



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF NAPOLEON
HENRY COUNTY, OHIO

REGULAR AUDIT

January 1, 2017 through December 31, 2017
Fiscal Year Audited Under GAGAS: 2017

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Dave Yost • Auditor of State

City Council
City of Napoleon
255 West Riverview Avenue
PO Box 151
Napoleon, OH 43545-0151

We have reviewed the *Independent Auditor's Report* of the City of Napoleon, Henry County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 30, 2018

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For the Year Ended December 31, 2017

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

City of Napoleon
Henry County
255 West Riverview Avenue
Napoleon, Ohio 43545-0151

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 15, 2018.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc
Piketon, Ohio
June 15, 2018

**CITY OF NAPOLEON
HENRY COUNTY**

Schedule of Prior Audit Findings
December 31, 2017

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2016-001	Material Weakness – Fund Balance Classification	Yes	

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THE CITY OF NAPOLEON, OHIO

HENRY COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

Prepared by the Finance Department

Gregory J. Heath
Director of Finance



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HENRY COUNTY, OHIO

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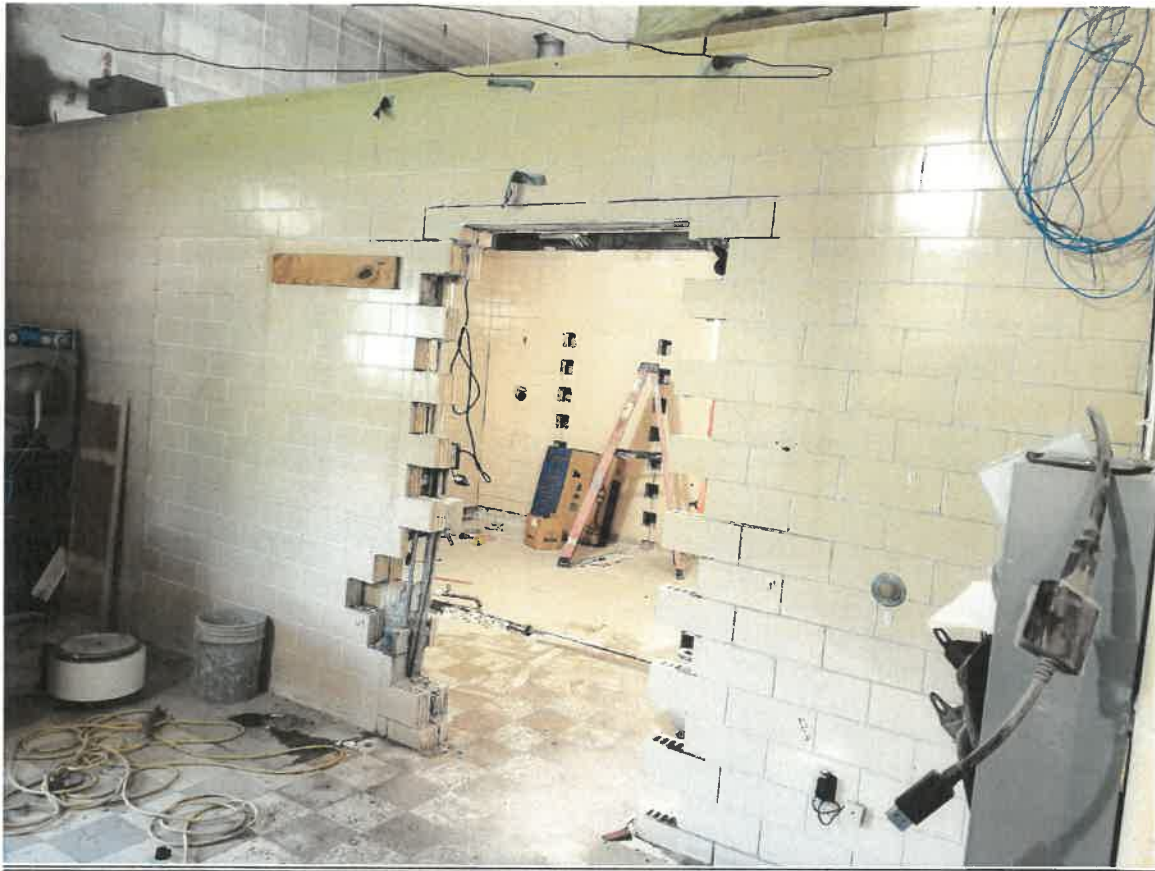
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Water Treatment Plant Renovation – Photo by Scott Hoover





CITY OF NAPOLEON, OHIO

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June 15, 2018

Introduction

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

We are pleased to present the Twenty-second (22nd) **Comprehensive Annual Financial Report** (CAFR) of the City of Napoleon, Ohio (City), for the year ended December 31, 2017. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Government Auditing Standards (GAS). GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A), to accompany the basic financial statements and notes. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Report

State law, along with *Administrative Rules* of the Auditor of State, requires all City governments to publish an Annual Report within 150 days of the close of each fiscal year. This report must present a complete set of financial statements presented in conformity with GAAP. This Annual Report for 2017 was filed with the Auditor of State on or before May 31, 2018. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAS. Pursuant to these requirements, we hereby issue the CAFR of the City for the fiscal year ended December 31, 2017.

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, 2017***

The City's financial statements have been audited by BHM CPA Group Inc., Piketon, Ohio, an Independent Public Accountant (IPA) working as a contracted agent for the Auditor of State Office of Ohio (AOS), Dave Yost. The IPA issued an unmodified opinion that the basic financial statements are presented fairly in conformity with GAAP, in all material respects, representing the financial position of the City as of December 31, 2017. 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 (modern day Perrysburg, Ohio). During his campaign against the Native Americans, General Anthony Wayne would often setup encampment for his men along the Maumee River where the City is currently located.

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

The City of Napoleon

The first documented dwelling in Napoleon was a log cabin built in 1832. The town of Napoleon was founded in 1835 and later was made the county seat of Henry County. The name of "Napoleon" was given to the township by a group of Frenchmen who inhabited the area at that time. Local Citizens adopted the name and the town was officially incorporated as the Village of Napoleon in 1863. In 1950 the Village of Napoleon officially became the "*City of Napoleon*". The City is located on the Maumee River, and is about 40 miles southwest of Toledo, Ohio, 50 miles north of Lima, Ohio, 65 miles east of Fort Wayne, Indiana, 110 miles southwest of Detroit, Michigan, and 130 miles west of Cleveland, Ohio.

***Letter of Transmittal
For the Year Ended December 31, 2017***

Two national highways US-6, and US-24 a four lane limited access highway running east and west, bypass on the north edge of the City. Two state routes run north and south, SR-108 runs through the City, and SR-109 is outside the City 3 miles east. 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 a limited rail service running through the City provided by Defiance & Western Railway with connections to CSXT and Norfolk and Southern to the west in Defiance, Ohio. Main lines of CSXT and Norfolk and Southern run east and west through southern Henry County, and north and south lines of Canadian National Railroad are to the east in Wood County. Amtrak service is available in Bryan and Toledo, Ohio, and Fort Wayne, Indiana. Toledo Express Airport is located about 30 miles to the northeast in Lucas County and provides passenger and freight air services.

Form of Government

By 1950, the population of the Village of Napoleon exceeded 5,000 people allowing the Village to be incorporated into a City. 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 since the first effective charter in 1952. The City Charter stipulates a charter review to be done every eight (8) years. In 2016, the City Charter underwent a full review by an appointed Charter Review Commission. The Commission recommended various changes to the Charter to be voted on by the Citizens of Napoleon. City Council agreed, and placed these proposed changes before its Citizens for a vote on November 8, 2016; all proposed changes were passed with an effective date of January 1, 2018. The next Charter Review Commission will be formed and meet in 2024 for another full review.

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

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 by sitting Council members. Except for Municipal Court, the Charter establishes certain administrative departments and Council may establish additional departments as needed; Council establishes all department positions. By Charter, the City Manager, Finance Director, Law Director and Clerk of Council are all appointed by, and serve at the pleasure of Council with no specified term limits. Except for departments of Finance, Law and Municipal Court, the City Manager has authority over all other operational departments and appoints those department heads. Subject to approval of Council, both Council and the Mayor, and on certain boards the City Manager, recommends appointments of individuals to the various City boards and commissions.

***Letter of Transmittal
For the Year Ended December 31, 2017***

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 various types of ball fields, playgrounds, picnic areas, a golf course and a boat ramp); economic development; and general administrative services. The City does not operate hospitals or schools, and it is not responsible for public assistance programs.

The City operates four (4) enterprise activities: 1) water treatment and distribution; 2) sewer wastewater collection and treatment, including the City's storm water system; 3) electric distribution for residential, commercial and industrial customers; and 4) residential solid waste collection and disposal, including a curbside recycling program, a yard waste transfer station site, a mosquito control program, storm debris removal and seasonal bulk pickups.

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

The City is 1 of 135 municipal utility members (from nine (9) states) in American Municipal Power, Inc. (AMP). AMP is a non-profit corporation organized in Ohio in 1971 for the purpose of owning, operating electric facilities, providing for the generation, transmission and distribution of electric power to its members. In addition, AMP purchases wholesale electric power and sells it to members at rates based on purchase price plus a small service fee. AMP also develops alternative power sources, reviews short and long-term power needs, and operates a power dispatch center 24 hours a day, 365 days a year, to serve its member communities. The City participates in three (3) joint ventures all managed by AMP; in addition, the City is contractually obligated for costs related to various "Take-or-Pay" power contracts including the AMPGS project terminated in 2009 by AMP participants following an unexpected increase in costs.

Detailed descriptions of the City's obligation to joint ventures and other various contracted power contracts are listed in the Notes to the Financial Statements under Joint Ventures and Jointly Governed Organizations and Contingencies. Currently the City has a closed electric system and does not offer outside power sources to its customers from other power providers.

The City has a contract with Henry County for the operation of a County/City Community Improvement Corporation (CIC) for the purpose of Economic Development. Mutual aid contracts for fire and emergency medical services are between the City, certain county Townships and the Henry County South Joint Ambulance District. Henry County operates the Health District, in which the City participates contractually, but has no direct fiduciary responsibility by agreement. The City has a contract with the Napoleon/Henry County Chamber of Commerce to operate a Tourist Bureau funded by one half (1/2) of a lodge tax of six (6%) percent imposed by Council and collected by the City through the Income Tax Division of the Finance Department.

***Letter of Transmittal
For the Year Ended December 31, 2017***

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.

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

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

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

The local economy continued to grow in 2017 following both State of Ohio and National general economic trends. The pace of growth in 2017 for Napoleon has been at a steady rate, but slower when compared to other areas of the State of Ohio and the Nation. In certain sectors, especially manufacturing, prior economic retraction has stabilized with certain local area activity continuing to trend higher.

Comparing municipal income taxes, on a cash basis, for 2017 to 2016, the overall combined total income tax collections are down by -5.9%. Withholdings and business profit taxes were lower, and individual taxes were only slightly higher, in 2017 as compared to 2016. The higher collections in 2016 reflected the start of economic growth for the area, but were primarily due to enhanced one time collection efforts to enforce both non-filings and non-payments on prior year's income taxes. Actual income tax revenues collected in 2017 at the one and a half (1.5%) percent rate was \$4,616,746, down by -\$298,952 as compared to 2016 of \$4,906,698. 2017 reflects a more normalized year of collections as demonstrated when compared to 2015, with collections at \$4,233,916 a +\$382,830 increase; or a +9.0% increase which averages +4.5% for the two (2) year period. As of the date of this report, 2018 income revenue through May are slightly lower as compared to the same period for 2017; it is too early for any real comparisons to the prior year or to establish any real trends. In 2017, the City's allowed credit (also known as the reduced income tax credit) for taxes paid to other Cities remained at 100%.

Income tax receipts may be restricted or reduced with local employer implementation of various approved tax deferred 125 type plans; and, by other potential State imposed unilateral mandates placed on income tax revenues. Currently, State Law limits the City tax on withholdings to be applied against Box "5" of the W-2 that represents Medicare wages and not Gross wages. State Law changed for the 2017 business filings allowing businesses to file certain returns directly with the State, and not the City. The actual impact of this to the City is currently unknown; however, it is the City's opinion income tax revenues may be negatively impacted due to timeliness of receipts to the City, and the ability of the City to audit those returns for correctness. The City may also have limited access to the return information for audit.

***Letter of Transmittal
For the Year Ended December 31, 2017***

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

Local home values are recovering from their 2009-2010 lows and were higher in the City for 2017. The Henry County Auditor's office performed a reappraisal in 2017 with a net increase of residential housing values of 6.0% to 8.0% for tax year 2017. Though new housing development has been previously slow, growth is anticipated in 2018. With improvement in the local economy, and continued historic low mortgage rates, along with incentive programs offered through the State and Federal Governments, it is projected housing activity will increase in 2018. Actual data on local home foreclosures is not known, however it is estimated to be about same as State averages. Building Permits issued for residential in 2017 was 186 with a value of \$2,141,266 as compared to 2016 of 139 with a value of \$1,106,399; for commercial in 2017 was 31 with a value of \$12,069,430 as compared to 2016 of 13 with a value of \$5,972,500.

The unemployment rate for Henry County was down at 5.1% as of December 31, 2017, versus 5.4% for December 31, 2016 (not seasonally adjusted). The rate was higher through March 31, 2018 at a reported 5.4% reflecting seasonal down turns. At the end of 2017, the local area unemployment rate 5.1% is higher as compared to the State of Ohio rate of 4.9% and above the National rate of 4.1%. While specific data is unavailable from the reporting sources for the City, it is estimated that the City's unemployment rate falls somewhere close to the rate for Henry County. Using the rates through December 31, 2017, it is estimated the unemployment rate for the City to be between 5.1% and 5.4%.

The 2010 census of 8,749 showed the City experienced a loss in population as compared to the 2000 census of 9,318, or a loss of -569. Henry County as a whole also lost population from the 2000 census of 29,310 to the 2010 census 28,215, or down -1,095. The 2017 population estimate for the City, from the Ohio Municipal Advisory Council (OMAC), is 8,659.

Business

The City has experienced both gains and losses from businesses located inside and outside the City limits in 2017. Recent losses were primarily in the service industry, and include: Real Estate Management Services Group and Cellular Central.

Business gains in 2017 include: A Renewed Mind, CPC Women's Health Services, Custom Cleaners, EarSmart, Artistic Roots, and Blush Mountain Boutique. In 2017 Miller Brothers Construction, a leader in the construction industry, moved into Henry County from Fulton County. They fall into the category of a major employer (Outside City Limits). Into early 2018, WenLeeMae Boutique, Spherion Staffing, and Once Upon Another Time opened for business. Custom Agri Systems also began their expansion of 40,000 SF of light industrial space with an additional 10,000 SF of office space in 2017.

CITY OF NAPOLEON, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2017***

The following are the private and public employers that have the largest work forces and are located inside and/or outside (adjacent to, or within 5 miles) the City:

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

* National or Multi-national Companies with Additional Locations

** National or Multi-national Companies with Largest U.S. Location in Henry County

Excluding employers outside the City limits, the listed industries and service providers' employ an estimated 2,600 persons in both full and part-time positions. Campbell Soup Supply Co. and Silgan Can Company are both located adjacent to, but outside City limits. Campbell's is the largest single employer in Henry County, and is estimated to employ 1,550 persons, both full time and part time; and Silgan Can employees an approximate 200 persons, both full time and part time. Alex Products, located in Ridgeville Corners, is estimated to employ an average of 900 persons.

***Letter of Transmittal
For the Year Ended December 31, 2017***

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

Economic Development

Economic development, focused in manufacturing, is trending to exceed national projections for growth throughout 2018 and into early 2019. Commercial, retail, and general small business growth is taking place through new private investment and continued investment partnerships with the City and State. The market is not yet nearing saturation, as area purchasing power still shows leakage to surrounding, larger, cities/MSAs. Growth potential is anticipated, however conservatively. Small, independent businesses continue to lead new investment. Projected continued growth is anticipated based on the outcome of manufacturing growth. Growth has been somewhat hindered by limited local housing stock, and the day time impact of 41% of Henry County eligible workforce working outside of Henry County. Currently we anticipate a change in the trend based on manufacturing growth projections and EMSI workforce growth projection in 2018, 2019, and beyond.

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

Major City Accomplishments

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

- Filled major positions due to retirements of Chief of Police and Information Technology Director
- Completed the major construction of downtown street, waterline and sidewalk improvements
- Began the water treatment plant rehabilitation/reconstruction project
- Continued to completion major street, waterline and sewer infrastructure improvements
- Prepared and Asset Management Plan for the wastewater treatment plant
- Received a Certificate of Excellence from the American Public Power Association for being one of the nation's most reliable municipal electric departments

Current and Potential Future Initiatives

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

- Update the Zoning Code and City Master Plan
- Modernize Napoleon's phone and email services internal to the organization
- Invest into the electric infrastructure by changing out all of the street lights to LED lights
- Upgrade of water lines to improve water flow rates and reliability to all customers.
- Increased road improvements and other infrastructure street repairs
- Continue major equipment and utility infrastructure upgrades and replacements
- Continued development of industrial and commercial sites for expanded and new industries

***Letter of Transmittal
For the Year Ended December 31, 2017***

The City sold a 10 acre property in the Industrial Zone to a developer. A Purchase Agreement was signed and the property transferred in June 2017. The developer has built a 100,000 SF modern high-bay industrial/warehouse space, and currently has a firm lead on a manufacturing company to move its operations into this facility. An additional 20 acres adjacent to this site, owned by the City, is under a purchase option at this time to allow for potential additional expansion.

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

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

Included in this report is an unmodified audit opinion rendered on the City's financial statements for the year ended December 31, 2017, issued by BHM CPA Group Inc., Piketon, Ohio, the contracted IPA working for the AOS Office of Ohio and performing the 2017 Audit. 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. An awarded 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, 2016. We believe this, our Twenty-second (22nd) Comprehensive Annual Financial Report for 2017, 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.

***Letter of Transmittal
For the Year Ended December 31, 2017***

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 and CIC, and the audit staff of BHM CPA Group Inc., Piketon, Ohio, the contracted IPA working for the AOS Office of Ohio and performing the 2017 Audit.

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

A special thank you is extended to the Members of City Council, the Mayor and the City Departments for the support and trust shown to the City Administration and the Finance Department and for allocating the resources and time for the development of this report. A final thank you goes to the Citizens of Napoleon, Ohio, who continue to support the many decisions made by the City in its financial operations.

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

Respectfully submitted,



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



Joel L. Mazur
City Manager
City of Napoleon, Ohio

CITY OF NAPOLEON, OHIO

**List of Principal Officials
For the Year Ended December 31, 2017**

Elected Officials				
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>(*)Years of Service at 12/31/17</u>	<u>Surety</u>
Jason P. Maassel	Mayor	12/31/19	2.00	A
Travis B. Sheaffer	President of Council	12/31/17	24.00	A
Joseph D. Bialorucki	President Pro-Tem of Council	12/31/17	1.95	A
Daniel L. Baer	Council Person	12/31/19	2.00	A
Jeffery W. Comadoll	Council Person	12/31/19	3.73	A
Patrick M. McColley	Council Person (Resigned)	04/22/17	1.86	A
Jeff R. Mires	Council Person	12/31/19	1.47	A
Lori L. Siclair	Council Person (Appointed)	12/31/17	0.57	A
Rita J. Small	Council Person	12/21/17	2.03	A
Amy C. Rosebrook	Municipal Court Judge	12/31/17	5.50	A

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

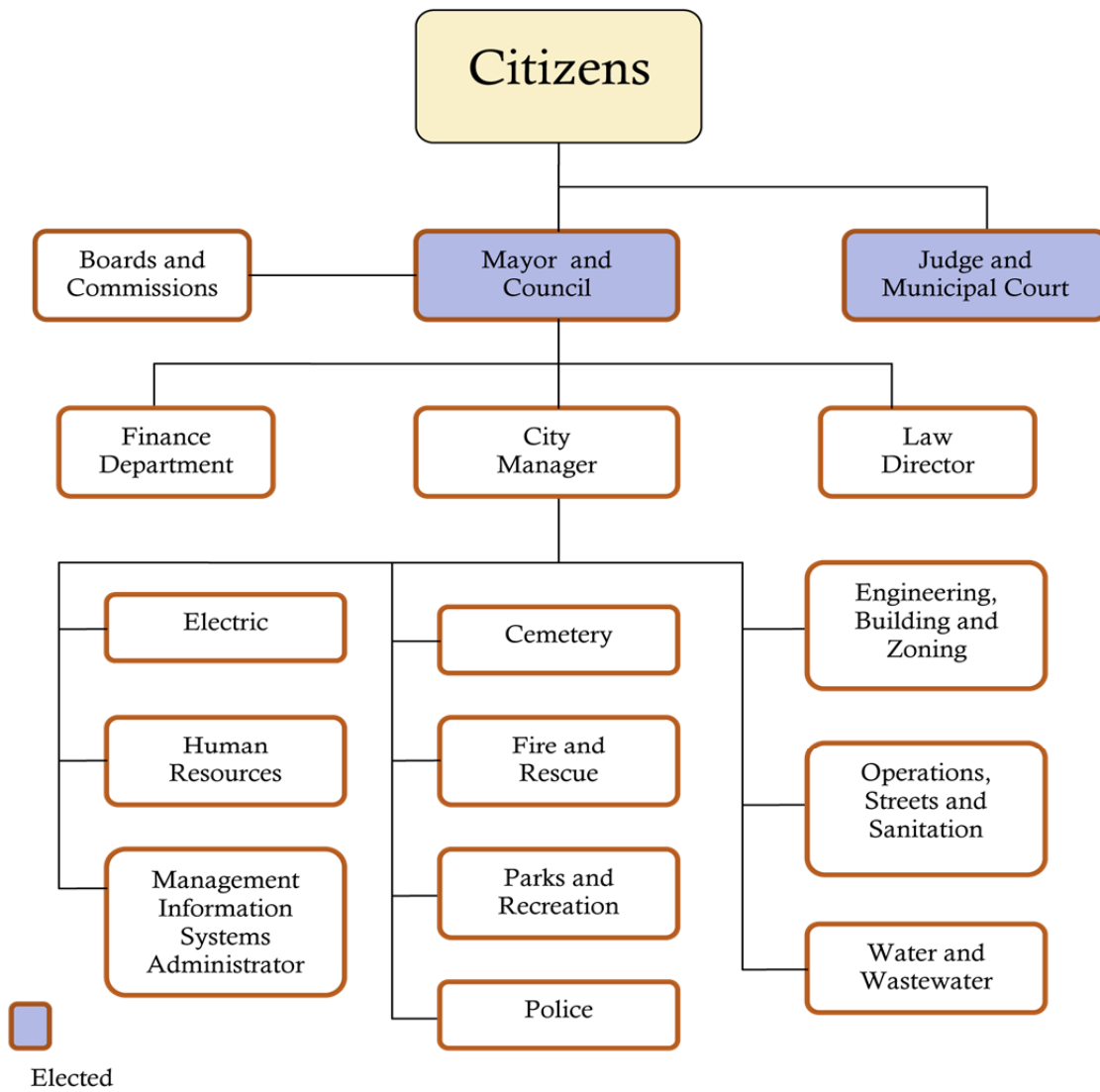
Appointed Officials				
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Joel L. Mazur	City Manager (Apt. 01/09/17)	Indefinite	1.00	A
Billy D. Harmon	Law Director	Indefinite	1.17	A
Gregory Heath	Director of Finance	Indefinite	23.24	A
Melissa K. Cotter	Clerk of Courts	Indefinite	1.75	A

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

City Physical and Web Addresses:

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

**City Organizational Chart
For the Year Ended December 31, 2017**



Boards and Commissions

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

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Napoleon
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morvill

Executive Director/CEO

FINANCIAL SECTION



Water Treatment Plant Renovations – Photo by Scott Hoover





Independent Auditor's Report

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

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc
Piketon, Ohio
June 15, 2018



***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

The management discussion and analysis (MD&A) of the City of Napoleon's (City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2017. 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 2017 are as follows:

- In total, net position increased \$1,716,242, from 2016. The net position of governmental activities increased \$758,820, from 2016; and the net position of business-type activities increased \$957,422, from 2016. Please see additional discussion on this item, and the Changes in Net position Table, both listed later in the MD&A.
- Total revenues exceeded \$33.3 million. \$6.1 million was general revenues, or 18% of the total revenues; and \$27.2 million was program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions, or 82% of the total revenues.
- The City had \$7.6 million in program expenses related to governmental activities; only \$2.5 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) of \$5.9 million, plus excess cash reserves, were adequate to provide for the balance on these programs.
- Among major funds, the general fund had \$6.0 million in revenues, \$3.7 million in expenditures, (expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities) and other financing sources and uses, netting to \$2.3 million. The general fund's fund balance increased \$37,767.
- Net position for the proprietary funds increased by \$957,422. The increase is a result of higher operating revenues in electric, water, sewer and sanitation, with a slight decrease in sewer; expenses reflect an increase in operating expenses for electric (primarily in the cost of purchased power), water and sewer; and, reflects a decrease in expenses for sanitation. Net position includes major capital contributions in the form of capital assets for all proprietary funds, with an increase for electric, water and sewer; and minimal changes for sanitation.

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.

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2017 and 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$9,098,033	\$8,921,316	\$26,063,944	\$26,193,581	\$35,161,977	\$35,114,897
Capital assets, Net	36,179,062	35,145,808	51,660,519	41,569,926	87,839,581	76,715,734
Total assets	<u>45,277,095</u>	<u>44,067,124</u>	<u>77,724,463</u>	<u>67,763,507</u>	<u>123,001,558</u>	<u>111,830,631</u>
Deferred outflows of resources	2,338,138	2,351,066	1,446,493	1,042,431	3,784,631	3,393,497
Net pension liability	8,311,628	7,997,509	3,721,684	2,733,194	12,033,312	10,730,703
Other long-term liabilities	1,466,766	1,587,202	28,869,112	20,820,175	30,335,878	22,407,377
Other liabilities	383,010	418,985	2,291,033	1,923,598	2,674,043	2,342,583
Total liabilities	<u>10,161,404</u>	<u>10,003,696</u>	<u>34,881,829</u>	<u>25,476,967</u>	<u>45,043,233</u>	<u>35,480,663</u>
Deferred inflows of resources	767,407	486,892	55,544	52,810	822,951	539,702
Net position:						
Net investment in capital assets	35,367,308	34,214,705	25,425,370	23,498,665	60,792,678	57,713,370
Restricted	2,935,327	2,858,956	0	0	2,935,327	2,858,956
Unrestricted (deficit)	(1,616,213)	(1,146,059)	18,829,707	19,777,496	17,213,494	18,631,437
Total net position	<u>\$36,686,422</u>	<u>\$35,927,602</u>	<u>\$44,233,583</u>	<u>\$43,276,161</u>	<u>\$80,920,005</u>	<u>\$79,203,763</u>

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2017 and 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,544,873	\$1,382,760	\$23,911,992	\$24,412,507	\$25,456,865	\$25,795,267
Operating Grants and Contributions	697,848	621,783	0	0	697,848	621,783
Capital Grants and Contributions	237,473	802,876	839,103	624,929	1,076,576	1,427,805
General revenues:						
Property Taxes	350,199	358,670	0	0	350,199	358,670
Municipal Income Taxes	4,212,894	4,120,044	0	0	4,212,894	4,120,044
Other Local Taxes	483,133	515,950	0	0	483,133	515,950
Grants and Entitlements not Restricted to Specific Programs	340,970	5,422	0	0	340,970	5,422
Investment Earnings	64,846	99,506	197,677	219,435	262,523	318,941
Miscellaneous	465,868	79,387	0	0	465,868	79,387
Total revenues	8,398,104	7,986,398	24,948,772	25,256,871	33,346,876	33,243,269
Program Expenses:						
Security of Persons and Property	4,052,817	3,546,651	0	0	4,052,817	3,546,651
Public Health and Welfare Services	121,144	107,520	0	0	121,144	107,520
Leisure Time Activities	1,037,985	896,040	0	0	1,037,985	896,040
Community Environment	543,782	1,057,736	0	0	543,782	1,057,736
Transportation	721,483	225,516	0	0	721,483	225,516
General Government	1,118,076	1,108,794	0	0	1,118,076	1,108,794
Interest and Fiscal Charges	43,997	64,017	0	0	43,997	64,017
Electric (1)	0	0	16,376,184	15,578,395	16,376,184	15,578,395
Water	0	0	3,165,477	2,820,862	3,165,477	2,820,862
Sewer	0	0	3,601,304	3,322,734	3,601,304	3,322,734
Sanitation	0	0	848,385	829,618	848,385	829,618
Total expenses	7,639,284	7,006,274	23,991,350	22,551,609	31,630,634	29,557,883
Change in Net Position Before Transfers	758,820	980,124	957,422	2,705,262	1,716,242	3,685,386
Transfers (2)	0	100,550	0	(100,550)	0	0
Total Change in Net Position	758,820	1,080,674	957,422	2,604,712	1,716,242	3,685,386
Beginning Net Position	35,927,602	34,846,928	43,276,161	40,671,449	79,203,763	75,518,377
Ending Net Position	\$36,686,422	\$35,927,602	\$44,233,583	\$43,276,161	\$80,920,005	\$79,203,763

Notes to Changes in Net Position:

(1) In the Business Type Activities, under Charges for Services and Sales, 2017 reflects a correction Credit to revenue of (\$543,853), applied to Electric Customer Accounts, caused by an error in the computation of the monthly Power Supply Cost Adjustment Factor (PSCAF). The error, dating back to 2015, was discovered and corrected in 2017.

(2) In Electric, program expenses for 2016 reflects a booked payable for \$5,099; and, for 2017 reflects a booked payable for \$2,866. This is the City's contracted (take-or-pay) obligation on the AMPGS project stranded cost settlement. (See NOTE 17 - CONTINGENCIES to the Basic Financial Statements for additional explanation and information.)

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

Governmental Activities

Net position of the City's governmental activities shows an increase of \$758,820 in 2017 from 2016. In 2017, the City experienced higher total revenues when compared to 2016. Revenues from Capital Grants and Contributions, and their related expenses, decreased in 2017 due to the completion in 2016 of major project improvements from earlier years; other operating expenses increased in 2017 as compared to 2016. Economic factors impacting general trends to revenues improved in 2017 (as reflected in the income tax collections).

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 property 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 a full 1 mill. The City currently has no voted property tax levies; however, the City receives a 2.90 mill allocation from the un-voted inside 10 mill general property tax as allowed by Ohio Revised Code of the State of Ohio. The 2.90 mill allocation is not subject to the set valuation on voted levies, and will rise or fall yearly as property tax values change. Economic changes, dating back to the 2008-2010 recession, has negatively impacted the housing sector by setting lower home valuations that have been slow to recover to pre-recession levels; in 2017 pre-existing home sales increased creating a more positive outlook on home valuations. With prior stagnant valuations the corresponding collections of property tax collected on the un-voted 2.90 mill allocation for the City has been, and remains, generally flat over the past several years. In 2017 the County Auditor's Office performed a revaluation on property values. This will increase property for taxation, which in turn, will increase property taxes collected in 2018 and beyond.

Property taxes, and other sources of revenue, have been negatively impacted with prior unilateral changes made by the State of Ohio General Assembly; whom has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property. The State may continue to make similar revisions to these and other source of revenues the City receives. The State of Ohio previously eliminated the Estate Tax reducing revenues from this source to zero (\$-0-). The County Auditor maintains and collects the inside millage property tax.

The City is aware of State of Ohio mandated impacts to its revenues and to changes to valuations; and, has made adjustments to its general revenue estimates, and corresponding adjustments to its program expenses, to account for the impact of reduced revenues from these sources.

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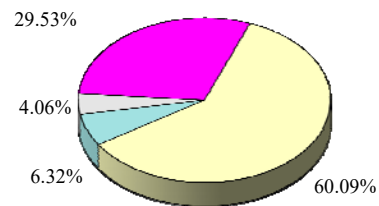
***Management’s Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

In 2017, 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 2017, total municipal income taxes reflect an increase in revenues of 2.2% over 2016. This is due to a more stable and growing local economy, and enhanced collection efforts by the City.

Property taxes, income taxes and other local taxes made up 4%, 50% and 6% respectively of revenues for governmental activities for the City in fiscal year 2017. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 60.09% of total revenues from general tax revenues:

Revenue Sources	2017	Percent of Total
General Shared Revenues	\$340,970	4.06%
Program Revenues	2,480,194	29.53%
General Tax Revenues	5,046,226	60.09%
General Other	530,714	6.32%
Total Revenue	\$8,398,104	100.00%



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**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

Business-Type Activities

In 2017, the total net position of all business-type activities increased by \$957,422. The operating incomes for the business-type activities were \$477,356 for water, \$766,004 for sewer, \$43,568 for sanitation, and (\$760,497) for electric. The City in 2016 booked an electric fund payable for \$5,099, and in 2017 booked a payable for \$2,866, both posted to contractual services for the City's contracted obligation on the AMPGS project stranded cost settlement. (See NOTE 17 - CONTINGENCIES to the Basic Financial Statements for additional explanation and information.) In total, all business-type activities operating revenues in 2017 were below 2016 levels. In the Business Type Activities, under Charges for Services and Sales, 2017 reflects a correction Credit to revenue of (\$543,853), applied to Electric Customer Accounts, caused by an error in the computation of the monthly Power Supply Cost Adjustment Factor (PSCAF). The error, dating back to 2015, was discovered and corrected in 2017. Excluding the PSCAF Credit, net billable dollars in 2017 for Electric was up due to higher purchased power costs that are directly recovered through the billing process. Billable dollars for water, sewer and sanitation were higher for 2017.

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

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

The City's governmental funds reported a combined fund balance of \$7,414,423, which is an increase of \$201,562 from last year's balance of \$7,212,861. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2017 and 2016:

	Fund Balance December 31, 2017	Fund Balance December 31, 2016	Increase (Decrease)
General	\$1,984,535	\$1,946,768	\$37,767
Special Assessment Bond Retirement	574,411	587,694	(13,283)
Capital Improvement	1,827,464	1,932,955	(105,491)
Other Governmental	3,028,013	2,745,444	282,569
Total	<u>\$7,414,423</u>	<u>\$7,212,861</u>	<u>\$201,562</u>

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

	2017 Revenues	2016 Revenues	Increase (Decrease)
Taxes (Income, Property and Other)	\$4,934,670	\$4,885,900	\$48,770
Intergovernmental Revenue	236,401	242,210	(5,809)
Charges for Services	275,624	315,942	(40,318)
Licenses and Permits	70,563	75,027	(4,464)
Investment Earnings	36,002	66,639	(30,637)
Fines and Forfeitures	172,436	193,925	(21,489)
All Other Revenue	241,891	223,444	18,447
Total	<u>\$5,967,587</u>	<u>\$6,003,087</u>	<u>(\$35,500)</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

General Fund revenues in 2017 decreased less than 1% compared to revenues in fiscal year 2016. The most significant factor contributing to this decrease was in Charges for Services, Investment Earnings and Fines and Forfeitures. Decreases occurred in all revenue categories, except for Taxes and All Other Revenue which both had an increase.

	2017	2016	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,799,483	\$2,766,929	\$32,554
Public Health and Welfare Services	104,137	100,039	4,098
Community Environment	131,812	145,836	(14,024)
General Government	658,581	983,835	(325,254)
Total	<u>\$3,694,013</u>	<u>\$3,996,639</u>	<u>(\$302,626)</u>

General Fund expenditures decreased by \$302,626 in 2017 from 2016. The largest decrease was \$325,254 in General Government. This is attributed to decreased expenditures in capital improvement expenses. Security of Persons and Property increased by \$32,554 and reflects both increased expenses and one time payouts for retiring personnel. General Government expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities. In addition, reimbursements (off-sets), and fund transfers, are included for the inside the City kilowatt hour (kWh) tax monies collected in the Electric Fund, and directed back to the General Fund pursuant to Ohio law. The kWh tax reimbursements off-set the general government charged utilities of electric and water, with the net balance receipted to the General Fund.

In all funds, including business-type activities and governmental activities, individual salary and wages, retirement contributions, health and life insurance premiums, and other benefits for the City's employees increased in 2017 from 2016.

The Special Assessment Bond Retirement Fund and the Capital Improvement Fund balances decreased in 2017 from 2016. The Other Governmental Funds increased in 2017 from 2016.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances (known as Cash Basis). The most significant budgeted fund is the General Fund. During the course of fiscal year 2017 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 \$6.39 million, including other financing sources. This was a \$203,109 increase over the original conservative budget estimates of \$6.19 million. The General Fund had an adequate revenue stream and fund balance reserves to cover its expenditures in 2017.

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2017 the City had \$87,839,581 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$36,179,062 was related to governmental activities and \$51,660,519 to the business-type activities. The following table shows fiscal year 2017 and 2016 balances:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Land	\$10,434,759	\$10,838,799	(\$404,040)
Construction in Progress	557,124	1,885,168	(1,328,044)
Improvements	4,882,587	4,882,587	0
Buildings	5,783,614	3,541,953	2,241,661
Machinery and Equipment	5,912,734	5,388,495	524,239
Infrastructure	32,637,019	31,361,330	1,275,689
Less: Accumulated Depreciation	<u>(24,028,775)</u>	<u>(22,752,524)</u>	<u>(1,276,251)</u>
Totals	<u>\$36,179,062</u>	<u>\$35,145,808</u>	<u>\$1,033,254</u>

	Business-Type Activities		Increase (Decrease)
	2017	2016	
Land	\$289,525	\$289,525	\$0
Construction in Progress	11,359,806	1,249,396	10,110,410
Buildings	9,330,578	9,330,578	0
Improvements	53,292,910	52,112,435	1,180,475
Machinery and Equipment	6,541,541	6,133,816	407,725
Less: Accumulated Depreciation	<u>(29,153,841)</u>	<u>(27,545,824)</u>	<u>(1,608,017)</u>
Totals	<u>\$51,660,519</u>	<u>\$41,569,926</u>	<u>\$10,090,593</u>

In the governmental activities, decrease in Land due to sale of property for economic development purposes; a decrease in Construction in Progress due fewer high value projects in 2017 versus 2016; increases in Buildings and Infrastructure due to downtown road rebuilds and other building improvements; and an increase to Machinery and Equipment due to replacement of equipment.

In the business-type activities, increases occurred in most categories as listed. Increases reflect major electric, water, and storm sewer project improvements, including the rebuild of the City's Water Plant. Many of the sewer and storm sewer project improvements are associated with continuing projects to meet the City's Long Term Control Plan with the Ohio and US EPAs. (See NOTE 10 – CAPITAL ASSETS to the Basic Financial Statements for additional explanation and information.)

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

Debt

At December 31, 2017, the City had \$9.6 million in bonds outstanding, \$856,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2017 and 2016:

	2017	2016
Governmental Activities:		
Special Assessment Bonds	\$26,754	\$48,754
General Obligation Bonds	785,000	870,000
OPWC Loans Payable	0	12,349
Compensated Absences	655,012	656,099
Net Pension Liability	8,311,628	7,997,509
Total Governmental Activities	<u>9,778,394</u>	<u>9,584,711</u>
Business-Type Activities:		
General Obligation Bonds	\$695,000	\$865,000
Revenue Bonds	8,035,000	8,575,000
Special Assessment Bonds	26,246	34,246
Long-Term Notes	3,900,000	3,900,000
WPCLF Loans Payable	5,140,810	5,509,329
OWDA Loans Payable	825,367	916,078
OPWC Loans Payable	282,366	311,051
OSWRC Deferred Loan Payable	300,832	300,832
WSRLA Loan	9,247,156	0
Compensated Absences	416,335	408,639
Net Pension Liability	3,721,684	2,733,194
Total Business-Type Activities	<u>32,590,796</u>	<u>23,553,369</u>
Totals	<u><u>\$42,369,190</u></u>	<u><u>\$33,138,080</u></u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to the other applicable political subdivisions within Henry County, Ohio, where Napoleon is located, is limited to ten mills. At December 31, 2017, the City's outstanding debt was below the legal limit. (See NOTE 14 – LONG TERM DEBT to the Basic Financial Statements for additional explanation and information.)

CITY'S GENERAL AND OTHER FUNDS BUDGETS AND OTHER ECONOMIC FACTORS

The City purposefully builds into its budgets conservative revenue estimates with offsetting reductions or limited increases in base operating costs. Budgetary revenue estimates for the General Fund, and other funds, typically projects no growth, or estimated reductions as necessary, in the various revenue sources for each budgeted fund. Original budgeted expenditures for the General Fund, and other funds, are typically *projected to exceed revenues*. Reductions are made to budgeted expenditures, as necessary, to keep the funds in balance as required by State Law. The City utilizes actual or projected fund balance reserves for any negative differences in revenues to expenditures to keep the budget balanced. The original 2017 General Fund budgeted revenues were conservatively projected below the final actual revenues; and the budgeted expenditures were projected above the final actual expenditures. Comparing the General Fund 2017 original estimated revenues to the actual receipts on a cash basis, there was an 0.2% increase in actual receipts compared to estimated revenues. Comparing the General fund 2017 original budgeted expenditures to actual expenditures on a cash basis, there was an 8.0% decrease in actual final expenditures compared to budgeted expenditures. This process of the lower estimate to actual for revenues, and the higher estimate to actual for expenditures assists in keeping year ending fund reserves at sustainable levels, and helps to buffer any potential down turns, or slow growth periods, in local economic conditions.

The final approved 2017 budget, for all funds, added two (2) new permanent positions in the Waste Water Treatment Plant, as compared to 2016. In addition, during the 2017 budget review and approval process, certain department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were reduced or eliminated; and only those items that City management and City Council determined necessary for base service levels were appropriated.

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

City policy is to continue to pursue new potential revenue sources, while reviewing the possibility of increasing existing sources. A close monitoring of current and projected economic conditions is an ongoing process each year to determine if increased revenues, or reductions in expenditures, are necessary in order to maintain fiscal stability. Local economic conditions have stabilized since the 2008 – 2010 recession. Starting in 2010 growth returned, but has been slow and stable through 2016. In 2017, economic conditions are showing better improvement as reflected in income tax receipts, and lower unemployment numbers. This improvement has not reached the economic levels of growth seen prior to 2008. However, growth is considered generally stable and improving, and follows the general economic conditions for the State of Ohio.

City budgets over this period have reflect a number of actions, including a voted increase to income tax rates, to account for changes in economic conditions; and, for changes caused by reductions of shared governmental revenues from the State of Ohio, and other additional unfunded mandates placed on the City by both the State and Federal Governments. Budgetary reviews and adjustments are made quarterly throughout the year, as recommended by Management and approved by City Council. Please see the letter of transmittal for a more in-depth review of the local economy and its impact on the City.

REQUESTS FOR INFORMATION

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

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



CITY OF NAPOLEON, OHIO**Statement of Net Position
December 31, 2017**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 6,511,594	\$ 20,109,466	\$ 26,621,060
Receivables:			
Property Taxes	450,230	0	450,230
Municipal Income Taxes	688,873	0	688,873
Accounts	474,146	4,052,390	4,526,536
Intergovernmental	499,601	0	499,601
Interest	28,365	37,478	65,843
Special Assessments	30,215	187,675	217,890
Internal Balances	28,737	(28,737)	0
Inventory of Supplies at Cost	386,272	1,250,873	1,637,145
Capital Assets:			
Capital Assets Not Being Depreciated	10,991,883	11,649,331	22,641,214
Capital Assets Being Depreciated, Net	25,187,179	40,011,188	65,198,367
Investment in Joint Venture	0	454,799	454,799
Total Assets	45,277,095	77,724,463	123,001,558
Deferred Outflows of Resources:			
Pension	2,338,138	1,446,493	3,784,631
Liabilities:			
Accounts Payable	100,650	2,048,669	2,149,319
Accrued Wages and Benefits	279,450	137,839	417,289
Claims Payable	0	2,866	2,866
Accrued Interest Payable	2,910	101,659	104,569
Long-Term Liabilities:			
Due Within One Year	386,122	5,308,437	5,694,559
Net Pension Liability	8,311,628	3,721,684	12,033,312
Due in More Than One Year	1,080,644	23,560,675	24,641,319
Total Liabilities	10,161,404	34,881,829	45,043,233
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	438,180	0	438,180
Pension	329,227	55,544	384,771
Total Deferred Inflows of Resources	767,407	55,544	822,951

CITY OF NAPOLEON, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	35,367,308	25,425,370	60,792,678
Restricted For:			
Capital Projects	87,304	0	87,304
Debt Service	602,619	0	602,619
Street Construction, Maintenance and Repair	761,015	0	761,015
Fire Equipment	463,099	0	463,099
Court Improvement	238,120	0	238,120
Other Purposes	783,170	0	783,170
Unrestricted (Deficit)	(1,616,213)	18,808,213	17,192,000
Total Net Position	\$ 36,686,422	\$ 44,233,583	\$ 80,920,005

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Activities
For the Year Ended December 31, 2017**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 4,052,817	\$ 1,135,063	\$ 146,779	\$ 209,996
Public Health and Welfare Services	121,144	16,752	0	0
Leisure Time Activities	1,037,985	243,119	0	0
Community Environment	543,782	4,222	27,462	0
Transportation	721,483	6,783	523,607	27,477
General Government	1,118,076	138,934	0	0
Interest and Fiscal Charges	43,997	0	0	0
Total Governmental Activities	7,639,284	1,544,873	697,848	237,473
Business-Type Activities:				
Electric	16,376,184	15,591,655	0	0
Water	3,165,477	3,390,516	0	489,902
Sewer	3,601,304	4,036,930	0	299,201
Sanitation	848,385	892,891	0	50,000
Total Business-Type Activities	23,991,350	23,911,992	0	839,103
Totals	\$ 31,630,634	\$ 25,456,865	\$ 697,848	\$ 1,076,576

General Revenues:

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

Change in Net Position

Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,560,979)	\$ 0	\$ (2,560,979)
(104,392)	0	(104,392)
(794,866)	0	(794,866)
(512,098)	0	(512,098)
(163,616)	0	(163,616)
(979,142)	0	(979,142)
(43,997)	0	(43,997)
<u>(5,159,090)</u>	<u>0</u>	<u>(5,159,090)</u>
0	(784,529)	(784,529)
0	714,941	714,941
0	734,827	734,827
0	94,506	94,506
<u>0</u>	<u>759,745</u>	<u>759,745</u>
<u>(5,159,090)</u>	<u>759,745</u>	<u>(4,399,345)</u>
350,199	0	350,199
4,212,894	0	4,212,894
483,133	0	483,133
340,970	0	340,970
64,846	197,677	262,523
465,868	0	465,868
<u>5,917,910</u>	<u>197,677</u>	<u>6,115,587</u>
758,820	957,422	1,716,242
<u>35,927,602</u>	<u>43,276,161</u>	<u>79,203,763</u>
<u>\$ 36,686,422</u>	<u>\$ 44,233,583</u>	<u>\$ 80,920,005</u>

CITY OF NAPOLEON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2017**

	General	Special Assessment Bond Retirement	Capital Improvement
Assets:			
Cash and Cash Equivalents	\$ 1,544,378	\$ 573,852	\$ 1,830,378
Receivables:			
Property Taxes	310,262	0	0
Municipal Income Taxes	688,873	0	0
Accounts	46,890	0	6,460
Intergovernmental	108,884	0	0
Interest	22,271	1,462	0
Special Assessments	0	30,215	0
Interfund Loans Receivables	0	0	2,800
Inventory of Supplies, at Cost	39,825	0	0
Total Assets	\$ 2,761,383	\$ 605,529	\$ 1,839,638
Liabilities:			
Accounts Payable	\$ 47,065	\$ 0	\$ 12,174
Accrued Wages and Benefits Payable	196,308	0	0
Interfund Loans Payable	0	0	0
Total Liabilities	243,373	0	12,174
Deferred Inflows of Resources:			
Unavailable Amounts	231,282	31,118	0
Property Tax for Next Fiscal Year	302,193	0	0
Total Deferred Inflows of Resources	533,475	31,118	0
Fund Balances:			
Nonspendable	47,322	0	0
Restricted	0	574,411	0
Committed	32,808	0	1,827,464
Assigned	498,796	0	0
Unassigned	1,405,609	0	0
Total Fund Balances	1,984,535	574,411	1,827,464
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,761,383	\$ 605,529	\$ 1,839,638

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,511,589	\$ 6,460,197
139,968	450,230
0	688,873
416,577	469,927
390,717	499,601
4,632	28,365
0	30,215
0	2,800
<u>330,192</u>	<u>370,017</u>
<u>\$ 3,793,675</u>	<u>\$ 9,000,225</u>
\$ 33,820	\$ 93,059
74,085	270,393
2,800	2,800
<u>110,705</u>	<u>366,252</u>
518,970	781,370
135,987	438,180
<u>654,957</u>	<u>1,219,550</u>
330,192	377,514
2,006,238	2,580,649
695,291	2,555,563
36,757	535,553
(40,465)	1,365,144
<u>3,028,013</u>	<u>7,414,423</u>
<u>\$ 3,793,675</u>	<u>\$ 9,000,225</u>

CITY OF NAPOLEON, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2017***

Total Governmental Fund Balances		\$	7,414,423
<i>Amounts reported for governmental activities in the statement of net position are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			36,179,062
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Municipal Income Taxes	132,018		
Property Taxes	11,700		
Charges for Services	309,221		
Interest Revenues	17,522		
Special Assessments	30,215		
Intergovernmental	<u>280,694</u>		781,370
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred Outflows - Pension	2,268,721		
Deferred Inflows - Pension	(326,560)		
Net Pension Liability	<u>(8,133,024)</u>		(6,190,863)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.			(2,910)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			(44,351)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Special Assessment Bond Payable	(26,754)		
General Obligation Bonds Payable	(785,000)		
Compensated Absences Payable	<u>(638,555)</u>		<u>(1,450,309)</u>
<i>Net Position of Governmental Activities</i>		\$	<u>36,686,422</u>
See accompanying notes to the basic financial statements			



CITY OF NAPOLEON, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017**

	General	Special Assessment Bond Retirement	Capital Improvement
Revenues:			
Property Taxes	\$ 246,793	\$ 0	\$ 0
Municipal Income Tax	4,204,744	0	0
Other Local Taxes (kWh Tax)	483,133	0	0
Intergovernmental Revenues	236,401	0	0
Charges for Services	275,624	0	0
Licenses and Permits	70,563	0	0
Investment Earnings	36,002	559	0
Special Assessments	0	11,526	0
Fines and Forfeitures	172,436	0	0
All Other Revenue	241,891	0	6,306
Total Revenue	5,967,587	12,085	6,306
Expenditures:			
Current:			
Security of Persons and Property	2,799,483	0	0
Public Health and Welfare Services	104,137	0	0
Leisure Time Activities	0	0	0
Community Environment	131,812	0	0
Transportation	0	0	0
General Government	658,581	824	0
Capital Outlay	0	0	1,472,926
Debt Service:			
Principal Retirement	0	34,349	0
Interest and Fiscal Charges	0	2,555	0
Total Expenditures	3,694,013	37,728	1,472,926
Excess (Deficiency) of Revenues Over Expenditures	2,273,574	(25,643)	(1,466,620)
Other Financing Sources (Uses):			
Sale of Capital Assets	50,395	0	0
Transfers In	42,914	12,360	1,488,699
Transfers Out	(2,332,000)	0	(127,570)
Total Other Financing Sources (Uses)	(2,238,691)	12,360	1,361,129
Net Change in Fund Balances	34,883	(13,283)	(105,491)
Fund Balances at Beginning of Year	1,946,768	587,694	1,932,955
Increase in Inventory Reserve	2,884	0	0
Fund Balances End of Year	\$ 1,984,535	\$ 574,411	\$ 1,827,464

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 111,068	\$ 357,861
0	4,204,744
0	483,133
986,600	1,223,001
721,379	997,003
0	70,563
25,305	61,866
0	11,526
159,869	332,305
181,330	429,527
<u>2,185,551</u>	<u>8,171,529</u>
865,309	3,664,792
0	104,137
858,514	858,514
5,410	137,222
507,430	507,430
136,329	795,734
210,192	1,683,118
85,000	119,349
41,901	44,456
<u>2,710,085</u>	<u>7,914,752</u>
(524,534)	256,777
0	50,395
898,421	2,442,394
(168,774)	(2,628,344)
<u>729,647</u>	<u>(135,555)</u>
205,113	121,222
2,745,444	7,212,861
77,456	80,340
<u>\$ 3,028,013</u>	<u>\$ 7,414,423</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, 2017***

Net Change in Fund Balances - Total Governmental Funds \$ 121,222

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

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

Capital Outlay	2,559,276	
Depreciation	<u>(1,301,238)</u>	1,258,038

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. (437,440)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 212,656

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

Municipal Income Taxes	8,150	
Property Taxes	(7,662)	
Charges for Services	(93,811)	
Special Assessments	28,054	
Interest	2,980	
Intergovernmental	<u>25,813</u>	(36,476)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 626,592

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,183,455)

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

Special Assessment Bonds Principal	22,000	
General Obligation Bonds Principal	85,000	
OPWC Loan Principal	<u>12,349</u>	119,349

(Continued)

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

Accrued Interest Payable		459
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in Supplies Inventory	80,340	
Decrease in Compensated Absences Payable	<u>3,244</u>	<u>83,584</u>

The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.

	<u>(5,709)</u>
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Change in Net Position of Governmental Activities

\$	<u><u>758,820</u></u>
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See accompanying notes to the basic financial statements



CITY OF NAPOLEON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 249,900	\$ 246,793	\$ 246,793	\$ 0
Municipal Income Tax	4,268,870	4,432,873	4,432,873	0
Other Local Taxes	519,000	483,133	483,133	0
Intergovernmental Revenue	221,940	237,733	237,733	0
Charges for Services	291,650	277,024	277,024	0
Licenses and Permits	64,200	70,563	70,563	0
Investment Earnings	79,090	127,261	127,261	0
Special Assessments	0	0	0	0
Fines and Forfeitures	185,300	178,859	178,859	0
All Other Revenues	271,650	248,618	248,618	0
Total Revenues	6,151,600	6,302,857	6,302,857	0
Expenditures:				
Current:				
Security of Persons and Property	3,087,099	2,887,064	2,841,029	46,035
Public Health and Welfare Services	130,649	103,381	103,011	370
Community Environment	204,350	135,810	135,294	516
General Government	1,271,908	901,977	868,318	33,659
Total Expenditures	4,694,006	4,028,232	3,947,652	80,580
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,457,594	2,274,625	2,355,205	80,580
Other Financing Sources (Uses):				
Sale of Capital Assets	0	50,395	50,395	0
Transfers In	41,457	42,914	42,914	0
Transfers Out	(2,130,200)	(2,332,000)	(2,332,000)	0
Total Other Financing Sources (Uses):	(2,088,743)	(2,238,691)	(2,238,691)	0
Net Change In Fund Balance	(631,149)	35,934	116,514	80,580
Fund Balance at Beginning of Year	1,414,954	1,414,954	1,414,954	0
Prior Year Encumbrances	141,820	141,820	141,820	0
Fund Balance at End of Year	\$ 925,625	\$ 1,592,708	\$ 1,673,288	\$ 80,580

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 9,013,594	\$ 5,026,960	\$ 4,639,807
Receivables:			
Accounts	2,753,455	483,561	663,441
Interest	11,702	12,127	10,113
Special Assessments	0	20,059	167,616
Inventory of Supplies at Cost	942,982	243,625	64,266
<i>Total Current Assets</i>	<u>12,721,733</u>	<u>5,786,332</u>	<u>5,545,243</u>
<i>Non Current Assets:</i>			
Capital Assets, Net	10,383,286	20,900,557	19,986,309
Investment in Joint Venture	454,799	0	0
<i>Total Non Current Assets</i>	<u>10,838,085</u>	<u>20,900,557</u>	<u>19,986,309</u>
Total Assets	<u>23,559,818</u>	<u>26,686,889</u>	<u>25,531,552</u>
Deferred Outflows of Resources:			
Pension	<u>603,973</u>	<u>410,788</u>	<u>323,061</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	1,130,476	838,959	65,651
Accrued Wages and Benefits	56,841	36,407	33,638
Claims Payable	2,866	0	0
Compensated Absences Payable - Current	76,387	39,072	41,003
Accrued Interest Payable	0	78,986	22,673
General Obligation Bonds - Current	0	175,000	0
Special Assessment Bonds - Current	0	0	8,800
Revenue Bonds - Current	0	194,250	370,750
Ohio Public Works Commission Loan - Current	0	0	28,685
Ohio Water Development Authority Loans - Current	0	16,566	78,263
Water Pollution Control Loans - Current	0	0	372,214
<i>Total Current Liabilities</i>	<u>1,266,570</u>	<u>1,379,240</u>	<u>1,021,677</u>

CITY OF NAPOLEON, OHIO

Sanitation	Total	Internal Service Fund
\$ 1,429,105	\$ 20,109,466	\$ 51,397
151,933	4,052,390	4,219
3,536	37,478	0
0	187,675	0
0	1,250,873	16,255
1,584,574	25,637,882	71,871
390,367	51,660,519	0
0	454,799	0
390,367	52,115,318	0
1,974,941	77,753,200	71,871
108,671	1,446,493	69,417
13,583	2,048,669	7,591
10,953	137,839	9,057
0	2,866	0
7,447	163,909	7,424
0	101,659	0
0	175,000	0
0	8,800	0
0	565,000	0
0	28,685	0
0	94,829	0
0	372,214	0
31,983	3,699,470	24,072

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Long Term Liabilities:			
Compensated Absences Payable	121,293	60,441	54,484
Net Pension Liability	1,553,962	1,056,917	831,202
General Obligation Notes Payable	0	3,900,000	0
General Obligation Bonds Payable	0	520,000	0
Special Assessment Bonds Payable	0	0	17,446
Revenue Bonds Payable	0	2,979,900	4,490,100
OWDA Loans Payable	0	127,619	602,919
OPWC Loans Payable	0	0	253,681
Ohio Sewer & Water Rotary Commission Deferred Loan Payable	0	68,061	232,771
Water Pollution Control Loans Payable	0	0	4,768,596
WSLRA Loans Payable	0	9,247,156	0
<i>Total Long-Term Liabilities</i>	<u>1,675,255</u>	<u>17,960,094</u>	<u>11,251,199</u>
Total Liabilities	<u>2,941,825</u>	<u>19,339,334</u>	<u>12,272,876</u>
Deferred Inflows of Resources:			
Pension	<u>23,192</u>	<u>15,774</u>	<u>12,406</u>
Net Position:			
Net Investment in Capital Assets	10,383,286	4,105,053	10,546,664
Unrestricted	<u>10,815,488</u>	<u>3,637,516</u>	<u>3,022,667</u>
Total Net Position	<u>\$ 21,198,774</u>	<u>\$ 7,742,569</u>	<u>\$ 13,569,331</u>

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

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Sanitation	Total	Internal Service Fund
16,208	252,426	9,033
279,603	3,721,684	178,604
0	3,900,000	0
0	520,000	0
0	17,446	0
0	7,470,000	0
0	730,538	0
0	253,681	0
0	300,832	0
0	4,768,596	0
0	9,247,156	0
<u>295,811</u>	<u>31,182,359</u>	<u>187,637</u>
<u>327,794</u>	<u>34,881,829</u>	<u>211,709</u>
 <u>4,172</u>	 <u>55,544</u>	 <u>2,667</u>
 390,367	 25,425,370	 0
<u>1,361,279</u>	<u>18,836,950</u>	<u>(73,088)</u>
<u>\$ 1,751,646</u>	<u>\$ 44,262,320</u>	<u>\$ (73,088)</u>
	 <u>(28,737)</u>	
	<u>\$ 44,233,583</u>	

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 15,351,938	\$ 3,294,833	\$ 4,000,557
Other Charges for Services	147,605	95,683	36,373
Total Operating Revenues	15,499,543	3,390,516	4,036,930
Operating Expenses:			
Personal Services	1,535,715	1,075,870	866,429
Contractual Services	1,151,374	738,549	1,428,680
Purchased Power	12,779,355	0	0
Materials and Supplies	257,853	438,110	130,156
Utilities	57,826	183,571	171,293
Depreciation	477,917	477,060	674,368
Total Operating Expenses	16,260,040	2,913,160	3,270,926
Operating Income (Loss)	(760,497)	477,356	766,004
Nonoperating Revenue (Expenses):			
Investment Earnings	61,829	51,305	65,252
Interest Expense	0	(252,730)	(333,387)
Other Local Taxes (kWh Tax)	110,740	0	0
Loss on Investment in Joint Venture	(18,628)	0	0
Other Nonoperating Expense (kWh Paid to State)	(109,539)	0	0
Total Nonoperating Revenues (Expenses)	44,402	(201,425)	(268,135)
Income (Loss) Before Transfers and Contributions	(716,095)	275,931	497,869
Transfers In	0	0	0
Capital Contributions	0	489,902	299,201
Change in Net Position	(716,095)	765,833	797,070
Net Position Beginning of Year	21,914,869	6,976,736	12,772,261
Net Position End of Year	\$ 21,198,774	\$ 7,742,569	\$ 13,569,331

Change in Net Position - Total Enterprise Funds

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

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Sanitation	Total	Internal Service Fund
\$ 854,892	\$ 23,502,220	\$ 108,047
37,999	317,660	1,904
892,891	23,819,880	109,951
311,766	3,789,780	189,727
397,295	3,715,898	565
0	12,779,355	0
60,236	886,355	112,191
2,475	415,165	1,372
77,551	1,706,896	0
849,323	23,293,449	303,855
43,568	526,431	(193,904)
19,291	197,677	0
0	(586,117)	0
0	110,740	0
0	(18,628)	0
0	(109,539)	0
19,291	(405,867)	0
62,859	120,564	(193,904)
0	0	185,950
50,000	839,103	0
112,859	959,667	(7,954)
1,638,787	43,302,653	(65,134)
\$ 1,751,646	\$ 44,262,320	\$ (73,088)
	959,667	
	(2,245)	
	\$ 957,422	

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$15,411,452	\$3,387,887	\$4,047,398
Cash Payments for Goods and Services	(14,197,636)	(1,310,974)	(1,715,831)
Cash Payments to Employees	(1,307,545)	(909,461)	(695,808)
Net Cash Provided (Used) by Operating Activities	(93,729)	1,167,452	1,635,759
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	0
Receipts of Other Local Taxes	110,740	0	0
kWh Tax Paid to State	(109,539)	0	0
Net Cash Provided by Noncapital Financing Activities	1,201	0	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(465,131)	(9,873,277)	(1,045,763)
Capital Contributions	0	327,410	335,623
General Obligation Notes Issued	0	3,900,000	0
WSLRA Loans Issued	0	9,247,156	0
Principal Paid on General Obligation Notes	0	(3,900,000)	0
Principal Paid on Special Assessment Bond	0	0	(8,000)
Principal Paid on General Obligation Bonds	0	(170,000)	0
Principal Paid on Mortgage Revenue Bonds	0	(179,250)	(360,750)
Principal Paid on Ohio Public Works Commission Loan	0	0	(28,685)
Principal Paid on Ohio Water Development Authority Loans	0	(15,846)	(74,865)
Principal Paid on Water Pollution Control Loan Fund Loan	0	0	(368,519)
Interest Paid on All Debt	0	(211,884)	(334,504)
Net Cash Provided (Used) for Capital and Related Financing Activities	(465,131)	(875,691)	(1,885,463)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	60,177	48,654	64,370
Net Cash Provided by Investing Activities	60,177	48,654	64,370
Net Increase (Decrease) in Cash and Cash Equivalents	(497,482)	340,415	(185,334)
Cash and Cash Equivalents at Beginning of Year	9,511,076	4,686,545	4,825,141
Cash and Cash Equivalents at End of Year	\$9,013,594	\$5,026,960	\$4,639,807

CITY OF NAPOLEON, OHIO

Sanitation	Totals	Governmental Activities Internal Service Funds
\$892,839	\$23,739,576	\$107,061
(455,271)	(17,679,712)	(119,280)
(257,838)	(3,170,652)	(164,409)
179,730	2,889,212	(176,628)
0	0	185,950
0	110,740	0
0	(109,539)	0
0	1,201	185,950
0	(11,384,171)	0
50,000	713,033	0
0	3,900,000	0
0	9,247,156	0
0	(3,900,000)	0
0	(8,000)	0
0	(170,000)	0
0	(540,000)	0
0	(28,685)	0
0	(90,711)	0
0	(368,519)	0
0	(546,388)	0
50,000	(3,176,285)	0
18,292	191,493	0
18,292	191,493	0
248,022	(94,379)	9,322
1,181,083	20,203,845	42,075
\$1,429,105	\$20,109,466	\$51,397

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017**

	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)	(\$760,497)	\$477,356	\$766,004
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	477,917	477,060	674,368
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(88,091)	(2,629)	10,468
Increase in Deferred Outflows of Resources	(147,309)	(123,411)	(98,347)
Decrease (Increase) in Inventory	(14,221)	42,674	11,513
Increase in Accounts Payable	62,993	6,582	2,785
Increase in Accrued			
Wages and Benefits	7,926	3,346	9,994
Increase in Net Pension Liability	356,617	303,431	242,015
Increase (Decrease) in Deferred Inflows of Resources	57	1,215	1,022
Increase (Decrease) in			
Compensated Absences	10,879	(18,172)	15,937
Total Adjustments	666,768	690,096	869,755
Net Cash Provided (Used) by Operating Activities	(\$93,729)	\$1,167,452	\$1,635,759

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2017, the Electric Fund, Water Fund, and Sewer Fund had outstanding liabilities of \$14,869, \$792,645 and \$36,586, respectively, for the purchase of certain capital assets. The Water Fund received capital contributions from various other sources in the amount of \$162,492.

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

<u>Sanitation</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$43,568	\$526,431	(\$193,904)
77,551	1,706,896	0
(52)	(80,304)	(2,890)
(34,995)	(404,062)	(14,485)
0	39,966	(9,883)
4,735	77,095	4,731
3,004	24,270	3,186
86,427	988,490	34,576
440	2,734	(116)
(948)	7,696	2,157
<u>136,162</u>	<u>2,362,781</u>	<u>17,276</u>
<u>\$179,730</u>	<u>\$2,889,212</u>	<u>(\$176,628)</u>

CITY OF NAPOLEON, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2017***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 40,756
Total Assets	<u>40,756</u>
Liabilities:	
Due to Others	<u>40,756</u>
Total Liabilities	<u>\$ 40,756</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Napoleon, Ohio (the City) is a home rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter, which provides for a Council/Manager form of government. The Charter was adopted November 7, 1950 and became effective January 1, 1952. The Charter was amended by vote on November 7, 2000, and became effective January 1, 2001; and the current Charter was amended by vote on November 8, 2016 and will become effective January 1, 2018.

The financial statements are presented as of December 31, 2017 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 "*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

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

1. Joint Ventures with Equity Interest

Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) - The City is a participant with thirty-six subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Omega JV-2 was created for that purpose. The Omega JV-2 is managed by AMP which acts as the joint venture's agent. See Note 16 "Joint Ventures."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Ventures with Equity Interest (Continued)

Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) - The City is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Omega JV-5 was created for that purpose. See Note 16 "Joint Ventures."

Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) - The City is a participant with ten subdivisions within the State of Ohio in a distributive generation project using wind turbine technology. The Omega JV-6 was created for that purpose. See Note 16 "Joint Ventures."

Prairie State Energy Campus (the "PSEC Ownership Interest") - The City is a participant with sixty-eight subdivisions within the State of Ohio in a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC was created for that purpose. See Note 16 "Joint Ventures."

AMP Fremont Energy Center (AFEC) - The City is a participant in a non-binding memorandum of understanding (MOU) with FirstEnergy Corp. regarding the Fremont Energy Center ("AFEC"). AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the City of Fremont, Ohio. See Note 16 "Joint Ventures."

Combined Hydroelectric Projects - The City is a participant with seventy-nine subdivisions within the State of Ohio in a distributive generation project using three hydroelectric projects. The Combined Hydroelectric Projects was created for that purpose. See Note 16 "Joint Ventures."

Meldahl Hydroelectric Project (the "Meldahl Project") - The City is a participant with forty-seven subdivisions within the State of Ohio in a distributive generation project using a three unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers and of related equipment and associated transmission facilities. See Note 16 "Joint Ventures."

Napoleon Solar - The City is a participant with three subdivisions within the State of Ohio in a 3.54 MW solar energy generation field on a brownfield area, including on top of an old land fill, in Napoleon, Ohio. The AMP, Inc. Solar Project 1 was created for that purpose. See Note 16 "Joint Ventures."

Greenup Hydroelectric Project - The City is a participant within the State in the Greenup Hydroelectric Facility. See Note 16 "Joint Ventures."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

2. Joint Ventures without Equity Interest

Community Improvement Corporation - The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. See Note 16 "Joint Ventures."

3. Jointly Governed Organization:

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

B. Basis of Presentation - Fund Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2017, but which are not intended to finance 2017 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 6 “Taxes”.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and explained in Note 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, interest, charges for services and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11)

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process

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

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

1. Tax Budget

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2017.

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 2017, 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, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

4. Encumbrances

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

5. Lapsing of Appropriations

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

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

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

	<u>Net Change In Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$34,883
Increase (Decrease):	
Accrued Revenues at December 31, 2017 received during 2018	(643,705)
Accrued Revenues at December 31, 2016 received during 2017	699,541
Accrued Expenditures at December 31, 2017 paid during 2018	243,373
Accrued Expenditures at December 31, 2016 paid during 2017	(279,128)
2016 Adjustment to Fair Value	(67,360)
2017 Adjustment to Fair Value	159,198
Outstanding Encumbrances	(30,288)
Budget Basis	<u>\$116,514</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, repurchase agreements, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 5, "Cash, Cash Equivalents and Investments."

Interest revenue credited to the General Fund during fiscal year 2017 amounted to \$36,002, which includes \$33,629 assigned from other City funds.

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72, "Fair Value Measurement and Application," the City records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 5, "Cash, Cash Equivalents and Investments."

The City's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

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

J. Capital Assets and Depreciation

Contributed capital assets are recorded at acquisition value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

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

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*", has been reported.

2. Property, Plant and Equipment – Business Type Activities

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

3. Depreciation

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

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

K. Long-Term Debt

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

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund Water Fund
Mortgage Revenue Bonds	Sewer Fund, Water Fund
Special Assessment Bonds with Governmental Commitment	Special Assessment Bond Retirement Fund Sewer Fund
Long-Term Note	Water 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
Pension Liability	General Fund Electric Fund Water Fund Sewer Fund Sanitation Fund Central Garage Rotary 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, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

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

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

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

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

M. Net Position

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances

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

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

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

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

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

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

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

O. Pensions

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Activity

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

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

Q. Estimates

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

R. Operating Revenues and Expenses

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2017.

T. Fair Value

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2017, the City has implemented GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, GASB Statement No. 80 “Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14”, GASB Statement No. 81, “Irrevocable Split-Interest Agreements”, and GASB Statement No. 82, “Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73.”

GASB Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The implementation of GASB Statement No. 74 did not have an effect on the financial statements of the City.

GASB Statement No. 80 improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the City.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2017 of \$95 in the Probation Improvement Fund, \$25,463 in the Police Pension Fund and \$14,907 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 and the posting of an interfund loan payable. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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	\$39,825	\$0	\$0	\$330,192	\$370,017
Unclaimed Monies	7,497	0	0	0	7,497
Total Nonspendable	47,322	0	0	330,192	377,514
Restricted:					
Special Assessment Debt Service Payments	0	574,411	0	0	574,411
Street Construction and Maintenance	0	0	0	271,130	271,130
State Highway Improvements	0	0	0	13,218	13,218
Motor Vehicle License Tax	0	0	0	361,388	361,388
Cemetery	0	0	0	70,316	70,316
Hotel/Motel	0	0	0	20,156	20,156
Fire Equipment	0	0	0	462,372	462,372
CDBG Grant	0	0	0	48,871	48,871
Indigent Drivers Alcohol Treatment	0	0	0	73,215	73,215
Law Enforcement and Education	0	0	0	4,903	4,903
Law Enforcement	0	0	0	1,119	1,119
Court Computerization	0	0	0	111,922	111,922
Mandatory Drug Fine	0	0	0	17,793	17,793
Municipal Probation Service	0	0	0	118,958	118,958
Probation Officer Grant	0	0	0	14,316	14,316
Court Improvement	0	0	0	238,120	238,120
Handicap Parking	0	0	0	1,100	1,100
Certified Police Training	0	0	0	19,004	19,004
Indigent Drivers Interlock/Alcohol	0	0	0	49,174	49,174
Justice Reinvestment Grant	0	0	0	21,859	21,859
Fire Facility Training Grant	0	0	0	87,304	87,304
Total Restricted	0	574,411	0	2,006,238	2,580,649
Committed:					
Special Events	458	0	0	0	458
Economic Development	29,256	0	0	0	29,256
Employee Benefits	3,094	0	0	0	3,094
EMS Transport Service	0	0	0	141,172	141,172
Recreation	0	0	0	381,682	381,682
Capital Improvement	0	0	1,827,464	0	1,827,464
CIP	0	0	0	172,437	172,437
Total Committed	32,808	0	1,827,464	695,291	2,555,563
Assigned:					
Encumbrances for Purchase Orders	24,596	0	0	0	24,596
Budget Resource	474,200	0	0	0	474,200
Debt Service	0	0	0	36,757	36,757
Total Assigned	498,796	0	0	36,757	535,553
Unassigned					
	1,405,609	0	0	(40,465)	1,365,144
Total Fund Balances	\$1,984,535	\$574,411	\$1,827,464	\$3,028,013	\$7,414,423

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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

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

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was \$8,616,251, including \$2,500 of cash on hand, and the bank balance was \$9,112,767. Federal depository insurance covered \$4,056,017 of the bank balance and \$5,056,750 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

B. Investments

The City's investments at December 31, 2017 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years)		
				less than 1	1-3	3-5
FFCB	\$496,450	AAA ¹ / Aaa ²	Level 2	\$0	\$0	\$496,450
FHLB	980,592	AAA ¹ / Aaa ²	Level 2	0	0	980,592
FHLMC	4,774,294	AAA ¹ / Aaa ²	Level 2	249,883	3,876,054	648,357
FNMA	6,164,274	AAA ¹ / Aaa ²	Level 2	0	3,196,575	2,967,699
STAR Ohio	4,681	AAAm ¹	N/A	4,681	0	0
Negotiable CD's	5,625,274	N/A	Level 1	1,238,313	2,662,787	1,724,174
Total Investments	<u>\$18,045,565</u>			<u>\$1,492,877</u>	<u>\$9,735,416</u>	<u>\$6,817,272</u>

¹ Standard & Poor's

² Moody's Investor Service

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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

B. Investments (Continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments FFCB, FHLB, FHLMC and FNMA in the amounts of \$496,450, \$980,592, \$4,774,294, and \$6,164,274 respectively are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent in the City’s name. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee. At year end, the City’s investment in negotiable certificates of deposit of \$5,625,274 was fully insured by FDIC.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. The City has invested 3% in FFCB, 5% in FHLB, 26% in FHLMC, 34% in FNMA, 31% in negotiable certificates of deposit and less than 1% in STAR Ohio.

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2017 were levied after October 1, 2016 on assessed values as of January 1, 2016, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2014 and the equalization adjustment was completed in 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

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

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

The full tax rate for the City's operations for the year ended December 31, 2017 was \$2.90 per \$1,000 of assessed value. The assessed value upon which the 2017 receipts were based was \$140,501,870. This amount constitutes \$139,424,950 in real property assessed value and \$1,076,920 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, 2017***

NOTE 7 – TAX ABATEMENT DISCLOSURES

As of December 31, 2017, the City of Napoleon provides tax incentives under a Community Reinvestment Area Program (CRA).

Real Estate Tax Abatements

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

Income Tax Abatement Programs

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

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2017.

<u>Tax Abatement</u>	<u>Total Amount of Taxes Abated (Incentives Abated For the Year 2016 In Actual Dollars)</u>
<i>Napoleon 1, LLC (2010 - 2022) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	\$0
<i>Koester Land Acquisitions, LLC (2011 - 2023) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	25,173
<i>MWA Enterprises, Ltd. (2013 - 2025) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	0
<i>Defiance Stamping Company (2015 - 2024) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	23,625
Total	<u>\$48,798</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 8 - RECEIVABLES

Receivables at December 31, 2017 consisted of taxes, interest, accounts receivable, special assessments and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes and the stable condition of State programs.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2017:

Transfers In:	Transfers Out:			Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
General Fund	\$0	\$0	\$42,914	\$42,914
Special Assessment Bond Retirement Fund	0	0	12,360	12,360
Capital Improvement Fund	1,488,699	0	0	1,488,699
Nonmajor Governmental Funds	657,351	127,570	113,500	898,421
Internal Service Fund	185,950	0	0	185,950
Total	<u>\$2,332,000</u>	<u>\$127,570</u>	<u>\$168,774</u>	<u>\$2,628,344</u>

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2017:

Historical Cost:

Class	December 31, 2016	Transfers	Additions	Deletions	December 31, 2017
<i>Capital assets not being depreciated:</i>					
Land	\$10,838,799	\$0	\$0	(\$404,040)	\$10,434,759
Construction in Progress	1,885,168	0	329,046	(1,657,090)	557,124
Subtotal	12,723,967	0	329,046	(2,061,130)	10,991,883
<i>Capital assets being depreciated:</i>					
Improvements	4,882,587	0	0	0	4,882,587
Buildings	3,541,953	0	2,241,661	0	5,783,614
Machinery and Equipment	5,388,495	(5,490)	582,626	(52,897)	5,912,734
Infrastructure	31,361,330	0	1,275,689	0	32,637,019
Subtotal	45,174,365	(5,490)	4,099,976	(52,897)	49,215,954
Total Cost	\$57,898,332	(\$5,490)	\$4,429,022	(\$2,114,027)	\$60,207,837

Accumulated Depreciation:

Class	December 31, 2016	Transfers	Additions	Deletions	December 31, 2017
Improvements	(\$671,209)	\$0	(\$206,432)	\$0	(\$877,641)
Buildings	(2,503,667)	0	(64,516)	0	(2,568,183)
Machinery and Equipment	(3,309,559)	(27,910)	(226,517)	52,897	(3,511,089)
Infrastructure	(16,268,089)	0	(803,773)	0	(17,071,862)
Total Depreciation	(\$22,752,524)	(\$27,910)	(\$1,301,238) *	\$52,897	(\$24,028,775)
<i>Net Value:</i>	\$35,145,808				\$36,179,062

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$126,979
Public Health and Welfare Services	3,108
Leisure Time Activities	65,832
Transportation	1,036,163
General Government	69,156
Total Depreciation Expense	\$1,301,238

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 10 - CAPITAL ASSETS (continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2017:

Historical Cost:

Class	December 31, 2016	Transfers	Additions	Deletions	December 31, 2017
<i>Capital assets not being depreciated:</i>					
Land	\$289,525	\$0	\$0	\$0	\$289,525
Construction in Progress	1,249,396	0	10,421,620	(311,210)	11,359,806
Subtotal	1,538,921	0	10,421,620	(311,210)	11,649,331
<i>Capital assets being depreciated:</i>					
Buildings	9,330,578	0	0	0	9,330,578
Improvements	52,112,435	0	1,180,475	0	53,292,910
Machinery and Equipment	6,133,816	5,490	473,204	(70,969)	6,541,541
Subtotal	67,576,829	5,490	1,653,679	(70,969)	69,165,029
Total Cost	\$69,115,750	\$5,490	\$12,075,299	(\$382,179)	\$80,814,360

Accumulated Depreciation:

Class	December 31, 2016	Transfers	Additions	Deletions	December 31, 2017
Buildings	(\$5,669,398)	\$0	(\$292,174)	\$0	(\$5,961,572)
Improvements	(17,248,298)	0	(1,244,846)	0	(18,493,144)
Machinery and Equipment	(4,628,128)	27,910	(169,876)	70,969	(4,699,125)
Total Depreciation	(\$27,545,824)	\$27,910	(\$1,706,896)	\$70,969	(\$29,153,841)
<i>Net Value:</i>	\$41,569,926				\$51,660,519

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

	<u>State and Local</u>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$631,563 for 2017. Of this amount, \$76,778 is reported as an accrued wages and benefits.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2017 through December 31, 2017	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2017 through December 31, 2017	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$306,177 for 2017. Of this amount, \$40,720 is reported as an accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,916,741	\$4,116,571	\$12,033,312
Proportion of the Net Pension Liability-2017	0.034863%	0.064993%	
Proportion of the Net Pension Liability-2016	0.035699%	0.070684%	
Percentage Change	<u>(0.000836%)</u>	<u>(0.005691%)</u>	
Pension Expense	\$1,647,843	\$456,899	\$2,104,742

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,178,986	\$400,318	\$1,579,304
Changes in assumptions	1,255,692	0	1,255,692
Differences between expected and actual experience	10,731	1,164	11,895
City contributions subsequent to the measurement date	631,563	306,177	937,740
Total Deferred Outflows of Resources	<u>\$3,076,972</u>	<u>\$707,659</u>	<u>\$3,784,631</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$47,117	\$9,477	\$56,594
Change in proportionate share	71,037	257,140	328,177
Total Deferred Inflows of Resources	<u>\$118,154</u>	<u>\$266,617</u>	<u>\$384,771</u>

\$937,740 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2018	\$955,190	\$101,495	\$1,056,685
2019	990,435	101,495	1,091,930
2020	416,188	65,217	481,405
2021	(34,558)	(77,702)	(112,260)
2022	0	(50,621)	(50,621)
2023	0	(5,019)	(5,019)
Total	<u>\$2,327,255</u>	<u>\$134,865</u>	<u>\$2,462,120</u>

Actuarial Assumptions - OPERS

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

In 2016, the Board’s actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$12,094,589	\$7,916,741	\$4,435,241

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2016 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

* levered 2x

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

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

Changes Between Measurement Date and Report Date In October 2017, the OPF Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8.0 percent. Although the exact amount of these changes is not known, the impact to the City’s net pension liability is expected to be significant.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$5,482,785	\$4,116,571	\$2,958,687

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.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS may be 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 2017, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2017, 2016, and 2015 were \$45,112, \$90,135 and \$91,774, respectively, which were equal to the required contributions for each year.

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

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

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

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

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at www.op-f.org.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ended December 31, 2017, 2016, and 2015 were \$4,715, \$4,748 and \$4,772 for police and \$2,548, \$2,451 and \$2,594 for firefighters, respectively, which were equal to the required contributions for each year.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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, 2017, the City's accumulated, unpaid compensated absences amounted to \$1,071,347, of which \$655,012 is recorded as a liability of the Governmental Activities and \$416,335 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, 2017**

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2017 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2016	Additions	(Reductions)	Balance December 31, 2017	Amount Due Within One Year
Business-Type Activities:								
General Obligation Notes:								
2016	1.25%	Water Plant Renovation and Improvements	2017	\$2,500,000	\$0	(\$2,500,000)	\$0	\$0
2016	1.50%	Water Plant Renovation and Improvements	2017	1,400,000	0	(1,400,000)	0	0
2017	2.00%	Water Plant Renovation and Improvements	2018	0	3,900,000	0	3,900,000	3,900,000
Total General Obligation Notes				3,900,000	3,900,000	(3,900,000)	3,900,000	3,900,000
General Obligation Bonds:								
2005	3.00% - 5.00%	Waterworks System Improvements (Refunding)	2019	360,000	0	(115,000)	245,000	120,000
2004	2.50% - 5.12%	Capital Facilities Improvement	2024	505,000	0	(55,000)	450,000	55,000
Total General Obligation Bonds				865,000	0	(170,000)	695,000	175,000
Revenue Bonds:								
2008	3.50% - 4.50%	Water - Water System Improvements	2028	2,425,000	0	(160,000)	2,265,000	170,000
2010	4.60%	Water - Woodlawn Avenue Reconstruction	2040	271,800	0	(5,400)	266,400	7,200
2010	4.60%	Water - West Washington Avenue Reconstruction	2040	483,200	0	(9,600)	473,600	12,800
2010	4.60%	Sewer - Sewer System Improvement (Refunding 1998)	2040	1,107,700	0	(153,700)	954,000	156,350
2010	4.60%	Sewer - Woodlawn Avenue Reconstruction	2040	982,300	0	(136,300)	846,000	138,650
2010	7.50%	Sewer - West Washington Avenue Reconstruction	2040	2,285,000	0	(50,000)	2,235,000	55,000
2012	4.00%	Water - Clairmont Avenue Project	2042	173,400	0	(4,250)	169,150	4,250
2012	4.00%	Sewer - Haley I & I Reduction Project	2042	846,600	0	(20,750)	825,850	20,750
Total Revenue Bonds				8,575,000	0	(540,000)	8,035,000	565,000
Special Assessment Bond:								
(with Governmental Commitment)								
2000	5.09% - 5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	34,246	0	(8,000)	26,246	8,800
Ohio Sewer and Water Rotary Commission Deferred Loans:								
1998		OSWRC - Palmer Ditch Project		48,060	0	0	48,060	0
2005		OSWRC - North Pointe Water and Sewer Project		252,772	0	0	252,772	0
Total OSWRC Loans				300,832	0	0	300,832	0
Ohio Public Works Commission Loans (OPWC):								
2000		Railroad Street Sewer Separation	2020	11,051	0	(3,685)	7,366	3,685
2008		Woodlawn Avenue Improvements	2029	300,000	0	(25,000)	275,000	25,000
Total Ohio Public Works Commission Loans				311,051	0	(28,685)	282,366	28,685
Ohio Water Development Authority Loans (OWDA):								
2005	4.490%	OWDA - Water - NP Waterline Improvements	2025	160,031	0	(15,846)	144,185	16,566
2005	4.490%	OWDA - Sewer - E. Maumee Sewer Tap	2025	320,995	0	(31,785)	289,210	38,697
2005	4.490%	OWDA - Sewer - NP Sewerline Improvements	2025	435,052	0	(43,080)	391,972	39,566
Total Ohio Water Development Authority Loans				916,078	0	(90,711)	825,367	94,829
Water Pollution Control Loan Fund Loans (WPCLF):								
2008		EQ Basin Storm Water Retention	2030	5,509,329	0	(368,519)	5,140,810	372,214
WSRLA Loan:								
2017	0.000%	Water Plant Reconstruction	2048	0	9,247,156	0	9,247,156	0
Compensated Absences				408,639	416,335	(408,639)	416,335	163,909
Net Pension Liability				2,733,194	1,056,601	(68,111)	3,721,684	0
Total Business-Type Long-Term Debt				\$23,553,369	\$14,620,092	(\$5,582,665)	\$32,590,796	\$5,308,437

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 14 - LONG-TERM DEBT (Continued)

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2016	Additions	(Reductions)	Balance December 31, 2017	Amount Due Within One Year
Governmental Activities:								
Special Assessment Bonds:								
1998	4.50-5.125%	Street Improvements	2018	\$30,000	\$0	(\$15,000)	\$15,000	\$15,000
1998	4.50-5.125%	Street Improvements	2018	10,000	0	(5,000)	5,000	5,000
2000	5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	8,754	0	(2,000)	6,754	2,200
Total Special Assessment Bonds								
(with Governmental Commitment)				48,754	0	(22,000)	26,754	22,200
General Obligation Bonds:								
2005	3.00% - 5.00%	Northcrest Drive	2025	210,000	0	(20,000)	190,000	20,000
2005	3.00% - 5.00%	SR 424 Resurfacing	2025	160,000	0	(15,000)	145,000	15,000
2010	4.50%	Courthouse Renovations	2025	500,000	0	(50,000)	450,000	50,000
Total General Obligation Bonds				870,000	0	(85,000)	785,000	85,000
Ohio Public Works Commission Loan:								
1998		Unimproved Street Program	2017	12,349	0	(12,349)	0	0
Compensated Absences				656,099	655,012	(656,099)	655,012	278,922
Net Pension Liability				7,997,509	753,748	(439,629)	8,311,628	0
Total Governmental Activities Long-Term Debt				\$9,584,711	\$1,408,760	(\$1,215,077)	\$9,778,394	\$386,122

The principal amount of the City's special assessment debt outstanding at December 31, 2017, \$53,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$574,411 in the Special Assessment Bond Retirement Fund at December 31, 2017 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 \$368,519 during 2017 to a year end balance of \$5,140,810.

Ohio Water Development Authority Loans - The City entered into two loan agreements with Ohio Water Development Authority (OWDA). This was on May 16, 2005 to finance the Sewer System Extension and Improvement and the East Maumee Sewer Tap Project (loan number 4334) and the Waterline Construction (loan number 4333) projects. The sources of payments for the obligations are to be derived from user charges and assessments on property owners.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 14 - LONG-TERM DEBT (Continued)

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

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 14 - LONG-TERM DEBT (Continued)

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

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

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 \$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, 2017***

NOTE 14 - LONG-TERM DEBT (Continued)

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

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

2010 Revenue Bonds - During 2010, the City issued \$7,230,000 worth of Sewer and Water Mortgage Revenue bonds for work done on the City's sewer lines and reconstruction projects for Woodlawn Avenue and West Washington Avenue. \$4,695,000 of these bonds were issued as tax-exempt bonds with interest rates ranging from 2.00% - 4.6%. \$2,535,000 of these bonds were issued as non tax-exempt Revenue Zone Economic Development Bonds under the Federal Government Build America Bond (BAB's) program. Interest on these bonds is subsidized from the Federal Government. This subsidy is subject to change by actions from the Federal Government. These bonds are all scheduled to mature in 2040.

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

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

2010 General Obligation Bond - During 2010, the City issued a \$760,000 General Obligation Bond for work done on the City's courthouse. This bond had an interest rate of 2.0% - 4.5% and is scheduled to mature in 2025.

2017 Bond Anticipation Notes - During 2017, the City issued \$3,900,000 worth of Water bond anticipation notes for work done on the City's water plant. These notes have an interest rate of 2.00%. These notes will be retired from the City's Water Fund through user charges.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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, 2017 follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$260,000	\$69,844	\$565,000	\$408,959	\$31,000	\$2,964
2019	270,000	57,868	315,000	386,782	11,000	1,293
2020	150,000	51,668	355,000	384,289	11,000	646
2021	165,000	41,894	340,000	358,978	0	0
2022	165,000	34,112	360,000	342,858	0	0
2023-2027	470,000	36,526	2,015,000	1,446,473	0	0
2028-2032	0	0	1,155,000	1,042,108	0	0
2033-2037	0	0	1,495,000	604,888	0	0
2038-2042	0	0	1,435,000	154,990	0	0
Totals	<u>\$1,480,000</u>	<u>\$291,912</u>	<u>\$8,035,000</u>	<u>\$5,130,325</u>	<u>\$53,000</u>	<u>\$4,903</u>

Years	OWDA Loans		OPWC Loans		WPCLF Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$94,829	\$36,007	\$28,685	\$0	\$372,214	\$50,480
2019	99,135	31,700	28,684	0	375,946	46,748
2020	103,637	27,199	25,000	0	379,715	42,979
2021	108,341	23,316	25,000	0	383,521	39,173
2022	113,261	18,435	25,000	0	387,366	35,328
2023-2027	306,164	23,995	124,990	0	1,995,866	117,606
2028-2030	0	0	25,007	0	1,246,182	21,899
Totals	<u>\$825,367</u>	<u>\$160,652</u>	<u>\$282,366</u>	<u>\$0</u>	<u>\$5,140,810</u>	<u>\$354,213</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, 2017***

NOTE 15 - RISK MANAGEMENT

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

A. PEP Property and Casualty Pool

The PEP Property and Casualty Pool provides boiler and machinery, automobile liability, automobile physical damage, general liability, crime and property, and public officials insurance coverage up to specific limits. There are currently 527 members in the PEP Pool. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. During 2016, the City paid \$117,917 for property and casualty coverage from 12/01/16 – 11/30/2017 and during 2017, paid \$123,748 for property and casualty coverage from 12/01/17 – 11/30/2018.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017 and 2016 (the latest information available):

	<u>2017</u>	<u>2016</u>
Assets	\$ 44,452,326	\$ 42,182,281
Liabilities	<u>(13,004,011)</u>	<u>(13,396,700)</u>
Net Position – Unrestricted	\$ 31,448,315	\$ 28,785,581

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 15 - RISK MANAGEMENT (Continued)

A. PEP Property and Casualty Pool (Continued)

	<u>2017</u>	<u>2016</u>
Number of Members	527	520
Unpaid Claims to be Billed in the Future	\$11.3 million	\$11.5 million

The Pool's membership increased from 520 members in 2016 to 527 members in 2017.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2017 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 15 - RISK MANAGEMENT (Continued)

B. BORMA Health Benefits Pool

The BORMA Health Benefits Pool is for employee benefits and includes Life Insurance, Accidental Death and Dismemberment Insurance, Health Insurance and Prescription Drug Insurance. Each pool member has its own respective plan and coverage it has elected to provide for its employees. Premiums paid into the pool by each member are based on the level of coverage within each respective plan. In 2017, the pool included the following Ohio Cities and Villages as members: Archbold, Bowling Green, Bucyrus, Carey, Defiance, Fayette, Fremont, Hunting Valley, Hicksville, Napoleon, Oberlin, Oregon and Sandusky County Health Department. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2017, the pool had total reported assets of \$6,791,461.

Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool. The 2017 premiums paid by the City of Napoleon into the employee benefits pool were a monthly cost of \$1,763.23 for family coverage and \$587.74 for single coverage. The life insurance monthly premium was \$3.60 for \$20,000 in coverage, and \$5.40 for \$30,000 in coverage. Coverage levels were determined by bargaining agreements or personnel code. During 2017, the City employees paid \$1,539,671 into the pool for health benefits coverage. The City's cost of coverage for premiums is paid out of each respective fund and department that pays the salary of the individuals covered under the plan. The amount of risk retained by the pool was \$200,000 per individual for 2017 with excess coverage provided by Aetna Life Insurance Company.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 2017, the City paid a net of \$98,434 for Workers Compensation premiums. It should be noted that premiums are based on the prior fiscal year's (2015) gross payroll. Starting in 2017, Workers' Compensation changed from a perspective billing to a prospective billing basis. Premium payment is trued up in the next fiscal year.

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 2017, the City paid \$424 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, 2017***

NOTE 16 - JOINT VENTURES

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

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

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2017, the outstanding debt was \$188,606. 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 \$20,086 at December 31, 2017. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 16 - JOINT VENTURES (Continued)

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

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2017 are:

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 16 - JOINT VENTURES (Continued)

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

The City of Napoleon is a Financing Participant with an ownership percentage of 7.35%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

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

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

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2017 Napoleon has not 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, 2017***

NOTE 16 - JOINT VENTURES (Continued)

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$219,610 at December 31, 2017. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 16 - JOINT VENTURES (Continued)

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of August 15, 2015, OMEGA JV-6 no longer has any outstanding debt obligations.

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").

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 \$215,103 at December 31, 2017. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 16 - JOINT VENTURES (Continued)

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

The ten participating subdivisions and their respective ownership shares at December 31, 2017 are:

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 16 - JOINT VENTURES (Continued)

D. Prairie State Energy Campus (68 Members)

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the “*PSEC Ownership Interest*”) in the Prairie State Energy Campus (“*PSEC*”), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (“*AMP 368 LLC*”). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “*Initial Prairie State Bonds*”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of December 31, 2017, AMP had \$1,552,270,000 aggregate principal amount of Prairie State Bonds.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 16 - JOINT VENTURES (Continued)

E. AMP Fremont Energy Center (AFEC)

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“FirstEnergy”) the Fremont Energy Center (“AFEC”), then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. The AMP Fremont Energy Center is a natural gas fired, combined cycle, electric power generation plant with a capacity of 512 MW (unfired)/675 MW (fired), consisting of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the “AFEC Power Sales Contract”).

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2017, \$508,465,000 aggregate principal amount of AFEC Bonds was outstanding.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 16 - JOINT VENTURES (Continued)

F. Combined Hydroelectric Projects (79 Members)

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “*Combined Hydroelectric Projects*”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the “*Combined Hydroelectric Bonds*”), in an original aggregate principal amount of \$2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2017, \$2,150,625,294 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$126.9 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

The City of Napoleon has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 3,498 kW or 1.68% of capacity and associated energy from the Combined Hydroelectric Projects.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 16 - JOINT VENTURES (Continued)

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

AMP owns and, together with the City of Hamilton, Ohio, an AMP Member, developed and constructed a 108.8 MW, three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the "*Meldahl Project*"). The Meldahl Project is operated by the City of Hamilton.

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds ("*Meldahl Bonds*") in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2017, \$694,280,000 aggregate principal amount of the Meldahl Bonds and approximately \$15 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Meldahl Bonds.

The City of Napoleon has executed a take-or-pay power sales contract with AMP as a participant of the Meldahl Project of 504 kW or .48% of capacity and associated energy from the Meldahl Project.

H. Napoleon Solar

AMP owns the Napoleon Solar Project, a 3.54 MW solar installation, located in Napoleon, Ohio. The Napoleon Solar Project entered commercial operation in August 2012. The output of the Napoleon Solar Project is sold pursuant to the terms of a take-or-pay power sales contract with three of AMP's Members. The cost of the Napoleon Solar Project was financed with the proceeds of a draw on the Line of Credit. As of December 31, 2017, approximately \$6.8 million on AMP's Line of Credit was allocable to the financing or refinancing of costs related to the Napoleon Solar Project.

The City of Napoleon has executed a take-or-pay power sales contract with AMP as a participant of the Napoleon Solar Project of 104 kW or 29.38% of capacity and associated energy from the Napoleon Solar Project.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 16 - JOINT VENTURES (Continued)

I. Greenup Hydroelectric Project

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the “AMP Interest”) in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “2016 Greenup Bonds”) and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2017, \$125,630,000 aggregate principal amount of the 2016 Greenup Bonds and approximately \$2.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the 2016 Greenup Bonds.

The City of Napoleon has executed a take-or-pay power sales contract with AMP as a participant of the Greenup Hydroelectric Facility of 330 kW or .97% of capacity and associated energy from the Greenup Hydroelectric Facility.

J. 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 \$38,103 to the CIC during 2017. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 17 - CONTINGENCIES

A. American Municipal Power Generating Station Project (AMPGS)

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

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

Since March 31, 2014 the City has made payments of \$846,879 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the City's allocation of additional costs incurred by the project is \$24,700 and interest expense incurred on AMP's line-of-credit of \$4,054, resulting in a net impaired cost estimate at December 31, 2017 of \$2,866.

The City does have a potential PHFU Liability of \$568,264 resulting in a net total potential liability of \$571,130, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

B. Litigation

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 18 – SIGNIFICANT COMMITMENTS

There were significant encumbrances outstanding at year-end in the Capital Improvement Fund (capital projects fund) in the amount of \$365,881. This amount is reported as part of the committed fund balance.

NOTE 19 – SUBSEQUENT EVENT

On February 27, 2018 the City issued \$2,500,000 in one year General Obligation Notes to pay for Water Plant Improvements. The notes, which mature on February 27, 2019, have an interest rate of 2.75%.



REQUIRED SUPPLEMENTAL INFORMATION

CITY OF NAPOLEON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	0.036165%	0.036165%	0.035699%	0.034863%
City's proportionate share of the net pension liability (asset)	\$4,263,382	\$4,361,903	\$6,183,555	\$7,916,741
City's covered-employee payroll	\$3,460,008	\$4,450,275	\$4,795,008	\$4,506,742
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	123.22%	98.01%	128.96%	175.66%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

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

Ohio Police and Fire Pension Fund

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	0.0728821%	0.0728821%	0.070684%	0.064993%
City's proportionate share of the net pension liability (asset)	\$3,549,587	\$3,775,597	\$4,547,148	\$4,116,571
City's covered-employee payroll	\$1,190,129	\$1,497,328	\$1,509,393	\$1,468,432
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	298.25%	252.16%	301.26%	280.34%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

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

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

CITY OF NAPOLEON, OHIO

***Schedule of City Contributions
Last Five Years***

Ohio Public Employees Retirement System

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$449,801	\$534,033	\$575,401	\$540,809	\$631,563
Contributions in relation to the contractually required contribution	<u>449,801</u>	<u>534,033</u>	<u>575,401</u>	<u>540,809</u>	<u>631,563</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$3,460,008	\$4,450,275	\$4,795,008	\$4,506,742	\$5,263,025
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%	12.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$203,274	\$304,856	\$303,237	\$295,008	\$306,177
Contributions in relation to the contractually required contribution	<u>203,274</u>	<u>304,856</u>	<u>303,237</u>	<u>295,008</u>	<u>306,177</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$1,190,129	\$1,497,328	\$1,509,393	\$1,468,432	\$1,524,027
Contributions as a percentage of covered-employee payroll	17.08%	20.36%	20.09%	20.09%	20.09%

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

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available.

***Notes to the Supplemental Required Information
For the Year Ended December 31, 2017***

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

There were no recent significant changes of benefit terms, investment policies, the size or composition of the population covered by the benefit terms impacting the actuarial valuation study for the year ended December 31, 2016.

In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increased life expectancy of the members and the most notable change in economic assumptions is the reduction in the actuarially assumed rate of return from 8.00% down to 7.50% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

In 2016, OPERS, in conjunction with the Board's investment consultants, also completed an asset liability study. Periodically, the System engages in a more comprehensive study that examines the nature of the pension liabilities the plan will ultimately pay and the characteristics of the asset allocation projections and the associated level of risk. As a result of this study, OPERS modified the asset allocation slightly, but not substantively.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

In October 2017, the OPF Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8.0 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Motor Vehicle License Tax Fund

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

EMS Transport Service Fund

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

Recreation Fund

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

Probation Improvement Fund

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

Hotel/Motel Tax Fund

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

Fire Loss Claims Fund

To account for insurance proceeds held as security against the cost to provide for removing, repairing and securing losses caused by fire. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Community 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.

(Continued)

Special Revenue Funds

Law Enforcement and Education Fund

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

Court Computerization Fund

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

Law Enforcement Trust Fund

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

Mandatory Drug Fine Fund

To account for mandatory fines collected for drug related offenses.

Fire Equipment Fund

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

Municipal Probation Service Fund

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

Probation Officer Grant Fund

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

Court Improvement Fund

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

Handicap Parking Fines Fund

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

Police Pension Fund

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

Fire Pension Fund

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

(Continued)

Special Revenue Funds

Cemetery Fund

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

Justice Reinvestment Incentive Grant Fund

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

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

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

General Bond Retirement Fund

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

(Continued)

Capital Projects Funds

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

Capital Improvement Project (CIP) Funding Reserve Fund

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

Fire Facility Training Grant Fund

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

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,302,297	\$ 36,757	\$ 172,535	\$ 2,511,589
Receivables:				
Taxes	139,968	0	0	139,968
Accounts	416,577	0	0	416,577
Intergovernmental	300,711	0	90,006	390,717
Interest	4,632	0	0	4,632
Inventory of Supplies, at Cost	330,192	0	0	330,192
Total Assets	<u>\$ 3,494,377</u>	<u>\$ 36,757</u>	<u>\$ 262,541</u>	<u>\$ 3,793,675</u>
Liabilities:				
Accounts Payable	\$ 33,820	\$ 0	\$ 0	\$ 33,820
Accrued Wages and Benefits Payable	74,085	0	0	74,085
Interfund Loans Payable	0	0	2,800	2,800
Total Liabilities	<u>107,905</u>	<u>0</u>	<u>2,800</u>	<u>110,705</u>
Deferred Inflows of Resources:				
Unavailable Amounts	518,970	0	0	518,970
Property Tax for Next Fiscal Year	135,987	0	0	135,987
Total Deferred Inflows of Resources	<u>654,957</u>	<u>0</u>	<u>0</u>	<u>654,957</u>
Fund Balances:				
Nonspendable	330,192	0	0	330,192
Restricted	1,918,934	0	87,304	2,006,238
Committed	522,854	0	172,437	695,291
Assigned	0	36,757	0	36,757
Unassigned	(40,465)	0	0	(40,465)
Total Fund Balances	<u>2,731,515</u>	<u>36,757</u>	<u>259,741</u>	<u>3,028,013</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,494,377</u>	<u>\$ 36,757</u>	<u>\$ 262,541</u>	<u>\$ 3,793,675</u>

CITY OF NAPOLEON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$ 111,068	\$ 0	\$ 0	\$ 111,068
Intergovernmental Revenues	774,543	0	212,057	986,600
Charges for Services	721,379	0	0	721,379
Investment Earnings	25,305	0	0	25,305
Fines and Forfeitures	159,869	0	0	159,869
All Other Revenue	157,267	24,063	0	181,330
Total Revenue	1,949,431	24,063	212,057	2,185,551
Expenditures:				
Current:				
Security of Persons and Property	865,309	0	0	865,309
Leisure Time Activities	858,514	0	0	858,514
Community Environment	5,410	0	0	5,410
Transportation	507,430	0	0	507,430
General Government	136,329	0	0	136,329
Capital Outlay	0	0	210,192	210,192
Debt Service:				
Principal Retirement	50,000	35,000	0	85,000
Interest and Fiscal Charges	19,375	22,526	0	41,901
Total Expenditures	2,442,367	57,526	210,192	2,710,085
Excess (Deficiency) of Revenues Over Expenditures	(492,936)	(33,463)	1,865	(524,534)
Other Financing Sources (Uses):				
Transfers In	729,351	56,570	112,500	898,421
Transfers Out	(168,774)	0	0	(168,774)
Total Other Financing Sources (Uses)	560,577	56,570	112,500	729,647
Net Change In Fund Balance	67,641	23,107	114,365	205,113
Fund Balances at Beginning of Year	2,586,418	13,650	145,376	2,745,444
Increase in Inventory Reserve	77,456	0	0	77,456
Fund Balances End of Year	\$ 2,731,515	\$ 36,757	\$ 259,741	\$ 3,028,013

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Assets:				
Cash and Cash Equivalents	\$ 227,856	\$ 8,261	\$ 349,810	\$ 79,914
Receivables:				
Taxes	0	0	0	0
Accounts	2,300	0	0	379,616
Intergovernmental	181,587	14,724	33,711	3,250
Interest	581	129	892	0
Inventory of Supplies, at Cost	320,348	0	0	0
Total Assets	\$ 732,672	\$ 23,114	\$ 384,413	\$ 462,780
Liabilities:				
Accounts Payable	\$ 6,743	\$ 0	\$ 0	\$ 12,387
Accrued Wages and Benefits Payable	13,034	0	0	0
Total Liabilities	19,777	0	0	12,387
Deferred Inflows of Resources:				
Unavailable Amounts	121,417	9,896	23,025	309,221
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	121,417	9,896	23,025	309,221
Fund Balances:				
Nonspendable	320,348	0	0	0
Restricted	271,130	13,218	361,388	0
Committed	0	0	0	141,172
Unassigned	0	0	0	0
Total Fund Balances	591,478	13,218	361,388	141,172
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 732,672	\$ 23,114	\$ 384,413	\$ 462,780

CITY OF NAPOLEON, OHIO

Recreation	Probation Improvement	Hotel/Motel Tax	CDBG Income	Indigent Drivers Alcohol Treatment	Law Enforcement and Education
\$ 405,940	\$ 2	\$ 0	\$ 43,662	\$ 73,028	\$ 4,832
0	0	0	0	0	0
1,008	0	24,506	0	116	103
0	0	0	5,209	0	0
1,034	0	0	0	186	13
9,844	0	0	0	0	0
<u>\$ 417,826</u>	<u>\$ 2</u>	<u>\$ 24,506</u>	<u>\$ 48,871</u>	<u>\$ 73,330</u>	<u>\$ 4,948</u>
\$ 7,682	\$ 0	\$ 4,350	\$ 0	\$ 0	\$ 37
17,979	97	0	0	0	0
<u>25,661</u>	<u>97</u>	<u>4,350</u>	<u>0</u>	<u>0</u>	<u>37</u>
639	0	0	0	115	8
0	0	0	0	0	0
<u>639</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>115</u>	<u>8</u>
9,844	0	0	0	0	0
0	0	20,156	48,871	73,215	4,903
381,682	0	0	0	0	0
0	(95)	0	0	0	0
<u>391,526</u>	<u>(95)</u>	<u>20,156</u>	<u>48,871</u>	<u>73,215</u>	<u>4,903</u>
<u>\$ 417,826</u>	<u>\$ 2</u>	<u>\$ 24,506</u>	<u>\$ 48,871</u>	<u>\$ 73,330</u>	<u>\$ 4,948</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine	Fire Equipment
Assets:				
Cash and Cash Equivalents	\$ 109,634	\$ 1,119	\$ 17,746	\$ 461,922
Receivables:				
Taxes	0	0	0	0
Accounts	2,181	0	30	0
Intergovernmental	0	0	0	0
Interest	280	0	44	1,177
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	\$ 112,095	\$ 1,119	\$ 17,820	\$ 463,099
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	0	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	173	0	27	727
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	173	0	27	727
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	111,922	1,119	17,793	462,372
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	111,922	1,119	17,793	462,372
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 112,095	\$ 1,119	\$ 17,820	\$ 463,099

CITY OF NAPOLEON, OHIO

Municipal Probation Service	Probation Officer Grant	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension
\$ 116,495	\$ 4,245	\$ 234,080	\$ 1,100	\$ 0	\$ 0
0	0	0	0	92,105	47,863
2,350	0	4,040	0	0	0
0	35,745	0	0	4,965	2,483
296	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 119,141</u>	<u>\$ 39,990</u>	<u>\$ 238,120</u>	<u>\$ 1,100</u>	<u>\$ 97,070</u>	<u>\$ 50,346</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	2,251	0	0	25,700	15,020
0	2,251	0	0	25,700	15,020
183	23,423	0	0	6,175	4,904
0	0	0	0	90,658	45,329
183	23,423	0	0	96,833	50,233
0	0	0	0	0	0
118,958	14,316	238,120	1,100	0	0
0	0	0	0	0	0
0	0	0	0	(25,463)	(14,907)
<u>118,958</u>	<u>14,316</u>	<u>238,120</u>	<u>1,100</u>	<u>(25,463)</u>	<u>(14,907)</u>
<u>\$ 119,141</u>	<u>\$ 39,990</u>	<u>\$ 238,120</u>	<u>\$ 1,100</u>	<u>\$ 97,070</u>	<u>\$ 50,346</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	Cemetery	Justice Reinvestment Incentive Grant	Certified Police Training	Indigent Drivers Interlock/Alcohol
Assets:				
Cash and Cash Equivalents	\$ 70,316	\$ 24,484	\$ 19,004	\$ 48,847
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	327
Intergovernmental	0	19,037	0	0
Interest	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	<u>\$ 70,316</u>	<u>\$ 43,521</u>	<u>\$ 19,004</u>	<u>\$ 49,174</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 2,621	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	4	0	0
Total Liabilities	<u>0</u>	<u>2,625</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:				
Unavailable Amounts	0	19,037	0	0
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>19,037</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	70,316	21,859	19,004	49,174
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	<u>70,316</u>	<u>21,859</u>	<u>19,004</u>	<u>49,174</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 70,316</u>	<u>\$ 43,521</u>	<u>\$ 19,004</u>	<u>\$ 49,174</u>

CITY OF NAPOLEON, OHIO

Total Nonmajor
Special Revenue
Funds

\$ 2,302,297

139,968

416,577

300,711

4,632

330,192

\$ 3,494,377

\$ 33,820

74,085

107,905

518,970

135,987

654,957

330,192

1,918,934

522,854

(40,465)

2,731,515

\$ 3,494,377

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	374,885	30,396	116,064	9,450
Charges for Services	2,870	0	0	474,243
Investment Earnings	2,396	135	4,813	0
Fines and Forfeitures	0	0	0	326
All Other Revenue	3,913	0	0	0
Total Revenue	384,064	30,531	120,877	484,019
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	443,883
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	304,631	27,059	172,511	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	304,631	27,059	172,511	443,883
Excess (Deficiency) of Revenues Over Expenditures	79,433	3,472	(51,634)	40,136
Other Financing Sources (Uses):				
Transfers In	30,020	0	0	0
Transfers Out	0	0	(12,360)	(26,000)
Total Other Financing Sources (Uses)	30,020	0	(12,360)	(26,000)
Net Change In Fund Balance	109,453	3,472	(63,994)	14,136
Fund Balances (Deficit) at Beginning of Year	405,336	9,746	425,382	127,036
Increase in Inventory Reserve	76,689	0	0	0
Fund Balances (Deficit) End of Year	\$ 591,478	\$ 13,218	\$ 361,388	\$ 141,172

CITY OF NAPOLEON, OHIO

Recreation	Probation Improvement	Hotel/Motel Tax	Fire Loss Claims	CDBG Income	Indigent Drivers Alcohol Treatment
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	4,405	97,183	0	28,107	0
186,044	0	0	0	0	0
5,909	0	0	0	0	974
0	0	0	0	0	6,970
53,473	0	0	92,234	0	0
<u>245,426</u>	<u>4,405</u>	<u>97,183</u>	<u>92,234</u>	<u>28,107</u>	<u>7,944</u>
0	31,618	0	0	0	1,500
858,514	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	42,129	94,200	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>858,514</u>	<u>31,618</u>	<u>42,129</u>	<u>94,200</u>	<u>0</u>	<u>1,500</u>
(613,088)	(27,213)	55,054	(1,966)	28,107	6,444
615,661	0	0	0	0	0
0	0	(42,914)	0	0	0
<u>615,661</u>	<u>0</u>	<u>(42,914)</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,573	(27,213)	12,140	(1,966)	28,107	6,444
388,186	27,118	8,016	1,966	20,764	66,771
767	0	0	0	0	0
<u>\$ 391,526</u>	<u>\$ (95)</u>	<u>\$ 20,156</u>	<u>\$ 0</u>	<u>\$ 48,871</u>	<u>\$ 73,215</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, 2017**

	Law Enforcement and Education	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	66	1,781	15	235
Fines and Forfeitures	1,144	39,097	0	1,104
All Other Revenue	0	0	0	0
Total Revenue	1,210	40,878	15	1,339
Expenditures:				
Current:				
Security of Persons and Property	817	61,041	0	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
Total Expenditures	817	61,041	0	0
Excess (Deficiency) of Revenues Over Expenditures	393	(20,163)	15	1,339
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change In Fund Balance	393	(20,163)	15	1,339
Fund Balances (Deficit) at Beginning of Year	4,510	132,085	1,104	16,454
Increase in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	\$ 4,903	\$ 111,922	\$ 1,119	\$ 17,793

CITY OF NAPOLEON, OHIO

Fire Equipment	Municipal Probation Service	Probation Officer Grant	Court Improvement	Handicap Parking Fines	Police Pension
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,049
12,318	21,500	49,289	0	0	12,510
54,000	0	0	0	0	0
7,582	1,399	0	0	0	0
0	34,254	0	71,202	0	0
0	0	0	0	0	0
<u>73,900</u>	<u>57,153</u>	<u>49,289</u>	<u>71,202</u>	<u>0</u>	<u>86,559</u>
126,772	5,151	49,571	0	0	94,642
0	0	0	0	0	0
0	0	0	0	0	0
0	3,229	0	0	0	0
0	0	0	0	0	0
0	0	0	50,000	0	0
0	0	0	19,375	0	0
<u>126,772</u>	<u>8,380</u>	<u>49,571</u>	<u>69,375</u>	<u>0</u>	<u>94,642</u>
(52,872)	48,773	(282)	1,827	0	(8,083)
72,000	0	0	0	0	0
(87,500)	0	0	0	0	0
<u>(15,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(68,372)	48,773	(282)	1,827	0	(8,083)
530,744	70,185	14,598	236,293	1,100	(17,380)
0	0	0	0	0	0
<u>\$ 462,372</u>	<u>\$ 118,958</u>	<u>\$ 14,316</u>	<u>\$ 238,120</u>	<u>\$ 1,100</u>	<u>\$ (25,463)</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, 2017**

	Fire Pension	Cemetery	Justice Reinvestment Incentive Grant	Certified Police Training
Revenues:				
Property Taxes	\$ 37,019	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	5,622	0	12,814	0
Charges for Services	0	4,222	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	7,320
Total Revenue	42,641	4,222	12,814	7,320
Expenditures:				
Current:				
Security of Persons and Property	47,689	0	2,625	0
Leisure Time Activities	0	0	0	0
Community Environment	0	5,410	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	47,689	5,410	2,625	0
Excess (Deficiency) of Revenues Over Expenditures	(5,048)	(1,188)	10,189	7,320
Other Financing Sources (Uses):				
Transfers In	0	0	11,670	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	11,670	0
Net Change In Fund Balance	(5,048)	(1,188)	21,859	7,320
Fund Balances (Deficit) at Beginning of Year	(9,859)	71,504	0	11,684
Increase in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	\$ (14,907)	\$ 70,316	\$ 21,859	\$ 19,004

CITY OF NAPOLEON, OHIO

Indigent Drivers Interlock/Alcohol	Total Nonmajor Special Revenue Funds
\$ 0	\$ 111,068
0	774,543
0	721,379
0	25,305
5,772	159,869
327	157,267
<u>6,099</u>	<u>1,949,431</u>
0	865,309
0	858,514
0	5,410
0	507,430
0	136,329
0	50,000
0	19,375
<u>0</u>	<u>2,442,367</u>
6,099	(492,936)
0	729,351
0	(168,774)
<u>0</u>	<u>560,577</u>
6,099	67,641
43,075	2,586,418
0	77,456
<u>\$ 49,174</u>	<u>\$ 2,731,515</u>

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017**

	Fire Facility Training Grant	CIP Funding Reserve	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 98	\$ 172,437	\$ 172,535
Receivables:			
Intergovernmental	90,006	0	90,006
Total Assets	<u>\$ 90,104</u>	<u>\$ 172,437</u>	<u>\$ 262,541</u>
Liabilities:			
Interfund Loans Payable	2,800	0	2,800
Total Liabilities	<u>2,800</u>	<u>0</u>	<u>2,800</u>
Fund Balances:			
Nonspendable	0	0	0
Restricted	87,304	0	87,304
Committed	0	172,437	172,437
Total Fund Balances	<u>87,304</u>	<u>172,437</u>	<u>259,741</u>
Total Liabilities and Funds Balances	<u>\$ 90,104</u>	<u>\$ 172,437</u>	<u>\$ 262,541</u>

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017***

	Fire Facility Training Grant	CIP Funding Reserve	Total Nonmajor Capital Project Funds
Revenues:			
Intergovernmental Revenues	\$ 212,057	\$ 0	\$ 212,057
Total Revenue	<u>212,057</u>	<u>0</u>	<u>212,057</u>
Expenditures:			
Capital Outlay	210,192	0	210,192
Total Expenditures	<u>210,192</u>	<u>0</u>	<u>210,192</u>
Excess (Deficiency) of Revenues Over Expenditures	1,865	0	1,865
Other Financing Sources (Uses):			
Transfers In	87,500	25,000	112,500
Total Other Financing Sources (Uses)	<u>87,500</u>	<u>25,000</u>	<u>112,500</u>
Net Change In Fund Balance	89,365	25,000	114,365
Fund Balances (Deficit) at Beginning of Year	<u>(2,061)</u>	<u>147,437</u>	<u>145,376</u>
Fund Balances End of Year	<u>\$ 87,304</u>	<u>\$ 172,437</u>	<u>\$ 259,741</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 249,900	\$ 246,793	\$ 246,793	\$ 0
Municipal Income Taxes	4,268,870	4,432,873	4,432,873	0
Other Local Taxes	519,000	483,133	483,133	0
Intergovernmental Revenues	221,940	237,733	237,733	0
Charges for Services	291,650	277,024	277,024	0
Licenses and Permits	64,200	70,563	70,563	0
Investment Earnings	79,090	127,261	127,261	0
Fines and Forfeitures	185,300	178,859	178,859	0
All Other Revenues	271,650	248,618	248,618	0
Total Revenues	6,151,600	6,302,857	6,302,857	0
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	1,661,980	1,613,724	1,613,724	0
Materials and Supplies	129,770	110,941	86,614	24,327
Contractual Services	163,879	135,164	127,835	7,329
Other Expenditures	5,800	2,516	2,516	0
Capital Outlay	5,084	19,617	15,693	3,924
Total Police	1,966,513	1,881,962	1,846,382	35,580
Fire:				
Personal Services	924,770	855,279	855,279	0
Materials and Supplies	70,236	52,233	48,569	3,664
Contractual Services	125,580	97,590	90,799	6,791
Total Fire	1,120,586	1,005,102	994,647	10,455
Total Security of Persons and Property	3,087,099	2,887,064	2,841,029	46,035
Public Health and Welfare Services:				
Cemetery:				
Personal Services	103,670	81,679	81,679	0
Materials and Supplies	13,250	9,494	9,494	0
Contractual Services	13,729	12,208	11,838	370
Total Public Health and Welfare Services	130,649	103,381	103,011	370

(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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	97,440	86,378	86,378	0
Materials and Supplies	3,700	1,719	1,719	0
Contractual Services	64,712	8,367	7,935	432
Other Expenditures	1,098	618	534	84
Total Building Inspection	<u>166,950</u>	<u>97,082</u>	<u>96,566</u>	<u>516</u>
Economic Development:				
Contractual Services	37,400	38,728	38,728	0
Total Community Environment	<u>204,350</u>	<u>135,810</u>	<u>135,294</u>	<u>516</u>
General Government:				
City Council:				
Personal Services	4,865	1,194	716	478
Materials and Supplies	442	345	303	42
Contractual Services	1,935	133	80	53
Other Expenditures	1,000	563	563	0
Total City Council	<u>8,242</u>	<u>2,235</u>	<u>1,662</u>	<u>573</u>
Mayor:				
Personal Services	2,083	517	310	207
Materials and Supplies	200	222	222	0
Contractual Services	2,800	0	0	0
Other Expenditures	100	35	35	0
Total Mayor	<u>5,183</u>	<u>774</u>	<u>567</u>	<u>207</u>
City Manager - Administration:				
Personal Services	23,219	5,980	3,587	2,393
Materials and Supplies	37	8	5	3
Contractual Services	545	61	36	25
Other Expenditures	740	451	290	161
Total City Manager - Administration	<u>24,541</u>	<u>6,500</u>	<u>3,918</u>	<u>2,582</u>
City Manager - Human Resources:				
Personal Services	11,300	2,750	1,650	1,100
Materials and Supplies	163	45	26	19
Contractual Services	6,019	1,689	538	1,151
Other Expenditures	200	0	0	0
Total City Manager - Human Resources	<u>17,682</u>	<u>4,484</u>	<u>2,214</u>	<u>2,270</u>

(Continued)

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	22,157	5,724	3,434	2,290
Materials and Supplies	314	20	11	9
Contractual Services	7,247	432	259	173
Other Expenditures	1,100	85	85	0
Total Law Director	30,818	6,261	3,789	2,472
Finance - Administration:				
Personal Services	50,307	12,932	7,758	5,174
Materials and Supplies	2,650	817	817	0
Contractual Services	12,800	3,402	2,037	1,365
Other Expenditures	1,250	1,108	1,108	0
Total Finance - Administration	67,007	18,259	11,720	6,539
Finance - Utility Billing:				
Personal Services	15,192	3,627	2,176	1,451
Materials and Supplies	4,939	1,090	644	446
Contractual Services	6,290	1,317	758	559
Total Finance - Utility Billing	26,421	6,034	3,578	2,456
Finance - Income Tax Collection:				
Personal Services	150,560	123,851	123,851	0
Materials and Supplies	11,650	9,819	9,819	0
Contractual Services	24,860	29,470	29,470	0
Capital Outlay	1,300	198	198	0
Total Finance - Income Tax Collection	188,370	163,338	163,338	0
Finance - Information Systems:				
Personal Services	150,420	123,800	123,800	0
Materials and Supplies	20,400	15,388	14,870	518
Contractual Services	25,200	24,334	22,134	2,200
Total Finance - Information Systems	196,020	163,522	160,804	2,718
City Engineer:				
Personal Services	60,889	11,172	6,702	4,470
Materials and Supplies	1,009	139	83	56
Contractual Services	7,983	1,694	1,006	688
Other Expenditures	1,000	422	422	0
Total City Engineer	70,881	13,427	8,213	5,214

(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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	451,437	412,085	412,085	0
Materials and Supplies	33,993	33,890	33,747	143
Contractual Services	61,321	53,011	51,743	1,268
Other Expenditures	230	183	183	0
Total Municipal Court	546,981	499,169	497,758	1,411
Service - Buildings, Property and Equipment:				
Personal Services	8,255	1,934	1,160	774
Materials and Supplies	1,725	220	129	91
Contractual Services	534	108	65	43
Other Expenditures	100	0	0	0
Total Service - Buildings, Property and Equ	10,614	2,262	1,354	908
Miscellaneous:				
Materials and Supplies	1,549	350	197	153
Contractual Services	32,749	8,276	4,962	3,314
Other Expenditures	44,850	7,086	4,244	2,842
Total Miscellaneous	79,148	15,712	9,403	6,309
Total General Government	1,271,908	901,977	868,318	33,659
Total Expenditures	4,694,006	4,028,232	3,947,652	80,580
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,457,594	2,274,625	2,355,205	80,580
Other Financing Sources (Uses):				
Sale of Capital Assets	0	50,395	50,395	0
Transfers In	41,457	42,914	42,914	0
Transfers Out	(2,130,200)	(2,332,000)	(2,332,000)	0
Total Other Financing Sources (Uses)	(2,088,743)	(2,238,691)	(2,238,691)	0
Net Change In Fund Balance	(631,149)	35,934	116,514	80,580
Fund Balance at Beginning of Year	1,414,954	1,414,954	1,414,954	0
Prior Year Encumbrances	141,820	141,820	141,820	0
Fund Balance at End of Year	\$ 925,625	\$ 1,592,708	\$ 1,673,288	\$ 80,580

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, 2017**

SPECIAL ASSESSMENT BOND RETIREMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 6,380	\$ 8,408	\$ 8,408	\$ 0
Special Assessments	30,210	27,477	27,477	0
All Other Revenues	0	10,715	10,715	0
Total Revenues	<u>36,590</u>	<u>46,600</u>	<u>46,600</u>	<u>0</u>
Expenditures:				
General Government:				
Contractual Services	1,500	824	824	0
Debt Service:				
Principal Retirement	42,360	66,895	66,895	0
Interest and Fiscal Charges	4,580	4,566	4,566	0
Total Expenditures	<u>48,440</u>	<u>72,285</u>	<u>72,285</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,850)	(25,685)	(25,685)	0
Other Financing Sources (Uses):				
Transfers In	12,360	12,360	12,360	0
Total Other Financing Sources (Uses)	<u>12,360</u>	<u>12,360</u>	<u>12,360</u>	<u>0</u>
Net Change In Fund Balance	510	(13,325)	(13,325)	0
Fund Balance at Beginning of Year	587,177	587,177	587,177	0
Fund Balance at End of Year	<u>\$ 587,687</u>	<u>\$ 573,852</u>	<u>\$ 573,852</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2017***

CAPITAL IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 197,000	\$ 0	\$ 0	\$ 0
All Other Revenues	0	4,080	4,080	0
Total Revenues	<u>197,000</u>	<u>4,080</u>	<u>4,080</u>	<u>0</u>
Expenditures:				
Capital Outlay:				
City Council	20,000	23,219	23,219	0
City Manager	101,900	16,908	16,908	0
Law Director	2,000	0	0	0
Finance - Administration	75,917	59,394	59,394	0
Central Information System	58,000	17,000	17,000	0
Engineering	105,000	50,988	50,988	0
Municipal Court	3,000	15,257	15,257	0
Police	132,000	178,741	178,740	1
Fire	40,966	36,478	27,298	9,180
Building Inspections	0	1,490	1,490	0
Parks and Recreation	38,500	25,415	25,415	0
Cemetery	10,000	7,018	7,018	0
Street Maintenance	2,082,258	1,447,782	1,416,881	30,901
Total Expenditures	<u>2,669,541</u>	<u>1,879,690</u>	<u>1,839,608</u>	<u>40,082</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,472,541)	(1,875,610)	(1,835,528)	40,082
Other Financing Sources (Uses):				
Transfers In	1,327,710	1,488,699	1,488,699	0
Transfers Out	(127,570)	(127,570)	(127,570)	0
Total Other Financing Sources (Uses)	<u>1,200,140</u>	<u>1,361,129</u>	<u>1,361,129</u>	<u>0</u>
Net Change In Fund Balance	(1,272,401)	(514,481)	(474,399)	40,082
Fund Balance at Beginning of Year	1,598,394	1,598,394	1,598,394	0
Prior Year Encumbrances	340,501	340,501	340,501	0
Fund Balance at End of Year	<u>\$ 666,494</u>	<u>\$ 1,424,414</u>	<u>\$ 1,464,496</u>	<u>\$ 40,082</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, 2017**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 365,000	\$ 373,774	\$ 373,774	\$ 0
Charges for Services	1,700	4,088	4,088	0
Investment Earnings	1,240	2,281	2,281	0
All Other Revenues	7,500	3,824	3,824	0
Total Revenues	<u>375,440</u>	<u>383,967</u>	<u>383,967</u>	<u>0</u>
Expenditures:				
Transportation:				
Street Maintenance:				
Personal Services	155,450	165,119	165,119	0
Materials and Supplies	93,680	48,917	48,917	0
Contractual Services	60,802	34,501	33,639	862
Other Expenditures	21,310	32,897	32,897	0
Capital Outlay	100	0	0	0
Total Street Maintenance	<u>331,342</u>	<u>281,434</u>	<u>280,572</u>	<u>862</u>
Ice and Snow Removal:				
Personal Services	32,000	5,326	5,326	0
Materials and Supplies	51,100	9,738	8,955	783
Contractual Services	23,500	5,625	2,988	2,637
Other Expenditures	7,000	1,908	1,908	0
Total Ice and Snow Removal	<u>113,600</u>	<u>22,597</u>	<u>19,177</u>	<u>3,420</u>
Storm Drainage:				
Personal Services	11,000	6,540	6,540	0
Materials and Supplies	5,000	816	816	0
Contractual Services	3,000	0	0	0
Other Expenditures	500	333	333	0
Total Storm Drainage	<u>19,500</u>	<u>7,689</u>	<u>7,689</u>	<u>0</u>
Total Expenditures	<u>464,442</u>	<u>311,720</u>	<u>307,438</u>	<u>4,282</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(89,002)	72,247	76,529	4,282
Other Financing Sources (Uses):				
Transfers In	30,020	30,020	30,020	0
Total Other Financing Sources (Uses)	<u>30,020</u>	<u>30,020</u>	<u>30,020</u>	<u>0</u>
Net Change In Fund Balance	(58,982)	102,267	106,549	4,282
Fund Balance at Beginning of Year	111,295	111,295	111,295	0
Prior Year Encumbrances	10,012	10,012	10,012	0
Fund Balance at End of Year	<u>\$ 62,325</u>	<u>\$ 223,574</u>	<u>\$ 227,856</u>	<u>\$ 4,282</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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 30,000	\$ 30,306	\$ 30,306	\$ 0
Investment Earnings	40	129	129	0
Total Revenues	<u>30,040</u>	<u>30,435</u>	<u>30,435</u>	<u>0</u>
Expenditures:				
Transportation:				
Materials and Supplies	16,200	11,459	11,459	0
Contractual Services	15,000	15,600	15,600	0
Total Expenditures	<u>31,200</u>	<u>27,059</u>	<u>27,059</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,160)	3,376	3,376	0
Fund Balance at Beginning of Year	4,885	4,885	4,885	0
Fund Balance at End of Year	<u>\$ 3,725</u>	<u>\$ 8,261</u>	<u>\$ 8,261</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

MOTOR VEHICLE LICENSE TAX FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 106,000	\$ 116,134	\$ 116,134	\$ 0
Investment Earnings	3,860	4,836	4,836	0
Total Revenues	<u>109,860</u>	<u>120,970</u>	<u>120,970</u>	<u>0</u>
Expenditures:				
Transportation:				
Materials and Supplies	144,000	73,157	73,157	0
Contractual Services	145,000	109,040	109,040	0
Total Expenditures	<u>289,000</u>	<u>182,197</u>	<u>182,197</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(179,140)	(61,227)	(61,227)	0
Other Financing Sources (Uses):				
Transfers Out	(12,360)	(12,360)	(12,360)	0
Total Other Financing Sources (Uses)	<u>(12,360)</u>	<u>(12,360)</u>	<u>(12,360)</u>	<u>0</u>
Net Change In Fund Balance	(191,500)	(73,587)	(73,587)	0
Fund Balance at Beginning of Year	395,211	395,211	395,211	0
Prior Year Encumbrances	18,500	18,500	18,500	0
Fund Balance at End of Year	<u>\$ 222,211</u>	<u>\$ 340,124</u>	<u>\$ 340,124</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, 2017**

EMS TRANSPORT SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,000	\$ 6,200	\$ 6,200	\$ 0
Charges for Services	397,000	456,922	456,922	0
Fines and Forfeitures	0	326	326	0
Total Revenues	<u>400,000</u>	<u>463,448</u>	<u>463,448</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	41,305	33,281	32,111	1,170
Contractual Services	119,736	117,260	114,127	3,133
Other Expenditures	0	295,900	295,900	0
Capital Outlay	4,000	4,814	4,814	0
Total Expenditures	<u>165,041</u>	<u>451,255</u>	<u>446,952</u>	<u>4,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	234,959	12,193	16,496	4,303
Other Financing Sources (Uses):				
Transfers Out	(26,000)	(26,000)	(26,000)	0
Total Other Financing Sources (Uses)	<u>(26,000)</u>	<u>(26,000)</u>	<u>(26,000)</u>	<u>0</u>
Net Change In Fund Balance	208,959	(13,807)	(9,504)	4,303
Fund Balance at Beginning of Year	81,208	81,208	81,208	0
Prior Year Encumbrances	7,141	7,141	7,141	0
Fund Balance at End of Year	<u>\$ 297,308</u>	<u>\$ 74,542</u>	<u>\$ 78,845</u>	<u>\$ 4,303</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, 2017**

RECREATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 223,000	\$ 186,044	\$ 186,044	\$ 0
Investment Earnings	3,890	5,867	5,867	0
All Other Revenues	47,200	53,665	53,665	0
Total Revenues	<u>274,090</u>	<u>245,576</u>	<u>245,576</u>	<u>0</u>
Expenditures:				
Leisure Time Activities:				
Administration:				
Personal Services	97,210	95,995	95,995	0
Materials and Supplies	7,419	1,184	1,115	69
Contractual Services	3,450	3,501	3,351	150
Other Expenditures	2,250	1,555	1,555	0
Total Administration	<u>110,329</u>	<u>102,235</u>	<u>102,016</u>	<u>219</u>
Golf Course Operations:				
Personal Services	148,250	144,844	144,844	0
Materials and Supplies	73,604	64,896	64,607	289
Contractual Services	16,238	19,962	19,874	88
Total Golf Course Operations	<u>238,092</u>	<u>229,702</u>	<u>229,325</u>	<u>377</u>
Pool Operations:				
Personal Services	47,380	43,728	43,728	0
Materials and Supplies	26,000	25,652	25,652	0
Contractual Services	29,348	29,924	29,766	158
Capital Outlay	73,180	66,816	65,137	1,679
Total Pool Operations	<u>175,908</u>	<u>166,120</u>	<u>164,283</u>	<u>1,837</u>
Parks and Programs:				
Personal Services	241,590	241,099	241,099	0
Materials and Supplies	85,538	78,902	78,864	38
Contractual Services	50,312	43,642	42,270	1,372
Total Parks and Programs	<u>377,440</u>	<u>363,643</u>	<u>362,233</u>	<u>1,410</u>
Total Expenditures	<u>901,769</u>	<u>861,700</u>	<u>857,857</u>	<u>3,843</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(627,679)	(616,124)	(612,281)	3,843

(Continued)

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

	RECREATION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Other Financing Sources (Uses):				
Transfers In	586,520	615,661	615,661	0
Total Other Financing Sources (Uses)	586,520	615,661	615,661	0
 Net Change In Fund Balance	(41,159)	(463)	3,380	3,843
 Fund Balance at Beginning of Year	396,253	396,253	396,253	0
Prior Year Encumbrances	5,059	5,059	5,059	0
Fund Balance at End of Year	<u>\$ 360,153</u>	<u>\$ 400,849</u>	<u>\$ 404,692</u>	<u>\$ 3,843</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 9,450	\$ 9,128	\$ 9,128	\$ 0
Total Revenues	<u>9,450</u>	<u>9,128</u>	<u>9,128</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	7,740	10,298	10,298	0
Materials and Supplies	0	1,101	1,101	0
Contractual Services	18,042	25,428	18,109	7,319
Capital Outlay	<u>0</u>	<u>3,165</u>	<u>3,165</u>	<u>0</u>
Total Expenditures	<u>25,782</u>	<u>39,992</u>	<u>32,673</u>	<u>7,319</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,332)	(30,864)	(23,545)	7,319
Fund Balance at Beginning of Year	15,475	15,475	15,475	0
Prior Year Encumbrances	<u>8,072</u>	<u>8,072</u>	<u>8,072</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,215</u>	<u>\$ (7,317)</u>	<u>\$ 2</u>	<u>\$ 7,319</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 84,000	\$ 85,828	\$ 85,828	\$ 0
Total Revenues	<u>84,000</u>	<u>85,828</u>	<u>85,828</u>	<u>0</u>
Expenditures:				
General Government:				
Contractual Services	<u>42,000</u>	<u>42,914</u>	<u>42,914</u>	<u>0</u>
Total Expenditures	<u>42,000</u>	<u>42,914</u>	<u>42,914</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,000	42,914	42,914	0
Other Financing Sources (Uses):				
Transfers Out	<u>(42,000)</u>	<u>(42,914)</u>	<u>(42,914)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(42,000)</u>	<u>(42,914)</u>	<u>(42,914)</u>	<u>0</u>
Net Change In Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 92,234	\$ 92,234	\$ 0
Total Revenues	<u>0</u>	<u>92,234</u>	<u>92,234</u>	<u>0</u>
Expenditures:				
General Government:				
Other Expenditures	20,000	112,234	112,234	0
Total Expenditures	<u>20,000</u>	<u>112,234</u>	<u>112,234</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(20,000)	(20,000)	0
Fund Balance at Beginning of Year	20,000	20,000	20,000	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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 27,392	\$ 27,392	\$ 0
Total Revenues	<u>0</u>	<u>27,392</u>	<u>27,392</u>	<u>0</u>
Expenditures:				
Community Environment:				
Contractual Services	10,490	0	0	0
Total Expenditures	<u>10,490</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,490)	27,392	27,392	0
Fund Balance at Beginning of Year	16,270	16,270	16,270	0
Fund Balance at End of Year	<u>\$ 5,780</u>	<u>\$ 43,662</u>	<u>\$ 43,662</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, 2017**

INDIGENT DRIVERS ALCOHOL TREATMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 660	\$ 962	\$ 962	\$ 0
Fines and Forfeitures	7,000	6,943	6,943	0
Total Revenues	<u>7,660</u>	<u>7,905</u>	<u>7,905</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	25,000	1,500	1,500	0
Total Expenditures	<u>25,000</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,340)	6,405	6,405	0
Fund Balance at Beginning of Year	66,623	66,623	66,623	0
Fund Balance at End of Year	<u>\$ 49,283</u>	<u>\$ 73,028</u>	<u>\$ 73,028</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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 40	\$ 65	\$ 65	\$ 0
Fines and Forfeitures	1,000	1,125	1,125	0
Total Revenues	<u>1,040</u>	<u>1,190</u>	<u>1,190</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Contractual Services	900	704	591	113
Capital Outlay	500	189	189	0
Total Expenditures	<u>4,400</u>	<u>893</u>	<u>780</u>	<u>113</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,360)	297	410	113
Fund Balance at Beginning of Year	4,309	4,309	4,309	0
Prior Year Encumbrances	113	113	113	0
Fund Balance at End of Year	<u>\$ 1,062</u>	<u>\$ 4,719</u>	<u>\$ 4,832</u>	<u>\$ 113</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,230	\$ 1,788	\$ 1,788	\$ 0
Fines and Forfeitures	28,000	39,267	39,267	0
Total Revenues	<u>29,230</u>	<u>41,055</u>	<u>41,055</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	36,620	20,821	20,821	0
Other Expenditures	10,000	10,000	10,000	0
Capital Outlay	7,200	33,820	30,220	3,600
Total Expenditures	<u>53,820</u>	<u>64,641</u>	<u>61,041</u>	<u>3,600</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,590)	(23,586)	(19,986)	3,600
Fund Balance at Beginning of Year	126,020	126,020	126,020	0
Prior Year Encumbrances	3,600	3,600	3,600	0
Fund Balance at End of Year	<u>\$ 105,030</u>	<u>\$ 106,034</u>	<u>\$ 109,634</u>	<u>\$ 3,600</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, 2017***

LAW ENFORCEMENT TRUST FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 10	\$ 15	\$ 15	\$ 0
Total Revenues	<u>10</u>	<u>15</u>	<u>15</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	500	0	0	0
Capital Outlay	500	0	0	0
Total Expenditures	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(990)	15	15	0
Fund Balance at Beginning of Year	1,104	1,104	1,104	0
Fund Balance at End of Year	<u>\$ 114</u>	<u>\$ 1,119</u>	<u>\$ 1,119</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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 160	\$ 232	\$ 232	\$ 0
Fines and Forfeitures	1,000	1,253	1,253	0
Total Revenues	<u>1,160</u>	<u>1,485</u>	<u>1,485</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Other Expenditures	500	0	0	0
Total Expenditures	<u>3,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,340)	1,485	1,485	0
Fund Balance at Beginning of Year	16,261	16,261	16,261	0
Fund Balance at End of Year	<u>\$ 13,921</u>	<u>\$ 17,746</u>	<u>\$ 17,746</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, 2017***

FIRE EQUIPMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 12,318	\$ 12,318	\$ 0
Charges for Services	18,000	54,000	54,000	0
Investment Earnings	5,330	7,599	7,599	0
Total Revenues	<u>23,330</u>	<u>73,917</u>	<u>73,917</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	184,000	184,240	184,240	0
Total Expenditures	<u>184,000</u>	<u>184,240</u>	<u>184,240</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(160,670)	(110,323)	(110,323)	0
Other Financing Sources (Uses):				
Transfers In	72,000	72,000	72,000	0
Transfers Out	0	(87,500)	(87,500)	0
Total Other Financing Sources (Uses)	<u>72,000</u>	<u>(15,500)</u>	<u>(15,500)</u>	<u>0</u>
Net Change In Fund Balance	(88,670)	(125,823)	(125,823)	0
Fund Balance at Beginning of Year	530,277	530,277	530,277	0
Fund Balance at End of Year	<u>\$ 441,607</u>	<u>\$ 404,454</u>	<u>\$ 404,454</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MUNICIPAL PROBATION SERVICE FUND				
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 21,500	\$ 21,500	\$ 0
Investment Earnings	650	1,346	1,346	0
Fines and Forfeitures	20,000	33,957	33,957	0
Total Revenues	<u>20,650</u>	<u>56,803</u>	<u>56,803</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	5,770	5,151	5,151	0
Contractual Services	10,200	3,060	3,060	0
Other Expenditures	500	1,494	1,494	0
Capital Outlay	0	20,000	20,000	0
Total Expenditures	<u>16,470</u>	<u>29,705</u>	<u>29,705</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,180	27,098	27,098	0
Fund Balance at Beginning of Year	68,072	68,072	68,072	0
Fund Balance at End of Year	<u>\$ 72,252</u>	<u>\$ 95,170</u>	<u>\$ 95,170</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, 2017**

PROBATION OFFICER GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
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>
Expenditures:				
Security of Persons and Property:				
Personal Services	49,290	49,288	49,288	0
Total Expenditures	<u>49,290</u>	<u>49,288</u>	<u>49,288</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1	1	0
Fund Balance at Beginning of Year	4,244	4,244	4,244	0
Fund Balance at End of Year	<u>\$ 4,244</u>	<u>\$ 4,245</u>	<u>\$ 4,245</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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 65,000	\$ 71,977	\$ 71,977	\$ 0
Total Revenues	<u>65,000</u>	<u>71,977</u>	<u>71,977</u>	<u>0</u>
Expenditures:				
Debt Service:				
Principal Retirement	50,000	50,000	50,000	0
Interest and Fiscal Charges	<u>19,380</u>	<u>19,375</u>	<u>19,375</u>	<u>0</u>
Total Expenditures	<u>69,380</u>	<u>69,375</u>	<u>69,375</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,380)	2,602	2,602	0
Fund Balance at Beginning of Year	<u>231,478</u>	<u>231,478</u>	<u>231,478</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 227,098</u>	<u>\$ 234,080</u>	<u>\$ 234,080</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, 2017**

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

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 74,370	\$ 74,041	\$ 74,041	\$ 0
Intergovernmental Revenues	10,140	12,510	12,510	0
Total Revenues	<u>84,510</u>	<u>86,551</u>	<u>86,551</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>84,510</u>	<u>86,678</u>	<u>86,678</u>	<u>0</u>
Total Expenditures	<u>84,510</u>	<u>86,678</u>	<u>86,678</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(127)	(127)	0
Fund Balance at Beginning of Year	<u>127</u>	<u>127</u>	<u>127</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 127</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, 2017**

	FIRE PENSION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 37,180	\$ 37,015	\$ 37,015	\$ 0
Intergovernmental Revenues	5,070	5,622	5,622	0
Total Revenues	<u>42,250</u>	<u>42,637</u>	<u>42,637</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>42,250</u>	<u>42,700</u>	<u>42,700</u>	<u>0</u>
Total Expenditures	<u>42,250</u>	<u>42,700</u>	<u>42,700</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(63)	(63)	0
Fund Balance at Beginning of Year	<u>63</u>	<u>63</u>	<u>63</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 63</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, 2017**

	CEMETERY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 3,000	\$ 4,472	\$ 4,472	\$ 0
Total Revenues	<u>3,000</u>	<u>4,472</u>	<u>4,472</u>	<u>0</u>
Expenditures:				
Community Environment:				
Materials and Supplies	<u>6,200</u>	<u>5,610</u>	<u>5,410</u>	<u>200</u>
Total Expenditures	<u>6,200</u>	<u>5,610</u>	<u>5,410</u>	<u>200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,200)	(1,138)	(938)	200
Fund Balance at Beginning of Year	71,054	71,054	71,054	0
Prior Year Encumbrances	<u>200</u>	<u>200</u>	<u>200</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 68,054</u>	<u>\$ 70,116</u>	<u>\$ 70,316</u>	<u>\$ 200</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, 2017***

JUSTICE REINVESTMENT INCENTIVE GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 12,814	\$ 12,814	\$ 0
Total Revenues	<u>0</u>	<u>12,814</u>	<u>12,814</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	12,814	12,814	0
Other Financing Sources (Uses):				
Transfers In	0	11,670	11,670	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>11,670</u>	<u>11,670</u>	<u>0</u>
Net Change In Fund Balance	0	24,484	24,484	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 24,484</u>	<u>\$ 24,484</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, 2017***

CERTIFIED POLICE TRAINING FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 0	\$ 7,320	\$ 7,320	\$ 0
Total Revenues	<u>0</u>	<u>7,320</u>	<u>7,320</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	5,000	0	0	0
Total Expenditures	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	7,320	7,320	0
Fund Balance at Beginning of Year	11,684	11,684	11,684	0
Fund Balance at End of Year	<u>\$ 6,684</u>	<u>\$ 19,004</u>	<u>\$ 19,004</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, 2017***

INDIGENT DRIVERS INTERLOCK / ALCOHOL FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 4,800	\$ 6,346	\$ 6,346	\$ 0
Total Revenues	<u>4,800</u>	<u>6,346</u>	<u>6,346</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	5,000	0	0	0
Total Expenditures	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200)	6,346	6,346	0
Fund Balance at Beginning of Year	42,501	42,501	42,501	0
Fund Balance at End of Year	<u>\$ 42,301</u>	<u>\$ 48,847</u>	<u>\$ 48,847</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, 2017**

GENERAL BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 0	\$ 24,063	\$ 24,063	\$ 0
Total Revenues	<u>0</u>	<u>24,063</u>	<u>24,063</u>	<u>0</u>
Expenditures:				
Debt Service:				
Principal Retirement	35,000	35,000	35,000	0
Interest and Fiscal Charges	<u>22,530</u>	<u>22,526</u>	<u>22,526</u>	<u>0</u>
Total Expenditures	<u>57,530</u>	<u>57,526</u>	<u>57,526</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,530)	(33,463)	(33,463)	0
Other Financing Sources (Uses):				
Transfers In	<u>56,570</u>	<u>56,570</u>	<u>56,570</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>56,570</u>	<u>56,570</u>	<u>56,570</u>	<u>0</u>
Net Change In Fund Balance	(960)	23,107	23,107	0
Fund Balance at Beginning of Year	<u>13,650</u>	<u>13,650</u>	<u>13,650</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,690</u>	<u>\$ 36,757</u>	<u>\$ 36,757</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2017**

FIRE FACILITY TRAINING GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 209,330	\$ 122,051	\$ 122,051	\$ 0
Total Revenues	<u>209,330</u>	<u>122,051</u>	<u>122,051</u>	<u>0</u>
Expenditures:				
Capital Outlay:				
Fire	209,995	210,587	210,192	395
Total Expenditures	<u>209,995</u>	<u>210,587</u>	<u>210,192</u>	<u>395</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(665)	(88,536)	(88,141)	395
Other Financing Sources (Uses):				
Transfers In	0	87,500	87,500	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>87,500</u>	<u>87,500</u>	<u>0</u>
Net Change In Fund Balance	(665)	(1,036)	(641)	395
Fund Balance at Beginning of Year	74	74	74	0
Prior Year Encumbrances	665	665	665	0
Fund Balance at End of Year	<u>\$ 74</u>	<u>\$ (297)</u>	<u>\$ 98</u>	<u>\$ 395</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2017**

	CIP FUNDING RESERVE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Transfers In	25,000	25,000	25,000	0
Total Other Financing Sources (Uses)	25,000	25,000	25,000	0
Net Change In Fund Balance	25,000	25,000	25,000	0
Fund Balance at Beginning of Year	147,437	147,437	147,437	0
Fund Balance at End of Year	\$ 172,437	\$ 172,437	\$ 172,437	\$ 0

Fiduciary Funds

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

Agency Funds

Municipal Court Fund

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

Law Library Fund

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

Payroll Withholding Fund

To account for withholding taxes until remitted to other entities.

CITY OF NAPOLEON, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017**

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$6,469	\$1,242,958	(\$1,228,973)	\$20,454
Total Assets	<u>\$6,469</u>	<u>\$1,242,958</u>	<u>(\$1,228,973)</u>	<u>\$20,454</u>
Liabilities:				
Due to Others	\$6,469	\$1,242,958	(\$1,228,973)	\$20,454
Total Liabilities	<u>\$6,469</u>	<u>\$1,242,958</u>	<u>(\$1,228,973)</u>	<u>\$20,454</u>
<u>Law Library</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$0	\$0	\$0
Total Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$0	\$0	\$0
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Payroll Withholding</u>				
Assets:				
Cash and Cash Equivalents	\$15,275	\$60,764	(\$55,737)	\$20,302
Total Assets	<u>\$15,275</u>	<u>\$60,764</u>	<u>(\$55,737)</u>	<u>\$20,302</u>
Liabilities:				
Due to Others	\$15,275	\$60,764	(\$55,737)	\$20,302
Total Liabilities	<u>\$15,275</u>	<u>\$60,764</u>	<u>(\$55,737)</u>	<u>\$20,302</u>
<u>Totals - Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$21,744	\$1,303,722	(\$1,284,710)	\$40,756
Total Assets	<u>\$21,744</u>	<u>\$1,303,722</u>	<u>(\$1,284,710)</u>	<u>\$40,756</u>
Liabilities:				
Due to Others	\$21,744	\$1,303,722	(\$1,284,710)	\$40,756
Total Liabilities	<u>\$21,744</u>	<u>\$1,303,722</u>	<u>(\$1,284,710)</u>	<u>\$40,756</u>

STATISTICAL SECTION



Water Treatment Plant Renovation – Photo by Scott Hoover



STATISTICAL TABLES

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

Contents

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

City of Napoleon, Ohio

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:				
Net Investment in Capital Assets	\$28,323,805	\$29,555,216	\$29,541,627	\$30,121,697
Restricted	3,625,081	4,298,992	4,512,545	3,885,950
Unrestricted (Deficit)	2,815,897	1,948,134	1,663,304	1,537,086
Total Governmental Activities Net Position	<u>\$34,764,783</u>	<u>\$35,802,342</u>	<u>\$35,717,476</u>	<u>\$35,544,733</u>
Business-type Activities:				
Net Investment in Capital Assets	\$15,258,691	\$16,271,445	\$19,332,790	\$21,120,371
Unrestricted	16,121,443	16,531,170	15,426,346	14,694,663
Total Business-type Activities Net Position	<u>\$31,380,134</u>	<u>\$32,802,615</u>	<u>\$34,759,136</u>	<u>\$35,815,034</u>
Primary Government:				
Net Investment in Capital Assets	\$43,582,496	\$45,826,661	\$48,874,417	\$51,242,068
Restricted	3,625,081	4,298,992	4,512,545	3,885,950
Unrestricted	18,937,340	18,479,304	17,089,650	16,231,749
Total Primary Government Net Position	<u>\$66,144,917</u>	<u>\$68,604,957</u>	<u>\$70,476,612</u>	<u>\$71,359,767</u>

Source: Finance Director's Office

City of Napoleon, Ohio

2012	2013	2014	2015	2016	2017
\$29,930,771	\$32,448,052	\$31,960,590	\$33,433,083	\$34,214,705	\$35,367,308
2,461,068	2,768,235	2,990,372	2,806,677	2,858,956	2,935,327
2,684,562	3,533,369	3,332,982	(1,392,832)	(1,146,059)	(1,616,213)
<u>\$35,076,401</u>	<u>\$38,749,656</u>	<u>\$38,283,944</u>	<u>\$34,846,928</u>	<u>\$35,927,602</u>	<u>\$36,686,422</u>
\$22,297,444	\$20,699,687	\$20,700,229	\$22,542,372	\$23,498,665	\$25,425,370
16,236,989	19,237,386	19,439,411	18,129,077	19,777,496	18,808,213
<u>\$38,534,433</u>	<u>\$39,937,073</u>	<u>\$40,139,640</u>	<u>\$40,671,449</u>	<u>\$43,276,161</u>	<u>\$44,233,583</u>
\$52,228,215	\$53,147,739	\$52,660,819	\$55,975,455	\$57,713,370	\$60,792,678
2,461,068	2,768,235	2,990,372	2,806,677	2,858,956	2,935,327
18,921,551	22,770,755	22,772,393	16,736,245	18,631,437	17,192,000
<u>\$73,610,834</u>	<u>\$78,686,729</u>	<u>\$78,423,584</u>	<u>\$75,518,377</u>	<u>\$79,203,763</u>	<u>\$80,920,005</u>

City of Napoleon, Ohio

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

	2008	2009	2010	2011
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,979,748	\$3,099,089	\$3,125,458	\$3,318,795
Public Health and Welfare Services	106,214	103,153	112,440	123,641
Leisure Time Activities	933,722	899,442	904,829	868,775
Community Environment	486,196	757,040	517,452	1,263,518
Transportation	872,400	1,702,924	1,299,067	760,223
General Government	678,405	991,969	1,122,335	1,086,864
Interest and Fiscal Charges	121,860	77,480	85,901	96,494
<i>Total Governmental Activities Expenses</i>	7,178,545	7,631,097	7,167,482	7,518,310
Business-type Activities:				
Electric	12,489,602	13,852,433	14,396,085	14,714,910
Water	2,175,036	2,543,426	2,474,059	3,229,358
Sewer	2,648,013	3,235,829	2,782,393	2,921,313
Sanitation	677,146	626,167	768,173	733,632
<i>Total Business-type Activities Expenses</i>	17,989,797	20,257,855	20,420,710	21,599,213
<i>Total Primary Government Expenses</i>	\$25,168,342	\$27,888,952	\$27,588,192	\$29,117,523
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,027,828	\$1,028,246	\$1,082,152	\$1,008,026
Public Health and Welfare Services	18,463	14,660	17,125	24,203
Leisure Time Activities	255,949	301,100	258,421	207,272
Community Environment	3,758	2,935	3,265	4,968
Transportation	9,985	10,083	16,311	6,267
General Government	126,883	148,898	109,391	113,089
Operating Grants and Contributions	634,910	618,192	894,469	1,323,169
Capital Grants and Contributions	797	154,816	157,440	104,301
<i>Total Governmental Activities Program Revenues</i>	2,078,573	2,278,930	2,538,574	2,791,295

City of Napoleon, Ohio

2012	2013	2014	2015	2016	2017
\$3,461,564	\$3,509,977	\$3,897,632	\$3,654,789	\$3,546,651	\$4,052,817
109,157	119,347	121,621	130,226	107,520	121,144
920,814	837,829	979,834	885,152	896,040	1,037,985
381,223	889,241	152,816	133,083	1,057,736	543,782
1,316,777	1,081,351	1,646,040	1,508,973	225,516	721,483
1,329,567	1,037,778	1,089,719	895,716	1,108,794	1,118,076
63,709	67,818	71,185	49,078	64,017	43,997
<u>7,582,811</u>	<u>7,543,341</u>	<u>7,958,847</u>	<u>7,257,017</u>	<u>7,006,274</u>	<u>7,639,284</u>
14,533,499	15,784,619	16,111,027	14,525,667	15,578,395	16,376,184
2,621,913	2,471,001	2,725,757	2,483,792	2,820,862	3,165,477
2,663,795	3,175,055	3,114,530	3,298,500	3,322,734	3,601,304
793,380	718,019	742,677	756,482	829,618	848,385
<u>20,612,587</u>	<u>22,148,694</u>	<u>22,693,991</u>	<u>21,064,441</u>	<u>22,551,609</u>	<u>23,991,350</u>
<u>\$28,195,398</u>	<u>\$29,692,035</u>	<u>\$30,652,838</u>	<u>\$28,321,458</u>	<u>\$29,557,883</u>	<u>\$31,630,634</u>
\$1,032,637	\$1,204,603	\$1,103,728	\$1,062,603	\$1,045,704	\$1,135,063
16,388	18,877	18,668	22,665	14,655	16,752
215,192	275,990	278,108	240,539	260,055	243,119
4,798	4,742	6,288	5,280	3,270	4,222
11,267	13,878	8,997	14,115	7,486	6,783
103,218	100,503	42,022	21,996	51,590	138,934
830,875	1,517,992	950,214	586,830	621,783	697,848
111,784	66,201	76,151	931,660	802,876	237,473
<u>2,326,159</u>	<u>3,202,786</u>	<u>2,484,176</u>	<u>2,885,688</u>	<u>2,807,419</u>	<u>2,480,194</u>

(continued)

City of Napoleon, Ohio

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

	2008	2009	2010	2011
Business-type Activities:				
Charges for Services				
Electric	13,330,787	14,499,715	14,984,767	15,490,550
Water	2,438,644	2,448,655	2,822,576	2,610,784
Sewer	3,427,831	3,349,175	3,136,055	3,412,565
Sanitation	638,020	861,016	853,623	858,054
Capital Grants and Contributions	311,544	2,150,584	403,881	113,431
<i>Total Business-type Activities Program Revenues</i>	20,146,826	23,309,145	22,200,902	22,485,384
<i>Total Primary Government Program Revenues</i>	22,225,399	25,588,075	24,739,476	25,276,679
Net (Expense)/Revenue				
Governmental Activities	(5,099,972)	(5,352,167)	(4,628,908)	(4,727,015)
Business-type Activities	2,157,029	3,051,290	1,780,192	886,171
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$2,942,943)	(\$2,300,877)	(\$2,848,716)	(\$3,840,844)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
Property Taxes	\$494,106	\$146,252	\$386,482	\$382,639
Municipal Income Taxes	2,255,314	2,361,108	2,796,692	2,826,623
Other Local Taxes (kWh Tax)	536,676	493,053	515,545	522,615
Grants and Entitlements not				
Restricted to Specific Programs	5,953	788,511	629,483	691,333
Investment Earnings	403,619	202,278	92,083	91,360
Miscellaneous	202,010	485,517	123,757	139,873
Transfers	2,260,946	1,913,007	0	(118,388)
<i>Total Governmental Activities</i>	6,158,624	6,389,726	4,544,042	4,536,055
Business-type Activities:				
Investment Earnings	461,775	284,198	176,329	155,535
Transfers	(2,260,946)	(1,913,007)	0	118,388
<i>Total Business-type Activities</i>	(1,799,171)	(1,628,809)	176,329	273,923
<i>Total Primary Government</i>	\$4,359,453	\$4,760,917	\$4,720,371	\$4,809,978
Change in Net Position				
Governmental Activities	\$1,058,652	\$1,037,559	(\$84,866)	(\$190,960)
Business-type Activities	357,858	1,422,481	1,956,521	1,160,094
<i>Total Primary Government Change in Net Position</i>	\$1,416,510	\$2,460,040	\$1,871,655	\$969,134

Source: Finance Director's Office

City of Napoleon, Ohio

2012	2013	2014	2015	2016	2017
15,189,640	15,693,889	15,391,341	14,970,816	16,250,617	15,591,655
3,154,088	2,862,800	3,218,817	3,309,819	3,233,144	3,390,516
3,445,027	3,340,375	3,343,019	3,904,365	4,054,675	4,036,930
858,402	867,760	867,626	860,787	874,071	892,891
412,650	3,455,321	0	167,351	624,929	839,103
<u>23,059,807</u>	<u>26,220,145</u>	<u>22,820,803</u>	<u>23,213,138</u>	<u>25,037,436</u>	<u>24,751,095</u>
<u>25,385,966</u>	<u>29,422,931</u>	<u>25,304,979</u>	<u>26,098,826</u>	<u>27,844,855</u>	<u>27,231,289</u>
(5,256,652)	(4,340,555)	(5,474,671)	(4,371,329)	(4,198,855)	(5,159,090)
2,447,220	4,071,451	126,812	2,148,697	2,485,827	759,745
<u>(\$2,809,432)</u>	<u>(\$269,104)</u>	<u>(\$5,347,859)</u>	<u>(\$2,222,632)</u>	<u>(\$1,713,028)</u>	<u>(\$4,399,345)</u>
\$369,498	\$368,837	\$371,815	\$365,123	\$358,670	\$350,199
3,265,008	3,588,267	3,821,982	4,097,468	4,120,044	4,212,894
524,942	524,529	512,414	520,952	515,950	483,133
509,026	448,430	50,375	798,480	5,422	340,970
67,633	49,515	40,475	8,164	99,506	64,846
165,688	277,279	211,898	397,832	79,387	465,868
(113,475)	2,756,953	0	116,754	100,550	0
<u>4,788,320</u>	<u>8,013,810</u>	<u>5,008,959</u>	<u>6,304,773</u>	<u>5,279,529</u>	<u>5,917,910</u>
158,704	88,142	75,755	103,486	219,435	197,677
113,475	(2,756,953)	0	(116,754)	(100,550)	0
<u>272,179</u>	<u>(2,668,811)</u>	<u>75,755</u>	<u>(13,268)</u>	<u>118,885</u>	<u>197,677</u>
<u>\$5,060,499</u>	<u>\$5,344,999</u>	<u>\$5,084,714</u>	<u>\$6,291,505</u>	<u>\$5,398,414</u>	<u>\$6,115,587</u>
(\$468,332)	\$3,673,255	(\$465,712)	\$1,933,444	\$1,080,674	\$758,820
2,719,399	1,402,640	202,567	2,135,429	2,604,712	957,422
<u>\$2,251,067</u>	<u>\$5,075,895</u>	<u>(\$263,145)</u>	<u>\$4,068,873</u>	<u>\$3,685,386</u>	<u>\$1,716,242</u>

City of Napoleon, Ohio

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

	2008	2009	2010	2011
General Fund				
Nonspendable	\$0	\$0	\$5,889	\$5,761
Committed	0	0	9,956	93,945
Assigned	0	0	43,792	42,032
Unassigned	0	0	1,961,094	1,810,169
Reserved	45,413	36,369	0	0
Unreserved	1,888,658	1,950,630	0	0
Total General Fund	1,934,071	1,986,999	2,020,731	1,951,907
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$119,506	\$120,535
Restricted	0	0	2,530,239	2,105,312
Committed	0	0	898,911	1,010,839
Assigned	0	0	9,520	9,528
Unassigned	0	0	(82,196)	(81,974)
Reserved	287,883	251,799	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,021,024	981,549	0	0
Debt Service Funds	502,806	884,855	0	0
Capital Projects Funds	545,746	764,329	0	0
Total All Other Governmental Funds	2,357,459	2,882,532	3,475,980	3,164,240
Total Governmental Funds	\$4,291,530	\$4,869,531	\$5,496,711	\$5,116,147

Source: Finance Director's Office

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

City of Napoleon, Ohio

2012	2013	2014	2015	2016	2017
\$7,456	\$7,706	\$9,120	\$9,409	\$44,283	\$47,322
67,783	19,966	11,772	13,022	11,196	32,808
67,913	871,172	777,758	838,819	590,274	498,796
1,714,410	1,030,178	1,162,723	1,265,731	1,301,015	1,405,609
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,857,562</u>	<u>1,929,022</u>	<u>1,961,373</u>	<u>2,126,981</u>	<u>1,946,768</u>	<u>1,984,535</u>
\$195,635	\$177,587	\$170,935	\$229,196	\$252,736	\$330,192
2,269,103	2,391,541	2,434,009	2,279,047	2,442,470	2,580,649
800,226	1,439,374	1,555,291	1,912,226	2,586,537	2,522,755
22,214	27,767	9,554	28,749	13,650	36,757
(73,767)	(29,206)	(27,902)	(28,492)	(29,300)	(40,465)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>3,213,411</u>	<u>4,007,063</u>	<u>4,141,887</u>	<u>4,420,726</u>	<u>5,266,093</u>	<u>5,429,888</u>
<u>\$5,070,973</u>	<u>\$5,936,085</u>	<u>\$6,103,260</u>	<u>\$6,547,707</u>	<u>\$7,212,861</u>	<u>\$7,414,423</u>

City of Napoleon, Ohio

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

	2008	2009	2010	2011
Revenues:				
Taxes	\$3,245,315	\$3,220,684	\$3,722,602	\$3,749,404
Intergovernmental Revenues	1,891,032	1,605,562	1,380,019	2,220,622
Charges for Services	732,494	803,479	807,930	800,287
Licenses and Permits	64,957	63,825	63,599	68,203
Investment Earnings	421,070	185,858	114,664	95,435
Special Assessments	105,288	106,700	101,853	92,238
Fines and Forfeitures	381,139	407,561	371,916	363,988
All Other Revenue	388,066	797,505	456,874	400,885
Total Revenue	7,229,361	7,191,174	7,019,457	7,791,062
Expenditures:				
Current:				
Security of Persons and Property	3,946,531	2,900,346	2,949,630	3,278,087
Public Health and Welfare Services	98,955	92,695	101,383	110,917
Leisure Time Activities	875,791	783,006	821,199	799,615
Community Environment	483,116	538,556	515,451	1,260,984
Transportation	604,199	539,327	582,589	596,226
General Government	1,114,009	847,258	1,027,824	962,827
Capital Outlay	901,518	688,609	873,383	650,487
Debt Service:				
Principal Retirement	111,550	112,550	112,557	142,751
Interest and Fiscal Charges	122,968	76,940	85,058	96,938
Total Expenditures	8,258,637	6,579,287	7,069,074	7,898,832
Excess (Deficiency) of Revenues Over Expenditures	(1,029,276)	611,887	(49,617)	(107,770)

City of Napoleon, Ohio

2012	2013	2014	2015	2016	2017
\$4,170,959	\$4,458,946	\$4,660,798	\$4,969,922	\$4,998,063	\$5,045,738
1,426,432	1,719,738	1,248,507	2,272,156	1,283,816	1,223,001
805,926	1,012,086	819,227	869,489	865,305	997,003
76,513	73,435	70,252	70,735	75,027	70,563
68,959	54,013	34,162	11,047	89,533	61,866
84,532	49,694	28,815	37,142	33,107	11,526
331,022	369,351	354,229	306,292	363,060	332,305
453,642	365,253	464,363	339,064	343,855	429,527
<u>7,417,985</u>	<u>8,102,516</u>	<u>7,680,353</u>	<u>8,875,847</u>	<u>8,051,766</u>	<u>8,171,529</u>

3,216,671	3,293,773	3,559,821	3,426,149	3,271,532	3,664,792
98,178	105,132	107,365	111,598	100,039	104,137
809,897	722,535	717,360	792,662	808,066	858,514
378,447	885,933	151,254	132,277	192,306	137,222
530,317	503,534	554,015	671,335	498,095	507,430
1,009,104	897,863	936,313	852,115	1,030,993	795,734
1,095,962	471,986	1,177,632	2,271,611	1,337,778	1,683,118
138,951	129,951	119,151	124,151	124,351	119,349
64,594	70,247	71,499	49,428	64,423	44,456
<u>7,342,121</u>	<u>7,080,954</u>	<u>7,394,410</u>	<u>8,431,326</u>	<u>7,427,583</u>	<u>7,914,752</u>

75,864	1,021,562	285,943	444,521	624,183	256,777
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(Continued)

City of Napoleon, Ohio

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	202	10,941	11,224	26
General Obligation Notes Issued	0	0	0	0
General Obligation Bonds Issued	0	0	760,000	0
Transfers In	2,210,781	1,907,304	2,053,509	2,174,344
Transfers Out	(2,258,101)	(1,946,385)	(2,134,769)	(2,447,105)
Other Financing Sources - Capital Leases	0	0	0	0
Total Other Financing Sources (Uses)	<u>(47,118)</u>	<u>(28,140)</u>	<u>689,964</u>	<u>(272,735)</u>
Net Change in Fund Balance	<u>(\$1,076,394)</u>	<u>\$583,747</u>	<u>\$640,347</u>	<u>(\$380,505)</u>
Debt Service as a Percentage of Noncapital Expenditures	3.86%	3.31%	3.33%	3.88%

Source: Finance Director's Office

City of Napoleon, Ohio

2012	2013	2014	2015	2016	2017
19,300	38,700	17,289	20,954	33,755	50,395
0	0	0	0	0	0
0	0	0	0	0	0
1,923,114	1,878,718	2,137,016	2,185,044	2,457,040	2,442,394
(2,167,589)	(2,056,218)	(2,266,206)	(2,264,290)	(2,508,340)	(2,628,344)
28,818	0	0	0	0	0
(196,357)	(138,800)	(111,901)	(58,292)	(17,545)	(135,555)
(\$120,493)	\$882,762	\$174,042	\$386,229	\$606,638	\$121,222
3.27%	3.31%	3.16%	2.95%	4.02%	3.06%

City of Napoleon, Ohio

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Income Tax Rate	1.20%	(1) 1.50%	1.50%	1.50%
Estimated Personal Income	\$300,589,362	\$302,853,636	\$284,359,998	\$288,367,040
Total Tax Collected	\$2,808,030	\$2,905,178	\$3,378,498	\$3,453,702
Income Tax Receipts				
Withholding	2,140,997	2,212,313	2,529,184	2,620,422
Percentage	76.24%	76.15%	74.86%	75.88%
Corporate	269,755	263,809	366,726	333,369
Percentage	9.61%	9.08%	10.85%	9.65%
Individuals	397,278	429,056	482,588	499,911
Percentage	14.15%	14.77%	14.29%	14.47%

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

2012	2013	2014	2015	2016	2017
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$308,842,682	\$321,298,252	\$340,074,000	\$339,299,820	\$343,994,115	\$353,979,920
\$3,653,543	\$3,766,944	\$4,002,571	\$4,233,916	\$4,906,698	\$4,616,746
2,819,529	2,815,263	2,885,428	3,021,851	3,372,317	3,162,578
77.17%	74.74%	72.09%	71.37%	68.73%	68.50%
343,738	426,751	561,348	608,345	807,938	727,125
9.41%	11.32%	14.02%	14.37%	16.47%	15.75%
490,276	524,930	555,795	603,721	726,443	727,043
13.42%	13.94%	13.89%	14.26%	14.80%	15.75%



City of Napoleon, Ohio

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2017

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,645	48.48%	\$17,113,803	9.32%
20,000 - 49,999	1,527	27.99%	49,968,087	27.21%
50,000 - 74,999	631	11.57%	38,282,247	20.85%
75,000 - 99,999	328	6.01%	28,150,817	15.33%
Over 100,000	325	5.95%	50,114,074	27.29%
Total	5,456	100.00%	\$183,629,028	100.00%

Calendar Year 2008

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,645	51.29%	\$18,177,450	10.98%
20,000 - 49,999	1,410	27.34%	46,569,075	28.14%
50,000 - 74,999	557	10.80%	33,923,363	20.50%
75,000 - 99,999	287	5.57%	24,726,146	14.94%
Over 100,000	258	5.00%	42,104,068	25.44%
Total	5,157	100.00%	\$165,500,102	100.00%

Source: Finance Director's Office

City of Napoleon, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2008	2009	2010
Governmental Activities ⁽¹⁾			
General Obligation Bonds Payable	\$605,000	\$580,000	\$1,315,000
Special Assessment Bonds Payable	459,353	384,153	308,953
Ohio Public Works Commission Loan Payable	111,162	98,812	86,455
Business-type Activities ⁽¹⁾			
Ohio Water Development Authority Loans Payable	3,039,222	2,663,802	2,261,064
Ohio Public Works Commission Loans Payable	540,530	511,846	483,159
Ohio Water and Sewer Rotary Commission Loans Payable	666,070	666,070	659,186
Water Pollution Control Loan Fund Loans Payable	587,200	5,204,566	7,653,135
Long-Term Notes Payable	0	4,000,000	0
General Obligation Bonds Payable	1,995,000	1,870,000	1,740,000
Special Assessment Bond Payable	84,646	79,846	75,046
Revenue Bonds Payable	7,600,000	7,150,000	10,290,000
Total Primary Government	<u>\$15,688,183</u>	<u>\$23,209,095</u>	<u>\$24,871,998</u>
Population ⁽²⁾			
City of Napoleon	9,318	9,318	8,749
Outstanding Debt Per Capita	\$1,684	\$2,491	\$2,843
Income ⁽³⁾			
Personal (in thousands)	300,589	302,854	284,360
Percentage of Personal Income	5.22%	7.66%	8.75%

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

2011	2012	2013	2014	2015	2016	2017
\$1,250,000	\$1,180,000	\$1,105,000	\$1,030,000	\$950,000	\$870,000	\$785,000
243,553	186,954	144,354	112,554	80,754	48,754	26,754
74,104	61,753	49,402	37,051	24,700	12,349	0
1,828,963	1,365,382	1,257,105	1,142,870	1,022,324	916,078	825,367
454,475	425,791	397,106	368,421	339,736	311,051	282,366
310,945	310,945	307,669	300,832	300,832	300,832	300,832
7,251,586	6,966,622	6,593,088	6,235,432	5,874,191	5,509,329	5,140,810
1,200,000	0	2,500,000	2,500,000	2,500,000	3,900,000	3,900,000
1,610,000	1,470,000	1,325,000	1,180,000	1,025,000	865,000	695,000
69,446	63,046	56,646	49,446	42,246	34,246	26,246
9,885,000	10,545,000	10,070,000	9,585,000	9,085,000	8,575,000	8,035,000
<u>\$24,178,072</u>	<u>\$22,575,493</u>	<u>\$23,805,370</u>	<u>\$22,541,606</u>	<u>\$21,244,783</u>	<u>\$21,342,639</u>	<u>\$20,017,375</u>
8,749	8,702	8,782	9,000	8,940	8,851	8,659
\$2,764	\$2,594	\$2,711	\$2,505	\$2,376	\$2,411	\$2,312
288,367	308,843	321,298	340,074	339,300	343,994	353,980
8.38%	7.31%	7.41%	6.63%	6.26%	6.20%	5.65%

City of Napoleon, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2008	2009	2010	2011
Population ⁽¹⁾	9,318	9,318	8,749	8,749
Assessed Value ⁽²⁾	\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$2,600,000	\$2,450,000	\$3,055,000	\$2,860,000
Resources Available to Pay Principal ⁽⁴⁾	\$9,737	\$37,048	\$9,520	\$9,528
Net General Bonded Debt	\$2,590,263	\$2,412,952	\$3,045,480	\$2,850,472
Ratio of Net Bonded Debt to Assessed Value	1.70%	1.60%	2.00%	1.99%
Net Bonded Debt per Capita	\$277.98	\$258.96	\$348.09	\$325.81

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

2012	2013	2014	2015	2016	2017
8,702	8,782	9,000	8,940	8,851	8,659
\$144,228,260	\$144,710,680	\$140,680,550	\$140,849,400	\$140,501,870	\$151,096,730
\$2,650,000	\$2,430,000	\$2,210,000	\$1,975,000	\$1,735,000	\$1,480,000
\$22,214	\$27,767	\$9,554	\$28,749	\$13,650	\$36,757
\$2,627,786	\$2,402,233	\$2,200,446	\$1,946,251	\$1,721,350	\$1,443,243
1.82%	1.66%	1.56%	1.38%	1.23%	0.96%
\$301.97	\$273.54	\$244.49	\$217.70	\$194.48	\$166.68



City of Napoleon, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2017*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Napoleon</u>	<u>Amount Applicable to the City of Napoleon</u>
Direct:			
City of Napoleon	\$5,406,754	100.00%	\$5,406,754
Overlapping:			
Napoleon City School District	30,010,000	41.65%	12,499,165
Liberty Center School District	18,779,508	2.56%	480,755
Four County Vocational School District	2,470,000	4.13%	102,011
		Subtotal	<u>13,081,931</u>
		Total	<u><u>\$18,488,685</u></u>

Source: Henry County

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

City of Napoleon, Ohio

Debt Limitations Last Ten Years

Collection Year	2008	2009	2010	2011
Total Debt				
Net Assessed Valuation	\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	15,973,461	15,817,941	15,960,204	15,048,249
City Debt Outstanding (2)	605,000	580,000	1,315,000	1,250,000
Less: Applicable Debt Service Fund Amounts	<u>(9,737)</u>	<u>(37,048)</u>	<u>(9,520)</u>	<u>(9,528)</u>
Net Indebtedness Subject to Limitation	<u>595,263</u>	<u>542,952</u>	<u>1,305,480</u>	<u>1,240,472</u>
Overall Legal Debt Margin	<u><u>\$15,378,198</u></u>	<u><u>\$15,274,989</u></u>	<u><u>\$14,654,724</u></u>	<u><u>\$13,807,777</u></u>
Unvoted Debt				
Net Assessed Valuation	\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	8,367,051	8,285,588	8,360,107	7,882,416
City Debt Outstanding (2)	605,000	580,000	1,315,000	1,250,000
Less: Applicable Debt Service Fund Amounts	<u>(9,737)</u>	<u>(37,048)</u>	<u>(9,520)</u>	<u>(9,528)</u>
Net Indebtedness Subject to Limitation	<u>595,263</u>	<u>542,952</u>	<u>1,305,480</u>	<u>1,240,472</u>
Overall Legal Debt Margin	<u><u>\$7,771,788</u></u>	<u><u>\$7,742,636</u></u>	<u><u>\$7,054,627</u></u>	<u><u>\$6,641,944</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

2012	2013	2014	2015	2016	2017
\$144,228,260	\$144,710,680	\$140,680,550	\$140,849,400	\$140,501,870	\$151,096,730
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
15,143,967	15,194,621	14,771,458	14,789,187	14,752,696	15,865,157
1,180,000	1,105,000	1,030,000	950,000	870,000	785,000
(22,214)	(27,767)	(9,554)	(28,749)	(13,650)	(36,757)
1,157,786	1,077,233	1,020,446	921,251	856,350	748,243
\$13,986,181	\$14,117,388	\$13,751,012	\$13,867,936	\$13,896,346	\$15,116,914
\$144,228,260	\$144,710,680	\$140,680,550	\$140,849,400	\$140,501,870	\$151,096,730
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
7,932,554	7,959,087	7,737,430	7,746,717	7,727,603	8,310,320
1,180,000	1,105,000	1,030,000	950,000	870,000	785,000
(22,214)	(27,767)	(9,554)	(28,749)	(13,650)	(36,757)
1,157,786	1,077,233	1,020,446	921,251	856,350	748,243
\$6,774,768	\$6,881,854	\$6,716,984	\$6,825,466	\$6,871,253	\$7,562,077

City of Napoleon, Ohio

Pledged Revenue Coverage Last Ten Years

	2008	2009	2010	2011
Sewer System Bonds (1 a)				
Gross Revenues (2)	\$3,589,269	\$3,463,044	\$3,225,591	\$3,484,605
Direct Operating Expenses (3)	1,929,369	2,440,970	2,286,816	1,862,369
Net Revenue Available for Debt Service	1,659,900	1,022,074	938,775	1,622,236
Annual Debt Service Requirement (4)	276,088	273,663	245,684	543,135
Coverage	6.01	3.73	3.82	2.99
Electric System Bonds (1 b)				
Gross Revenues (2)	\$13,400,514	\$14,398,829	\$14,892,869	\$15,414,354
Direct Operating Expenses (3)	11,858,934	13,225,462	13,496,084	14,214,131
Net Revenue Available for Debt Service	1,541,580	1,173,367	1,396,785	1,200,223
Annual Debt Service Requirement (4)	253,325	256,575	0	0
Coverage	6.09	4.57	N/A	N/A
Electric System Amp-Ohio (1 b)				
Gross Revenues (5)	\$13,182,141	\$14,283,334	\$14,823,120	\$15,353,250
Direct Operating Expenses (3)	11,082,996	12,434,280	13,496,084	14,214,131
Net Revenue Available for Debt Service	2,099,145	1,849,054	1,327,036	1,139,119
Annual Debt Service Requirement (4)	775,938	791,182	0	0
Coverage	2.71	2.34	N/A	N/A
Water System Bonds (1 c)				
Gross Revenues (2)	N/A	\$2,489,814	\$2,843,139	\$2,643,832
Direct Operating Expenses (3)	N/A	1,999,194	1,913,351	2,697,472
Net Revenue Available for Debt Service	N/A	490,620	929,788	(53,640)
Annual Debt Service Requirement (4)	N/A	263,819	264,619	321,889
Coverage	N/A	1.86	3.51	(0.17)

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

- (a) The Sewer Bonds were issued in 1998, in the amount of \$3,480,000, in 2010 in the amounts of \$2,050,000, \$1,800,000 and \$2,535,000 and in 2012 in the amount of \$913,000.
- (b) The Electric Bonds were issued in 1998, in the amount of \$3,245,000.
- (c) The Water Bonds were issued in 2008, in the amount of \$3,505,000, in 2010 in the amounts of \$305,000 and \$540,000 and in 2012 in the amount of \$187,000.

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

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

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

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

Source: Finance Director's Office

City of Napoleon, Ohio

2012	2013	2014	2015	2016	2017
\$3,513,056	\$3,373,988	\$3,412,809	\$3,936,723	\$4,159,750	\$4,102,182
1,886,347	2,159,341	2,118,671	2,309,699	2,295,638	2,596,558
1,626,709	1,214,647	1,294,138	1,627,024	1,864,112	1,505,624
591,708	650,633	640,676	636,597	636,732	644,217
2.75	1.87	2.02	2.56	2.93	2.34
\$15,361,398	\$15,603,439	\$15,991,230	\$14,965,308	\$16,208,908	\$15,561,372
14,001,754	15,220,282	15,555,991	13,960,055	14,997,692	15,782,123
1,359,644	383,157	435,239	1,005,253	1,211,216	(220,751)
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A
\$15,299,299	\$15,571,064	\$15,961,782	\$14,927,117	\$16,153,201	\$15,499,543
14,001,754	15,220,282	15,555,991	13,960,055	14,997,692	15,782,123
1,297,545	350,782	405,791	967,062	1,155,509	(282,580)
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A
\$3,174,903	\$2,889,431	\$3,317,029	\$3,335,865	\$3,278,782	\$3,441,821
2,068,821	1,856,073	2,123,585	1,884,289	2,212,787	2,436,100
1,106,082	1,033,358	1,193,444	1,451,576	1,065,995	1,005,721
525,902	544,556	529,806	538,471	528,884	537,699
2.10	1.90	2.25	2.70	2.02	1.87

City of Napoleon, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2008	2009	2010	2011
Population ⁽¹⁾				
City of Napoleon	9,318	9,318	8,749	8,749
Henry County	29,310	29,310	28,215	28,215
Income ^{(2) (a)}				
Total Personal (in thousands)	300,589	302,854	284,360	288,367
Per Capita	32,259	32,502	32,502	32,960
Unemployment Rate ⁽³⁾				
Federal	5.8%	9.3%	9.4%	8.9%
State	6.6%	10.2%	9.5%	8.6%
Henry County	8.0%	13.3%	11.0%	9.7%
Civilian Work Force Estimates ⁽³⁾				
State	5,986,400	5,970,000	5,894,000	5,806,000
Henry County	15,900	15,900	15,600	15,300

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

2012	2013	2014	2015	2016	2017
8,702	8,782	9,000	8,940	8,851	8,659
28,064	28,045	28,092	27,937	27,816	27,629
308,843	321,298	340,074	339,300	343,994	353,980
35,491	36,586	37,786	37,953	38,865	40,880
7.8%	6.7%	5.6%	5.0%	4.7%	4.1%
6.7%	7.1%	5.1%	4.8%	5.0%	4.9%
7.5%	7.2%	5.5%	5.5%	5.5%	5.1%
5,729,000	5,758,000	5,726,000	5,694,000	5,687,000	5,782,000
15,000	15,300	13,700	13,500	13,500	13,500



City of Napoleon, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2017		
		Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	475	1	6.53%
Campbel Soup Supply Co LLC	Soup Manufacturer	379	2	5.21%
Henry County	County Government	357	3	4.91%
Wal-Mart Stores	Retail	355	4	4.88%
Henry County Hospital Inc	Health Care	342	5	4.70%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	248	6	3.41%
Cloverleaf Cold Storage	Food Storage	233	7	3.20%
City of Napoleon	Local Government	215	8	2.96%
Oldcastle APG Inc	Manufacturing	160	9	2.20%
Automatic Feed	Steel Handling Equipment	84	10	1.15%
Total		<u>2,848</u>		
Total Employment within the City		<u>7,273</u>		

Employer	Nature of Business	2008		
		Number of Employees	Rank	Percentage of Total Employment
Campbell Soup Company	Canned Food Processing	403	1	3.39%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	251	2	2.11%
Napoleon City School District	Education	469	3	3.95%
Henry County Hospital	Health Care	282	4	2.38%
Henry County	County Government	355	5	2.99%
City of Napoleon	Local Government	207	6	1.74%
Automatic Feed Company	Steel Handling Equipment	114	7	0.96%
Wal-Mart Stores	Retail	387	8	3.26%
The Lutheran Home	Long-term Health Care	271	9	2.28%
Oldcastle Precast	Manufacturing	173	10	1.46%
Total		<u>2,912</u>		
Total Employment within the City		<u>11,871</u>		

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

City of Napoleon, Ohio

Full Time Equivalent Employees by Function Last Ten Years

	2008	2009	2010	2011
Governmental Activities				
General Government				
Finance	9.00	11.00	10.00	10.00
Legal/Court	9.00	9.00	8.00	9.00
Administration	10.00	11.00	9.00	10.00
Maintenance	4.00	3.00	4.00	4.00
Security of Persons and Property				
Police	22.00	22.00	22.00	22.00
Fire	8.00	8.00	8.00	10.00
Transportation				
Street	7.00	6.00	7.00	6.00
Leisure Time Activities				
Recreation/Seniors	5.00	4.00	5.00	4.00
Community Environment				
Service - Cemetery	1.00	1.00	1.00	1.00
Business-Type Activities				
Utilities - Electric	15.00	14.00	14.00	13.00
Water	10.00	9.00	10.00	9.00
Sewer	6.00	7.00	7.00	7.00
Solid Waste	3.00	3.00	3.00	3.00
<i>Total Employees</i>	<u>109.00</u>	<u>108.00</u>	<u>108.00</u>	<u>108.00</u>

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

Source: Finance Director's Office

City of Napoleon, Ohio

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
10.00	9.00	9.00	9.00	9.00	9.00
9.00	10.00	10.00	9.00	9.00	10.00
10.00	10.00	10.00	10.00	10.00	9.00
3.00	3.00	3.00	3.00	3.00	3.00
22.00	21.00	22.00	21.00	23.00	20.00
8.00	9.00	9.00	9.00	9.00	10.00
4.00	3.00	3.00	3.00	3.00	3.00
5.00	5.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00
13.00	14.00	14.00	14.00	14.00	14.00
8.00	9.00	9.00	9.00	10.00	11.00
7.00	7.00	7.00	7.00	7.00	8.00
3.00	3.00	3.00	2.00	3.00	3.00
<u>103.00</u>	<u>104.00</u>	<u>105.00</u>	<u>102.00</u>	<u>106.00</u>	<u>106.00</u>

City of Napoleon, Ohio

Operating Indicators by Function Last Ten Years

	2008	2009	2010	2011
Governmental Activities				
General Government				
Licenses and Permits				
Number of Building Permits	387	302	222	222
Number of Commercial Permits	28	21	15	18
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	927	878	834	816
Number of Parking Tickets	184	191	125	142
Number of Law Violations:				
Criminal/Juvenile Citations	1,022	1,644	1,508	611
Fire				
Number of Fire Calls Answered	173	144	178	133
Number of EMS Runs	866	919	1,003	1,041
Number of Inspections	66	30	45	67
Transportation				
Street				
Facilities and Services: Miles of Streets	72	72	72	72
Business-Type Activities				
Water				
Number of Service Connections	3,679	4,114	4,114	4,114
Daily Average Consumption (gallons)	1.3M	1.3M	1.3M	1.3M
Maximum Daily Capacity of Treatment (gallons)	4.5M	4.5M	4.5M	4.5M
Sewer				
Number of Service Connections	3,679	3,593	3,593	3,593
Daily Average Sewage Treatment (gallons)	1.8M	1.8M	1.8M	1.8M
Maximum Daily Capacity of Treatment (gallons)	2.5M	4.5M	4.5M	4.5M

Source: Finance Director's Office

City of Napoleon, Ohio

2012	2013	2014	2015	2016	2017
117	99	87	181	139	186
14	13	17	7	13	31
596	1,070	741	741	565	427
28	16	83	83	59	53
1,392	832	713	713	827	1,054
220	246	237	227	170	167
1,149	1,135	1,147	1,237	1,339	1,428
96	97	36	188	107	270
72	72	72	72	72	72
4,114	3,663	3,663	3,663	3,663	3,895
1.3M	1.3M	1.3M	1.3M	1.3M	1.3M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M
4	4,360	3,553	3,553	3,553	3,683
1.8M	1.8M	1.8M	1.8M	1.8M	1.8M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M

City of Napoleon, Ohio

Capital Asset Statistics by Function Last Ten Years

	2008	2009	2010	2011	2012
Governmental Activities					
General Government					
Area (square miles)	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	9	8	8	7	7
Fire					
Stations	1	1	1	1	1
Vehicles	10	11	11	11	11
Transportation					
Street					
Vehicles	9	9	9	10	10
Leisure Time Activities					
Recreation/Seniors					
Land (acres)	225	225	225	225	225
Parks	9	9	9	9	9
Swimming Pools	1	1	1	1	1
Tennis Courts	2	2	2	1	1
Baseball/Softball Diamonds	7	7	7	7	7
Golf Courses	1	1	1	1	1
Business-Type Activities					
Utilities					
Water					
Waterlines (Miles)	58	58	58	58	63
Number of Purification Plants	1	2	2	2	2
Number of Hydrants	599	599	599	599	653
Number of Water Towers	2	2	2	2	2
Sewer					
Sewerlines (Miles)	45	47	47	47	47
Number of Treatment Plants	1	1	1	1	1
Storm Water Drainage					
Miles of Storm Sewers	30	37	37	37	37

Source: Finance Director's Office

City of Napoleon, Ohio

2013	2014	2015	2016	2017
7	7	7	7	7
1	1	1	1	1
7	7	7	7	8
1	1	1	1	1
11	11	11	11	11
9	9	9	9	9
225	225	225	225	225
9	9	9	9	9
1	1	1	1	1
1	1	1	1	1
7	7	7	7	7
1	1	1	1	1
63	63	63	63	63
2	2	2	2	2
653	653	653	653	658
2	2	2	2	2
47	47	47	47	47
1	1	1	1	1
37	37	37	37	37





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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
AUGUST 9, 2018