRY COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 13, 2012