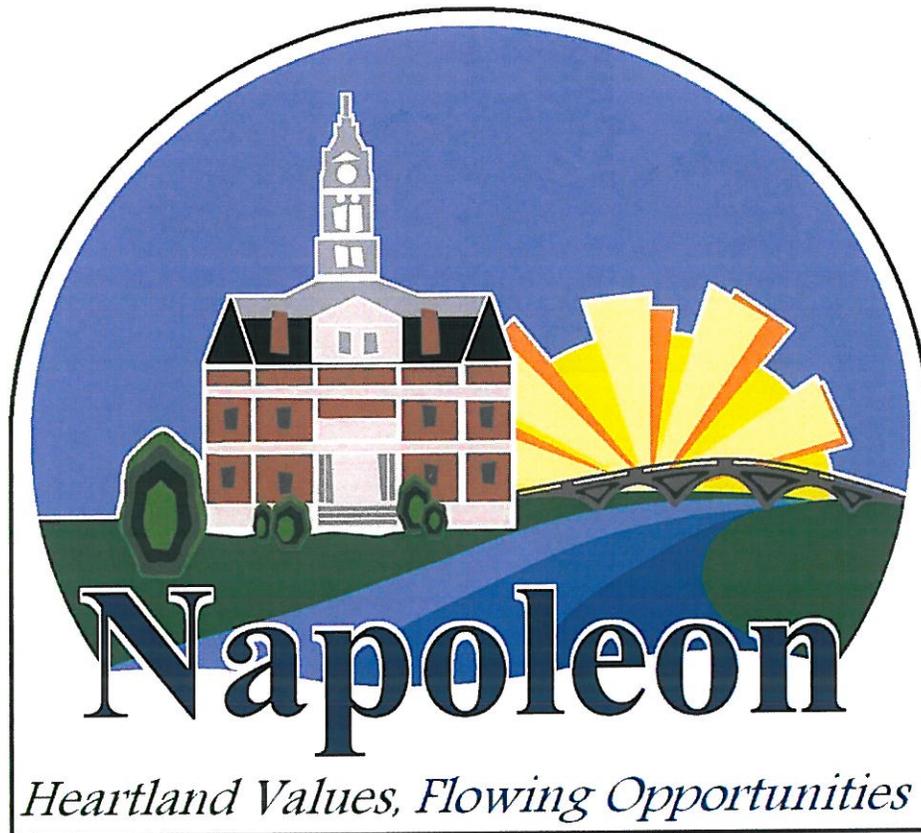


THE CITY OF NAPOLEON, OHIO

HENRY COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

Prepared by the Finance Department

Gregory J. Heath
Director of Finance



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HENRY COUNTY, OHIO

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INTRODUCTORY SECTION



Napoleon High School serves the entire school district.





CITY OF NAPOLEON, OHIO

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June 19, 2014

Introduction

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

We are pleased to present the Eighteenth (18th) **Comprehensive Annual Financial Report** (CAFR) of the City of Napoleon, Ohio (City), for the year ended December 31, 2013. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Generally Accepted Auditing Standards (GAAS). GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A) to accompany the basic financial statements. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Report

State law, along with *Administrative Rules* of the Auditor of State, requires all City governments to publish an Annual Report within 150 days of the close of each fiscal year. This report must present a complete set of financial statements presented in conformity with GAAP. This Annual Report was filed with the Auditor of State on or before May 31, 2014. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAAS. Pursuant to these requirements, we hereby issue the CAFR of the City for the fiscal year ended December 31, 2013.

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, 2013***

The City's financial statements have been audited by an Independent Public Accountant (IPA), James G Zupka, CPA, Inc., of Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. The IPA issued an 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, 2013. The report from the IPA is presented as the first component of the financial section of this report.

PROFILE OF THE CITY OF NAPOLEON

Early History

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

After the war of 1812, more trappers, traders, and pioneering farm families began moving into the area, and Henry County was officially formed in 1820. The Miami and Erie Canal, completed in 1843, passed directly through Napoleon and opened the area to early European emigration primarily of German descent. The canal helped to foster development throughout the county, and the town began to grow in both population and industry. Agriculture, and products based on agriculture, was at the heart of the area's early growth. This important relationship with agriculture continues through to this day. After the Civil War, railroads and better roadways opened the area to further development. By the turn of the 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*".

***Letter of Transmittal
For the Year Ended December 31, 2013***

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

Form of Government

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2013***

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

Municipal Services

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

The City operates four (4) enterprise activities: 1) water treatment and distribution; 2) sewer wastewater treatment and collection; 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. In 2007, the City added a storm water abatement charge that is included in the sewer enterprise fund. Storm water revenues are used for the separation of the storm water systems from the sanitary sewer systems.

The City's enterprise activities are not subject to rate review by the Public Utilities Commission of Ohio (PUCO) or any similar regulatory body. 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 129 public entity members (from seven states) in American Municipal Power, Inc. (AMP), previously known as American Municipal Power-Ohio (AMP-Ohio). AMP is a non-profit corporation organized in Ohio in 1971 for the purpose of owning, operating electric facilities, providing for the generation, transmission and distribution of electric power to its members. In addition, AMP purchases wholesale electric power and sells it to members at rates based on purchase price plus a small service fee. AMP also develops alternative power sources, reviews short and long-term power needs, and operates a power dispatch center 24 hours a day, 365 days a year, to serve its member communities. The City participates in three (3) joint ventures (JV2, JV5 and JV6) all administrated by AMP; in addition, the City is contractually obligated for power costs in various "Take-or-Pay" contracts. This includes the AMPGS project (a coal plant), that was never built, originally intended to replace the decommissioned Gorsuch Station generating plant (a coal plant). In 2013 the City posted an \$820,911 liability on incurred stranded costs to the AMPGS project. More recent "Take-or-Pay" contracts include the Prairie State project (a coal plant); the Fremont Energy project (a gas powered generating plant); the Napoleon Solar project (a solar panel energy field); and combined hydroelectric projects (Cannelton, Smithland and Willow Island) and the Meldahl Greenup Hydroelectric project (all run of the river hydroelectric power projects). Detailed descriptions of the City's obligation to joint ventures and other contracted power

***Letter of Transmittal
For the Year Ended December 31, 2013***

contracts are listed in the Notes to the Financial Statements. Currently the City has a closed electric system and does not offer outside power sources to its customers from other power providers.

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

The Reporting Entity

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

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

Budgetary and Accounting Controls

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2013***

Budgetary Controls

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

Personal Services:

- Salary and Wages
- Fringe Benefits

Other Expenditures:

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

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

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

The local economy has shown signs of continued growth in 2013, following both State of Ohio and National economic trends. In early 2013, the pace of growth was slow; however, that pace picked up in the last three (3) quarters of 2013. In certain sectors, especially manufacturing, prior economic retraction has stabilized with certain local area activity trending higher.

Comparing municipal income taxes for 2013 to 2012; overall combined total income tax collections were up by +3.1%; Withholdings were slightly down; however, Business profit taxes and Individual taxes all trended higher in 2013. Actual income tax revenues collected in 2013 at the one and a half (1.5%) percent rate was \$3,766,944, up +\$113,401 in 2013 over 2012 of \$3,653,543. In 2014, the taxable income to the date of this letter is continuing to trend higher compared to the same period for 2013. Income tax receipts, including withholdings, have the potential to be negatively impacted, with possible reduced taxable income, from business implementation of various state and federal mandates imposed on the City to exclude tax deferral plans from its allowable taxation base. Future taxable income tax growth may be restricted or reduced by implementation of various approved tax deferred 125 type plans; and, by other possible State imposed unilateral mandates and controls that could be placed on the income tax that would negatively impact the income tax source to the City. Currently, State Law limits the City tax on Withholdings to be applied against Box "5" of the W-2 that represents Medicare wages and not Gross wages. In 2013, the City's allowed credit (also known as the reduced income tax credit) for taxes paid to other Cities remained at 100%.

***Letter of Transmittal
For the Year Ended December 31, 2013***

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 now permanent and is not subject to periodic voted renewals.

Local housing growth and general home values continued to be generally flat in 2013, both following State and National trends. Local area new housing starts did see some increased activity, and the turnover of pre-existing homes picked up slightly through mid-2013, this trend slowed in later 2013 and continues into the first two (2) quarters of 2014. With improvement in the local economy, and continued lowered mortgage rates and incentive programs offered through the State and Federal Governments, it is hoped housing activity will increase in the latter half of 2014. Overall local home foreclosures were about equal to the previous years. Building Permits for residential in 2013 was 99 with a value of \$1,120,492 as compared to 2012 of 117 with a value of \$1,992,659; and, commercial improvements in 2013 was 13 with a value of \$29,860,335 as compared to 2012 of 14 with a value of \$1,786,139. It is noted, \$21,510,067 of the \$29,860,335 represents the construction values of building a new consolidated public school campus by the Napoleon Area Schools. This new campus brings both the Middle School and all Elementary Schools into one central location in or close to the current High School.

With improvements to the local economy in various areas, the unemployment rate in Henry County was slightly lower in 2013 at 7.2% as of December 31, 2013, versus 7.5% for December 31, 2012 (not seasonally adjusted). This rate has stayed the same through March 31, 2014 at 7.2%. At the end of 2013, the local area unemployment rate is higher compared to the State of Ohio rate of 7.1% and the National rate of 6.7%. While specific data is unavailable from the reporting sources for the City, it is estimated that the City's unemployment rate falls somewhere between the State of Ohio rate and the rate for Henry County. Using the rates through December 31, 2013, it is estimated the rate for the City would fall between 7.1% and 7.2%, or averaged to 7.1%.

The City did experience a loss in population from the 2000 to 2010 census, down 569 from the 2000 census number of 9,318 to the 2010 census number of 8,749. Henry County as a whole also lost population from the 2000 to 2010 census, down 1,095 from the 2000 census number of 29,310 to the 2010 census number of 28,215. Current estimates from the US Bureau of the Census for year ending 2012 show that Napoleon has increased population to 8,782.

Business

The City has experienced both loss and gain from businesses located inside and outside the City limits in 2013. Some recent losses of manufacturing, retail or food businesses in 2013 located inside or close to the City include: Bright-Net, Fashion Bug, First Choice Tobacco, Isofoton North America, Inc., Lasercoil, MBM Warehousing and Trucking, Miller Brothers Trucking, Old Orchard Garden Center, Ruralogic, Inc., Tammy's Tiny Tack Shop and Village Apothecary. MBM Warehousing and Trucking was in 2012 listed as a Major Employer (Inside City Limits) and employed approximately fifty seven (57) employees at the time of their closing this facility.

On the positive side, there were some new businesses added in 2013, these include: Brick N' Brew Pub, Beilharz Accounting, Dollar Tree, Little Caesar's Pizza, The Armory Banquet & Event Center, Tri-State Medical and Wildcat Nutrition.

CITY OF NAPOLEON, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2013***

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

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

It should be noted, all the companies listed in the Major Employers table under “**Business**” section above were in business in 2011 and 2012, and are still in business as of the date of this report with the exception of MBM Warehousing and Trucking.

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

***Letter of Transmittal
For the Year Ended December 31, 2013***

The following is provided by Mr. Robert McColley, J.D., Director of Henry County Community Improvement Corporation (CIC), as to both current and potential future area economic development.

Economic Development

During 2013, the City of Napoleon experienced a bit of a rejuvenation of its downtown area. Largely, this resurgence was a result of a combination of private investment and grant dollars through the Downtown Revitalization Grant Program. Most notably, this program assisted with the renovation of a large office building, a restaurant, and a former Ohio National Guard Armory. The office building and the Armory would likely have been demolished in the near future had it not been for private investors partnering with the grant program to improve the buildings' facade and infrastructure. The buildings are now in great shape and are structures that reflect the proud heritage of the City. Additionally, old downtown buildings on the north side of Washington Street, between Perry and Scott streets, were purchased and renovated. These previously vacant buildings now have tenant businesses. Lastly, the office building that Ruralogic, Inc. once occupied was purchased in late 2013 by a local manufacturer Koester Corporation. Koester Corporation has since turned the old building into modern office space for its engineering and sales staff, adding approximately \$1,000,000 of additional payroll to the downtown area. Overall, the downtown area has experienced remarkable positive change in the last year.

The industrial sector of Napoleon remained relatively the same during 2013. MBM Warehousing and Trucking, a food distribution business, was purchased by an outside investor. The new ownership decided to close the Napoleon location and consolidate it with its Columbus, Ohio location. However, the space being used by MBM Warehousing and Trucking was quickly occupied by its landlord, Cloverleaf Cold Storage, which also happens to be a food distribution company. Isofoton North America, Inc., a maker of solar panels, experienced troubles in keeping its business open during 2013. As of the date of this report, Isofoton North America, Inc. is closed for good, however, efforts are continuing to make the business operational again under different ownership. Other existing businesses continue to prosper with many of Napoleon's core manufacturing companies adding to their employment and payroll during 2013.

Outside the city limits, Campbell Soup Supply Company has continued to prosper. With Campbell Soup closing its Sacramento, California plant during 2013, it is expected some of that production will shift to the Napoleon location, which could result in an influx of capital investment and employees in the years to come. Campbell Soup's new anaerobic digester came on line during 2013. This digester will allow Campbell Soup to convert waste to energy in an effort to supply 40% of its energy needs through green energy produced on-site by 2020. In late 2013, Keller Trucking and Packaging of Napoleon began construction on a 200,000 square foot facility just adjacent to Campbell Soup. That facility is currently being marketed for lease.

Although Napoleon experienced some loss of businesses in 2013, overall the future looks very bright for the core of businesses that have been in Napoleon for a number of years. Many core manufacturing businesses are getting to the point where expansion may be considered in the near future. Further, with the continued investment in the downtown area, including the addition of a relatively upscale bar/restaurant, Napoleon's downtown is busier than it has been in years. Moreover, Napoleon, along with Henry County, is currently engaged in developing a long term economic development strategy through the Henry County CIC. This strategy is expected to be completed in the fall of 2014 and should include action items on how Napoleon can proceed to make its community more attractive to outside investment.

***Letter of Transmittal
For the Year Ended December 31, 2013***

Major City Accomplishments

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

- Completed major street and other infrastructure improvements.
- Upgraded major equipment in many of the departments, including a new snow plow truck.
- Upgraded various department computers, software, phones and added fiber optic extensions.
- Continued the upgrade of the City's electrical substations and high voltage (69kV) distribution lines.
- Completed major sewer separations on the sanitary sewer and storm water systems at various locations in the City to meet the EPA's LTCP.
- Begun design engineering on a proposed new Reverse Osmosis Water Treatment Plant.
- Upgraded the operation of the 2.5 million gallon equalization (EQ) basin detention storm water basin control project (completed in 2010) with a second state of the art infrared treatment process.
- Completed a second two (2) year round of downtown revitalization projects.

Potential Future Initiatives

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

- Update the Zoning Code and implement the approved City Master Plan.
- Continued development of industrial and commercial sites for expanded and new industries.
- On-going road improvements and other infrastructure street repairs, including Appian St. upgrades.
- Upgrade of water lines to improve water flow rates and reliability to all customers.
- Expansion of electric, water and sewer lines to new development areas in the City as needed.
- Elimination of sanitary sewer and combined sewer overflows through specific projects.
- Continued planning by the State of Ohio for a second river bridge crossing over the Maumee River.
- Continue major equipment and utility infrastructure upgrades and replacements.
- Continue to develop financial plans and engineering on a multi-governmental new membrane technology Reverse Osmosis Water Treatment Plant.

Department Accomplishments

A Performance Audit was completed in 2012 on most City departmental operations by the Ohio State Auditor's Office. The purpose of the Audit was to identify operational changes that could enhance the efficiency and revenue effectiveness of those departments. Some of the recommended changes that were determined to be effective were implemented in 2013.

Departments continue to do annual reviews of their operations for cost savings and to identify new potential revenue sources. Continuing education, safety (OSHA training), and skill training programs remain a priority for all departments. The City continues the ongoing process of updating department policies and procedures for risk management, and to reflect changes to City code. The City's Healthcare Cost Committee continues to actively re-evaluate City health programs and costs.

***Letter of Transmittal
For the Year Ended December 31, 2013***

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, 2013, issued by the IPA, James G Zupka, CPA, Inc., Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a CAFR, and to meet requirements of certain revenue trust agreements on enterprise revenue debt. In addition, an annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Awards

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

The City received a Certificate of Achievement for the fiscal year ended December 31, 2012. We believe this, our eighteenth (18th) Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting, and so therefore the City is submitting it to GFOA for certification.

Public Disclosure

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

Acknowledgments

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

***Letter of Transmittal
For the Year Ended December 31, 2013***

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

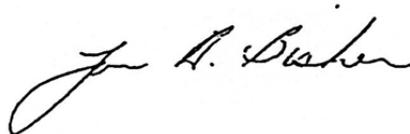
A special thank you is extended to the Members of City Council, the Mayor and the City Departments for the support and trust shown to the City Administration and the Finance Department and for allocating the resources and time for the development of this report, which demonstrates the City's commitment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

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

Respectfully submitted,



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



Dr. Jon A. Bisher
City Manager (Retired 04/30/14)
City of Napoleon, Ohio



Monica S. Ireland
City Manager (Hired 05/01/14)
City of Napoleon, Ohio

CITY OF NAPOLEON, OHIO

**City Organizational Chart
For the Year Ended December 31, 2013**

Elected Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Ronald A. Behm	Mayor	12/31/15	2	A
John A. Helberg	President of Council	12/31/15	13.5	A
James W. Hershberger	Council Person (Deceased)	08/06/13	6.5	A
Jonathon A. Tassler	Council Person	12/31/13	0.5	A
Heather R. Wilson	Council Person (Elect 1/1/14)	12/31/17	0	A
Jeffrey R. Lankenau	Council Person	12/31/13	5.5	A
Jeffrey C. Marihugh	Council Person (Elect 1/1/14)	12/31/17	0	A
Patrick M. McColley	Council Person (Resigned)	02/26/14	2.2	A
Jeffery W. Comadoll	Council Person (Apt. 4/7/14)	12/31/15	0	A
Jason P. Maassel	Council Person	12/31/13	1.2	A
Christopher R. Ridley	Council Person	12/31/15	2	A
Travis B. Sheaffer	Council Person	12/31/13	20	A
Amy C. Rosebrook	Municipal Court Judge (Appointed)	12/31/17	2.5	A

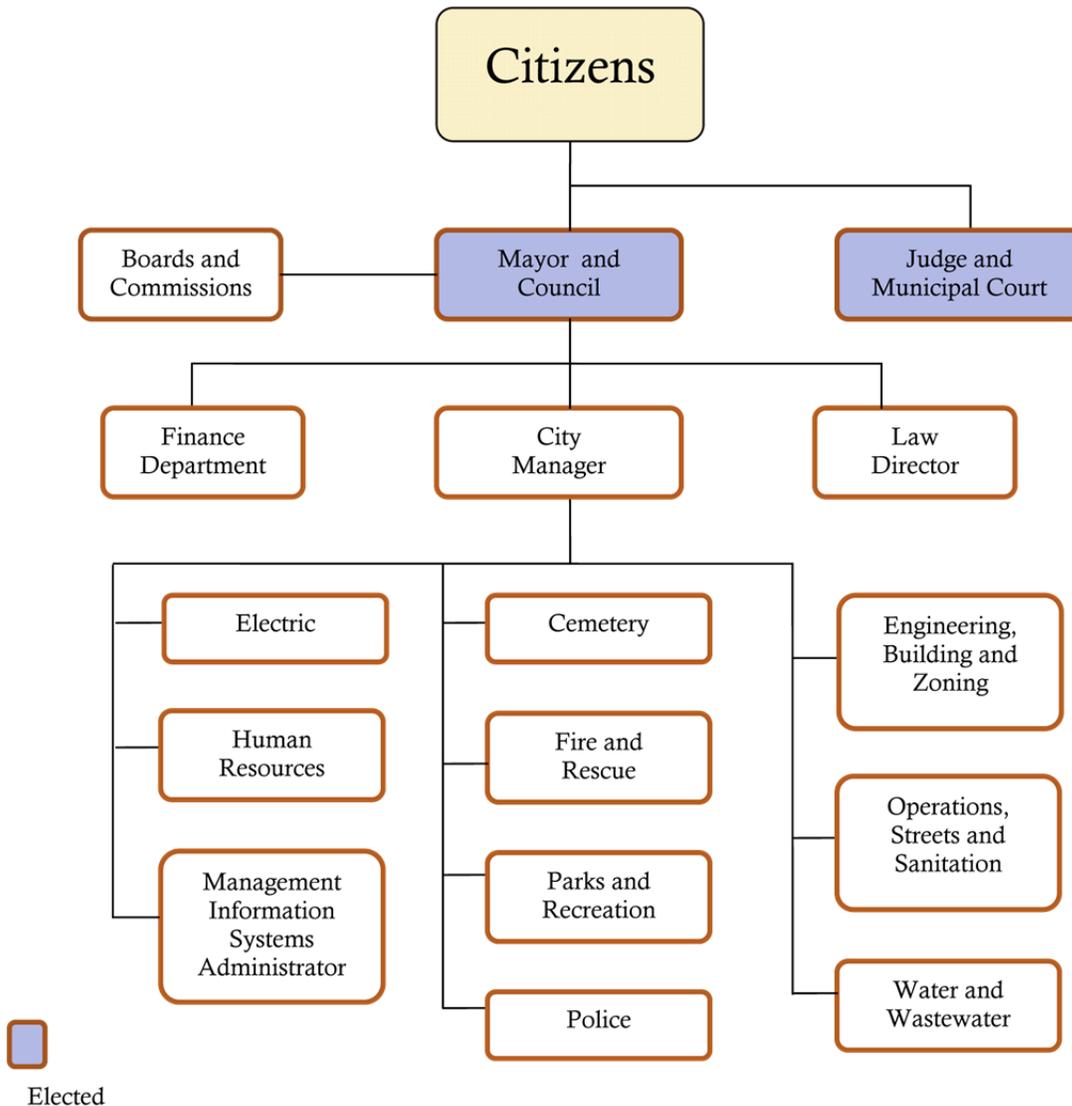
Appointed Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Dr. Jon A. Bisher	City Manager (Retired)	04/30/14	16.2	A
Monica S. Irelan	City Manager (Apt. 5/1/14)	Indefinite	0	A
Trevor Hayberger	Law Director	Indefinite	1.6	A
Gregory Heath	Director of Finance	Indefinite	19.1	A
Dr. Jon A. Bisher	Special Projects Clerk (Council Appointed 4/30/14)	Indefinite	0	A
Betty S. Marihugh	Clerk of Courts	Indefinite	30.5	A

(A) 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, 2013**



Boards and Commissions

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

**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, 2012



Executive Director/CEO



FINANCIAL SECTION



Napoleon Middle School serves 6th thru 8th grades.



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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Napoleon, Ohio

The Honorable David Yost
Auditor of State
State of Ohio

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, 2013, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Ohio, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, the City restated its net position at December 31, 2012 for governmental activities, business-type activities and the sewer fund to correct debt activity.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Napoleon, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2014, on our consideration of the City of Napoleon, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Napoleon, Ohio's internal control over financial reporting and compliance.



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

May 26, 2014



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, 2013. 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 2013 are as follows:

- In total, net position increased \$5,075,895, a 6.9% increase from 2012. The net position of governmental activities increased \$3,673,255, from 2012; and the net position of business-type activities increased \$1,402,640, representing a 3.6% increase from 2012. Please see additional Note on this item on the Changes in Net position Table listed later in the MD&A.
- Total revenues exceeded \$34 million. \$5.3 million was general revenues, or 15% of the total revenues; and \$29.4 million was program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions, or 85% of the total revenues.
- The City had \$7.5 million in program expenses related to governmental activities; only \$3.2 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) of \$5.2 million and excess cash reserves were adequate to provide for the balance on these programs.
- Among major funds, the general fund had \$5.6 million in revenues, \$3.8 million in expenditures (the expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities) and other financing sources and uses, netting to (\$1.7) million. The general fund's fund balance increased \$71,460.
- Net position for the proprietary funds increased by \$1,394,079. The increase is a result of higher operating revenues in electric, water and refuse, with a slight decrease in sewer; with an increase in operating expenses for electric and sewer, and a reduction of operating expenses in water and refuse. Net position includes capital contributions in the form of capital assets for all proprietary funds, with increases for electric, water and sewer.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

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 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$8,046,545	\$6,710,001	\$24,500,560	\$23,656,484	\$32,547,105	\$30,366,485
Capital assets, Net	33,746,808	31,359,478	40,521,451	39,449,996	74,268,259	70,809,474
Total assets	41,793,353	38,069,479	65,022,011	63,106,480	106,815,364	101,175,959
Long-term debt outstanding	2,084,641	2,175,087	22,976,821	21,548,329	25,061,462	23,723,416
Other liabilities	539,396	399,729	2,108,117	3,023,718	2,647,513	3,423,447
Total liabilities	2,624,037	2,574,816	25,084,938	24,572,047	27,708,975	27,146,863
Property Tax Levy for Next Fiscal Year	419,660	418,262	0	0	419,660	418,262
Net position						
Net Investment in Capital Assets	32,448,052	29,930,771	20,699,687	22,297,444	53,147,739	52,228,215
Restricted	2,768,235	2,461,068	0	0	2,768,235	2,461,068
Unrestricted	3,533,369	2,684,562	19,237,386	16,236,989	22,770,755	18,921,551
Total net position	\$38,749,656	\$35,076,401	\$39,937,073	\$38,534,433	\$78,686,729	\$73,610,834

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CITY OF NAPOLEON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,618,593	\$1,383,500	\$22,764,824	\$22,647,157	\$24,383,417	\$24,030,657
Operating Grants and Contributions	1,517,992	830,875	0	0	1,517,992	830,875
Capital Grants and Contributions	66,201	111,784	3,455,321	412,650	3,521,522	524,434
General revenues:						
Property Taxes	368,837	369,498	0	0	368,837	369,498
Income Taxes	3,588,267	3,265,008	0	0	3,588,267	3,265,008
Other Local Taxes	524,529	524,942	0	0	524,529	524,942
Shared Revenues	448,430	509,026	0	0	448,430	509,026
Investment Earnings	49,515	67,633	88,142	158,704	137,657	226,337
Miscellaneous	277,279	165,688	0	0	277,279	165,688
Total revenues	8,459,643	7,227,954	26,308,287	23,218,511	34,767,930	30,446,465
Program Expenses:						
Security of Persons and Property	3,509,977	3,461,564	0	0	3,509,977	3,461,564
Public Health and Welfare Services	119,347	109,157	0	0	119,347	109,157
Leisure Time Activities	837,829	920,814	0	0	837,829	920,814
Community Environment	889,241	381,223	0	0	889,241	381,223
Transportation	1,081,351	1,316,777	0	0	1,081,351	1,316,777
General Government	1,037,778	1,329,567	0	0	1,037,778	1,329,567
Interest and Fiscal Charges	67,818	63,709	0	0	67,818	63,709
Electric (1)	0	0	15,784,619	14,533,499	15,784,619	14,533,499
Water	0	0	2,471,001	2,621,913	2,471,001	2,621,913
Sewer	0	0	3,175,055	2,663,795	3,175,055	2,663,795
Sanitation	0	0	718,019	793,380	718,019	793,380
Total expenses	7,543,341	7,582,811	22,148,694	20,612,587	29,692,035	28,195,398
Change in Net Position Before Transfers	916,302	(354,857)	4,159,593	2,605,924	5,075,895	2,251,067
Transfers (2)	2,756,953	(113,475)	(2,756,953)	113,475	0	0
Total Change in Net Position	3,673,255	(468,332)	1,402,640	2,719,399	5,075,895	2,251,067
Beginning Net Position, as Restated	35,076,401	35,544,733	38,534,433	35,815,034	73,610,834	71,359,767
Ending Net Position	\$38,749,656	\$35,076,401	\$39,937,073	\$38,534,433	\$78,686,729	\$73,610,834

Note: (1) In Electric, 2013 includes a onetime booked payable for \$820,991 posted to contractual services for the City's contracted obligation on the AMPGS project stranded cost settlement. See Notes to the Basic Financial Statements for additional explanation and information.
(2) During 2013, net transfers were made from the proprietary funds to the general capital assets in the amount of \$2,756,953, primarily from major project improvements on Scott Street.

Governmental Activities

Net position of the City's *governmental activities* shows an increase of \$3,673,255 in 2013 from 2012. In 2013, the City experienced a net increase in total revenues for governmental activities from 2012, primarily in operating grants and income taxes. Program operating expenses remained about the same for 2013 as compared to 2012. Major grant related and capital expenses increased primarily due to the major improvements on the Scott Street project. Economic factors impacting general trends to revenues remained stable in 2013, but continue to be closely monitored.

Voted property tax revenues in Ohio do not change solely as a result of inflation or deflation, but remain fixed to property value at passage of a *New Levy* for the period of the levy, or at *Renewal* of the levy. (Example: A 1.0 mill levy on a home valued at \$100,000 is taxed at 35% of its value, or \$35,000, and generates \$35.00 annually in taxes; however, if the home is reappraised at \$200,000, taxed value for the *voted levy* remains at \$35,000, reducing the effective rate of the *voted levy* to 0.5 mills.) Only by passing a *New Levy* would the effective rate increase back to 1 mill. The City currently has *no voted property tax levies*; however, the City receives a 2.90 mill allocation from the *un-voted inside 10 mill general property tax* as allowed by Ohio Revised Code of the State of Ohio. The 2.90 mill allocation *is not* subject to the set valuation on voted levies, and will rise or fall yearly as property tax values change. Economic changes, starting in 2008 and continuing through 2013 in the housing sector, continues to impact home valuations into 2013. With stagnant or reduced valuations the corresponding collections of property tax collected on the un-voted 2.90 mill allocation for the City has been reduced from 2008, and remains flat over the past couple of years.

In addition, this source of revenue has been negatively impacted with unilateral changes made by the State of Ohio General Assembly; whom has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property. The State may continue to make similar revisions to these and other source of revenues the City receives. The State of Ohio has also recently eliminated the Estate Tax that will eventually reduce revenues from this source to zero. The County Auditor maintains and collects the inside millage and the estate taxes. The City is aware of mandated impacts to its revenues and to changes to valuations; the City has made adjustments to its general revenue estimates, with corresponding adjustments to its program expenses, to account for the impact of reduced revenues from these sources.

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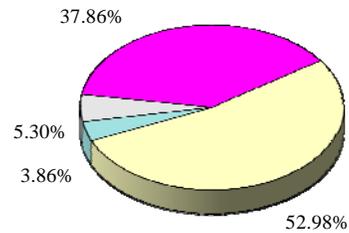
**Management’s Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

In 2013, 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 2013, the municipal income taxes reflect an increase in revenues of 9.9% over 2012. This is due to a more stable local economy.

Property taxes, income taxes and other local taxes made up 4%, 43% and 6% respectively of revenues for governmental activities for the City in fiscal year 2013. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 52.98% of total revenues from general tax revenues:

Revenue Sources	2013	Percent of Total
General Shared Revenues	\$448,430	5.30%
Program Revenues	3,202,786	37.86%
General Tax Revenues	4,481,633	52.98%
General Other	326,794	3.86%
Total Revenue	\$8,459,643	100.00%



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**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

Business-Type Activities

In 2013, the total net position of all business-type activities increased by \$1,402,640. The operating incomes for the business-type activities were \$656,374 for water, \$563,773 for sewer, and \$147,258 for sanitation. The electric fund showed an operating loss of (\$110,755) and is due to a onetime booked payable for \$820,991 posted to contractual services for the City's contracted obligation on the AMPGS project stranded cost settlement. (See Notes to the Basic Financial Statements for additional explanation and information.) In total all business-type activities operating revenues in 2013 were under 2012. This was primarily due to a onetime legal settlement received in 2012 posted to the water fund for \$348,547. Charges for services did increase in 2013 as compared to 2012. Overall billable dollars for water and refuse increased in 2013 as compared to 2012, and electric and sewer decreased in 2013 as compared to 2012.

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

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

The City's governmental funds reported a combined fund balance of \$5,936,085, which is an increase of \$865,112 from last year's balance of \$5,070,973. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2013 and 2012:

	Fund Balance December 31, 2013	Fund Balance December 31, 2012	Increase (Decrease)
General	\$1,929,022	\$1,857,562	\$71,460
Special Assessment Bond Retirement	572,514	573,466	(952)
Capital Improvement	943,365	449,249	494,116
Other Governmental	2,491,184	2,190,696	300,488
Total	<u>\$5,936,085</u>	<u>\$5,070,973</u>	<u>\$865,112</u>

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

	2013 Revenues	2012 Revenues	Increase (Decrease)
Taxes (Income, Property and Other)	\$4,343,818	\$4,056,153	\$287,665
Intergovernmental Revenue	358,077	425,772	(67,695)
Charges for Services	316,681	248,549	68,132
Licenses and Permits	73,435	76,513	(3,078)
Investment Earnings	39,898	40,588	(690)
Fines and Forfeitures	213,251	217,225	(3,974)
Special Assessments	177	471	(294)
All Other Revenue	298,201	378,140	(79,939)
Total	<u>\$5,643,538</u>	<u>\$5,443,411</u>	<u>\$200,127</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

Unaudited

General Fund revenues in 2013 increased by 3.7% compared to revenues in fiscal year 2012. The most significant factor contributing to this increase was in income taxes. Decreases occurred in the following categories of revenue; intergovernmental revenues, licenses and permits, investment earnings, fines and forfeitures, special assessments and other revenue.

	2013	2012	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$2,707,826	\$2,634,893	\$72,933
Public Health and Welfare Services	105,132	98,178	6,954
Community Environment	165,081	145,093	19,988
General Government	<u>852,917</u>	<u>943,516</u>	<u>(90,599)</u>
Total	<u><u>\$3,830,956</u></u>	<u><u>\$3,821,680</u></u>	<u><u>\$9,276</u></u>

General Fund expenditures increased slightly by \$9,276 in 2013 when compared to the prior year of 2012. The largest increase was \$72,933 in Security or Persons and Property. This is mostly attributed to the full employment in budgeted positions for Police and Fire. General Government decreased by \$90,599. This is attributed to retirements of certain positions in the prior year and the delay in filling the position, and once filled, bringing in new personnel at lower pay levels. General Government expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities. In addition, reimbursement off-sets are included for the kilowatt hour tax monies collected in the Electric Fund, and directed back to the General Fund pursuant to Ohio law. In all funds, including business-type activities and governmental activities, individual salary and wages, retirement contributions, health and life insurance premiums, and other benefits for the City's employees increased in 2013 as compared to 2012.

Fund balance in the Special Assessment Bond Retirement Fund decreased slightly in 2013 as compared to 2012.

The biggest contributing factor to the increase in fund balance for the Capital Improvement fund was the decrease in capital outlay for the City in 2013 compared to 2012.

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 2013 the City amended its General Fund budget, along with other funds, various times on an as needed basis.

In the General Fund, the final budget basis for revenue was \$5.8 million, including other financing sources. This was a \$653,473 increase over the original conservative budget estimates of \$5.2 million. The General Fund had an adequate revenue stream and fund balance reserves to cover its expenditures in 2013.

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2013 the City had \$74,268,259 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$33,746,808 was related to governmental activities and \$40,521,451 to the business-type activities. The following table shows fiscal year 2013 and 2012 balances:

	Governmental Activities		Increase (Decrease)
	2013	2012	
Land	\$11,673,248	\$11,610,707	\$62,541
Construction in Progress	1,640,728	798,655	842,073
Improvements	2,287,847	1,942,427	345,420
Buildings	3,597,653	3,575,153	22,500
Machinery and Equipment	5,891,532	6,058,137	(166,605)
Infrastructure	29,295,866	27,082,740	2,213,126
Less: Accumulated Depreciation	(20,640,066)	(19,708,341)	(931,725)
Totals	\$33,746,808	\$31,359,478	\$2,387,330

	Business-Type Activities		Increase (Decrease)
	2013	2012	
Land	\$349,695	\$349,695	\$0
Construction in Progress	1,434,957	973,361	461,596
Buildings	9,332,922	9,448,516	(115,594)
Improvements	46,873,480	45,095,971	1,777,509
Machinery and Equipment	6,702,295	6,760,272	(57,977)
Less: Accumulated Depreciation	(24,171,898)	(23,177,819)	(994,079)
Totals	\$40,521,451	\$39,449,996	\$1,071,455

In the governmental activities, increases occurred in Land, Construction in Progress, Improvements, Buildings and Infrastructure; decreases were in Machinery and Equipment. Increases reflect major road upgrades and other infrastructure improvements. Land was purchased to build a new Water Treatment Plant in the future.

In the business-type activities, increases occurred in Construction in Progress and Improvements; no change in Land and decreases were in Buildings and Machinery and Equipment. Increases reflect major water and sewer project improvements, many associated with continuing projects to meet the City's Long Term Control Plan with the Ohio and US EPA. Additional information on the City's capital assets can be found in Note 11.

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

Unaudited

Debt

At December 31, 2013, the City had \$12.7 million in bonds outstanding, \$744,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2013 and 2012:

	2013	Restated 2012
Governmental Activities:		
Special Assessment Bonds	\$144,354	\$186,954
General Obligation Bonds	1,105,000	1,180,000
OPWC Loans Payable	49,402	61,753
Compensated Absences	785,885	746,380
Total Governmental Activities	<u>2,084,641</u>	<u>2,175,087</u>
Business-Type Activities:		
General Obligation Bonds	\$1,325,000	\$1,470,000
Revenue Bonds	10,070,000	10,545,000
Special Assessment Bonds	56,646	63,046
Long-Term Notes	2,500,000	0
WPCLF Loans Payable	6,593,088	6,966,622
OWDA Loans Payable	1,257,105	1,365,382
OPWC Loans Payable	397,106	425,791
OSWRC Deferred Loan Payable	307,669	310,945
Payable to Joint Venture	94,974	107,412
Compensated Absences	375,233	294,131
Total Business-Type Activities	<u>22,976,821</u>	<u>21,548,329</u>
Totals	<u><u>\$25,061,462</u></u>	<u><u>\$23,723,416</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, 2013, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 16.

CITY'S GENERAL FUND BUDGET AND OTHER ECONOMIC FACTORS

The City purposefully builds into its budgets conservative revenue estimates with offsetting reductions or limited increases in base operating costs. Budgetary revenue estimates for the General Fund, and other funds, typically projects no growth, or potential reductions as necessary, in the various revenue sources for each budgeted fund. Original budgeted expenditures for the General Fund, and other funds, are typically *projected to exceed revenues*. Reductions, as necessary, are then made to budgeted expenditures to keep the funds in balance as required by State Law. The City utilizes projected fund balance reserves for any negative differences in revenues to expenditures to keep the budget balanced. The original 2013 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 2013 original estimated level for revenues to the actual receipts there was a 12.6% increase in actual final receipts for the year. Comparing the General fund 2013 original budgeted expenditures to actual expenditures there was a 2.6% decrease in actual final expenditures for the year. The purpose of the lower estimate to actual for revenues, and the higher estimate to actual for expenditures, is to assist in keeping year ending fund reserves at sustainable levels. This process helps to buffer any potential down turns, or slow growth period, in the local economic conditions.

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

Unaudited

In the General Fund and other funds, the final approved 2013 budget reflects the same 2012 levels for permanent full time personnel. In addition, certain department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were reduced or eliminated; and only those items that City management and City Council determined necessary were appropriated.

City policy is to continue to pursue new potential revenue sources, while reviewing the possibility of increasing existing sources. A close monitoring of current and projected economic conditions is an ongoing process each year to determine if increased revenues, or reductions in expenditures, are necessary in order to maintain fiscal stability. Local economic conditions started down turning in the third (3rd) quarter of 2008 and all through 2009. Conditions stabilized in late fourth (4th) quarter of 2009. Small growth and recovery started in 2010 and continued into 2011. In 2012 and through 2013, conditions remained stable, but still showed slow overall growth. City budgets over this period have included a number of budgetary actions to account for changes in economic conditions, including those caused by reductions of shared governmental revenues from the State of Ohio, and additional unfunded mandates placed on the City by both the State and Federal Governments. Budgetary reviews and adjustments are made quarterly throughout the year, as recommended by Management and approved by City Council.

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

REQUESTS FOR INFORMATION

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

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



CITY OF NAPOLEON, OHIO

**Statement of Net Position
December 31, 2013**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,978,281	\$ 17,252,059	\$ 22,230,340
Receivables:			
Property Taxes	452,099	0	452,099
Municipal Income Taxes	900,482	0	900,482
Accounts	627,611	3,918,602	4,546,213
Intergovernmental	771,007	719,752	1,490,759
Interest	5,140	8,131	13,271
Special Assessments	139,117	273,539	412,656
Internal Balances	(16,047)	16,047	0
Inventory of Supplies at Cost	188,855	1,205,466	1,394,321
Capital Assets:			
Capital Assets Not Being Depreciated	13,313,976	1,784,652	15,098,628
Capital Assets Being Depreciated, Net	20,432,832	38,736,799	59,169,631
Investment in Joint Venture	0	1,106,964	1,106,964
Total Assets	41,793,353	65,022,011	106,815,364
Liabilities:			
Accounts Payable	261,035	1,141,154	1,402,189
Accrued Wages and Benefits	273,922	119,519	393,441
Claims Payable	0	820,991	820,991
Accrued Interest Payable	4,439	55,847	60,286
Long-Term Liabilities:			
Due Within One Year	438,503	3,788,015	4,226,518
Due in More Than One Year	1,646,138	19,159,412	20,805,550
Total Liabilities	2,624,037	25,084,938	27,708,975
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	419,660	0	419,660
Net Position:			
Net Investment in Capital Assets	32,448,052	20,699,687	53,147,739
Restricted For:			
Debt Service	707,276	0	707,276
Street Construction, Maintenance and Repair	853,710	0	853,710
Fire Equipment	728,862	0	728,862
Court Improvement	210,689	0	210,689
Other Purposes	267,698	0	267,698
Unrestricted	3,533,369	19,237,386	22,770,755
Total Net Position	\$ 38,749,656	\$ 39,937,073	\$ 78,686,729

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Activities
For the Year Ended December 31, 2013**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,509,977	\$ 1,204,603	\$ 269,167	\$ 3,350
Public Health and Welfare Services	119,347	18,877	0	0
Leisure Time Activities	837,829	275,990	0	0
Community Environment	889,241	4,742	712,344	0
Transportation	1,081,351	13,878	536,481	62,851
General Government	1,037,778	100,503	0	0
Interest and Fiscal Charges	67,818	0	0	0
Total Governmental Activities	7,543,341	1,618,593	1,517,992	66,201
Business-Type Activities:				
Electric	15,784,619	15,693,889	0	14,560
Water	2,471,001	2,862,800	0	237,384
Sewer	3,175,055	3,340,375	0	3,203,377
Sanitation	718,019	867,760	0	0
Total Business-Type Activities	22,148,694	22,764,824	0	3,455,321
Totals	\$ 29,692,035	\$ 24,383,417	\$ 1,517,992	\$ 3,521,522

General Revenues:

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

Change in Net Position

Net Position Beginning of Year, as Restated
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
\$ (2,032,857)	\$ 0	\$ (2,032,857)
(100,470)	0	(100,470)
(561,839)	0	(561,839)
(172,155)	0	(172,155)
(468,141)	0	(468,141)
(937,275)	0	(937,275)
(67,818)	0	(67,818)
<u>(4,340,555)</u>	<u>0</u>	<u>(4,340,555)</u>
0	(76,170)	(76,170)
0	629,183	629,183
0	3,368,697	3,368,697
0	149,741	149,741
<u>0</u>	<u>4,071,451</u>	<u>4,071,451</u>
<u>(4,340,555)</u>	<u>4,071,451</u>	<u>(269,104)</u>
368,837	0	368,837
3,588,267	0	3,588,267
524,529	0	524,529
448,430	0	448,430
49,515	88,142	137,657
277,279	0	277,279
2,756,953	(2,756,953)	0
<u>8,013,810</u>	<u>(2,668,811)</u>	<u>5,344,999</u>
3,673,255	1,402,640	5,075,895
35,076,401	38,534,433	73,610,834
<u>\$ 38,749,656</u>	<u>\$ 39,937,073</u>	<u>\$ 78,686,729</u>

CITY OF NAPOLEON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2013**

	General	Special Assessment Bond Retirement	Capital Improvement
Assets:			
Cash and Cash Equivalents	\$ 1,226,087	\$ 572,219	\$ 943,365
Receivables:			
Property Taxes	312,552	0	0
Municipal Income Taxes	900,482	0	0
Accounts	53,356	0	0
Intergovernmental	123,621	0	850
Interest	3,909	379	0
Special Assessments	0	139,117	0
Inventory of Supplies, at Cost	2,223	0	0
Total Assets	\$ 2,622,230	\$ 711,715	\$ 944,215
Liabilities:			
Accounts Payable	\$ 31,301	\$ 0	\$ 0
Accrued Wages and Benefits Payable	204,770	0	0
Total Liabilities	236,071	0	0
Deferred Inflows of Resources:			
Unavailable Amounts	167,716	139,201	850
Property Tax for Next Fiscal Year	289,421	0	0
Total Deferred Inflows of Resources	457,137	139,201	850
Fund Balances:			
Nonspendable	7,706	0	0
Restricted	0	572,514	0
Committed	19,966	0	943,365
Assigned Encumbrances	73,042	0	0
Assigned Fund Balance	798,130	0	0
Assigned for Debt Service	0	0	0
Unassigned	1,030,178	0	0
Total Fund Balances	1,929,022	572,514	943,365
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,622,230	\$ 711,715	\$ 944,215

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 2,208,447	\$ 4,950,118
139,547	452,099
0	900,482
566,429	619,785
646,536	771,007
852	5,140
0	139,117
177,587	179,810
<u>\$ 3,739,398</u>	<u>\$ 8,017,558</u>
\$ 229,734	\$ 261,035
62,623	267,393
<u>292,357</u>	<u>528,428</u>
825,618	1,133,385
130,239	419,660
<u>955,857</u>	<u>1,553,045</u>
177,587	185,293
1,819,027	2,391,541
496,009	1,459,340
0	73,042
0	798,130
27,767	27,767
(29,206)	1,000,972
<u>2,491,184</u>	<u>5,936,085</u>
<u>\$ 3,739,398</u>	<u>\$ 8,017,558</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2013***

Total Governmental Fund Balances	\$ 5,936,085
 <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.	33,734,481
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,133,385
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	22,208
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,076,503)</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 38,749,656</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, 2013**

	General	Special Assessment Bond Retirement	Capital Improvement
Revenues:			
Property Taxes	\$ 253,367	\$ 0	\$ 0
Municipal Income Tax	3,565,922	0	0
Other Local Taxes (kWh Tax)	524,529	0	0
Intergovernmental Revenues	358,077	0	2,500
Charges for Services	316,681	0	0
Licenses and Permits	73,435	0	0
Investment Earnings	39,898	4,192	0
Special Assessments	177	49,517	0
Fines and Forfeitures	213,251	0	0
All Other Revenue	298,201	0	750
Total Revenue	5,643,538	53,709	3,250
Expenditures:			
Current:			
Security of Persons and Property	2,707,826	0	0
Public Health and Welfare Services	105,132	0	0
Leisure Time Activities	0	0	0
Community Environment	165,081	0	0
Transportation	0	0	0
General Government	852,917	1,885	0
Capital Outlay	0	0	471,986
Debt Service:			
Principal Retirement	0	54,951	0
Interest and Fiscal Charges	0	10,185	0
Total Expenditures	3,830,956	67,021	471,986
Excess (Deficiency) of Revenues Over Expenditures	1,812,582	(13,312)	(468,736)
Other Financing Sources (Uses):			
Sale of Capital Assets	38,700	0	0
Transfers In	43,649	12,360	1,113,192
Transfers Out	(1,823,869)	0	(150,340)
Total Other Financing Sources (Uses)	(1,741,520)	12,360	962,852
Net Change in Fund Balances	71,062	(952)	494,116
Fund Balances at Beginning of Year	1,857,562	573,466	449,249
Increase (Decrease) in Inventory Reserve	398	0	0
Fund Balances End of Year	\$ 1,929,022	\$ 572,514	\$ 943,365

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 115,128	\$ 368,495
0	3,565,922
0	524,529
1,359,161	1,719,738
695,405	1,012,086
0	73,435
9,923	54,013
0	49,694
156,100	369,351
66,302	365,253
<u>2,402,019</u>	<u>8,102,516</u>
585,947	3,293,773
0	105,132
722,535	722,535
720,852	885,933
503,534	503,534
43,061	897,863
0	471,986
75,000	129,951
60,062	70,247
<u>2,710,991</u>	<u>7,080,954</u>
(308,972)	1,021,562
0	38,700
709,517	1,878,718
<u>(82,009)</u>	<u>(2,056,218)</u>
<u>627,508</u>	<u>(138,800)</u>
318,536	882,762
2,190,696	5,070,973
<u>(18,048)</u>	<u>(17,650)</u>
<u>\$ 2,491,184</u>	<u>\$ 5,936,085</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, 2013***

Net Change in Fund Balances - Total Governmental Funds \$ 882,762

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 depreciation exceeded capital outlay in the current period. (194,454)

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. (163,002)

Net capital assets transferred between Business-Type Activities and Governmental Activities. 2,742,393

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 314,027

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 129,951

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,429

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (52,309)

The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 11,458

Change in Net Position of Governmental Activities \$ 3,673,255

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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 249,370	\$ 253,367	\$ 253,367	\$ 0
Municipal Income Tax	3,178,690	3,617,163	3,617,163	0
Other Local Taxes	518,500	524,529	524,529	0
Intergovernmental Revenue	241,170	383,252	383,252	0
Charges for Services	263,380	315,921	315,921	0
Licenses and Permits	58,800	73,435	73,435	0
Investment Earnings	39,190	45,751	45,751	0
Special Assessments	0	177	177	0
Fines and Forfeitures	222,300	209,347	209,347	0
All Other Revenues	368,380	327,723	327,723	0
Total Revenues	<u>5,139,780</u>	<u>5,750,665</u>	<u>5,750,665</u>	<u>0</u>
Expenditures:				
Current:				
Security of Persons and Property	2,860,633	2,714,536	2,711,125	3,411
Public Health and Welfare Services	108,944	104,217	104,113	104
Community Environment	183,864	165,373	164,561	812
General Government	1,310,853	1,132,586	1,120,830	11,756
Total Expenditures	<u>4,464,294</u>	<u>4,116,712</u>	<u>4,100,629</u>	<u>16,083</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	675,486	1,633,953	1,650,036	16,083
Other Financing Sources (Uses):				
Sale of Capital Assets	0	38,700	38,700	0
Transfers In	39,761	43,649	43,649	0
Transfers Out	(1,620,890)	(1,823,869)	(1,823,869)	0
Total Other Financing Sources (Uses):	<u>(1,581,129)</u>	<u>(1,741,520)</u>	<u>(1,741,520)</u>	<u>0</u>
Net Change In Fund Balance	(905,643)	(107,567)	(91,484)	16,083
Fund Balance at Beginning of Year	1,135,261	1,135,261	1,135,261	0
Prior Year Encumbrances	87,342	87,342	87,342	0
Fund Balance at End of Year	<u>\$ 316,960</u>	<u>\$ 1,115,036</u>	<u>\$ 1,131,119</u>	<u>\$ 16,083</u>

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 8,551,454	\$ 3,377,241	\$ 4,709,966
Receivables:			
Accounts	2,766,943	432,297	564,192
Intergovernmental	0	29,860	689,892
Interest	3,215	1,691	2,860
Special Assessments	0	30,987	242,552
Inventory of Supplies at Cost	992,090	146,840	66,536
<i>Total Current Assets</i>	12,313,702	4,018,916	6,275,998
<i>Non Current Assets:</i>			
Capital Assets, Net	10,828,816	9,820,332	19,197,525
Investment in Joint Venture	1,106,964	0	0
<i>Total Non Current Assets</i>	11,935,780	9,820,332	19,197,525
Total Assets	24,249,482	13,839,248	25,473,523
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	1,060,959	66,264	12,557
Accrued Wages and Benefits	51,624	33,569	24,623
Claims Payable	820,991	0	0
Compensated Absences Payable - Current	71,341	38,680	32,540
Accrued Interest Payable	0	29,398	26,449
General Obligation Bonds - Current	0	145,000	0
Special Assessment Bonds - Current	0	0	7,200
Revenue Bonds - Current	0	158,400	326,600
Ohio Public Works Commission Loan - Current	0	0	28,685
Ohio Water Development Authority Loans - Current	0	48,708	65,527
Water Pollution Control Loans - Current	0	0	357,656
<i>Total Current Liabilities</i>	2,004,915	520,019	881,837

CITY OF NAPOLEON, OHIO

Sanitation	Total	Internal Service Funds
\$ 613,398	\$ 17,252,059	\$ 28,163
155,170	3,918,602	7,826
0	719,752	0
365	8,131	0
0	273,539	0
0	1,205,466	9,045
768,933	23,377,549	45,034
674,778	40,521,451	12,327
0	1,106,964	0
674,778	41,628,415	12,327
1,443,711	65,005,964	57,361
1,374	1,141,154	0
9,703	119,519	6,529
0	820,991	0
7,678	150,239	7,698
0	55,847	0
0	145,000	0
0	7,200	0
0	485,000	0
0	28,685	0
0	114,235	0
0	357,656	0
18,755	3,425,526	14,227

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	91,059	60,760	62,816
General Obligation Notes Payable	0	2,500,000	0
General Obligation Bonds Payable	0	1,180,000	0
Special Assessment Bonds Payable	0	0	49,446
Revenue Bonds Payable	0	3,690,200	5,894,800
OWDA Loans Payable	0	246,708	896,162
OPWC Loans Payable	0	0	368,421
Ohio Sewer & Water Rotary Commission Deferred Loan Payable	0	68,061	239,608
Water Pollution Control Loans Payable	0	0	6,235,432
Payable to Joint Venture	65,580	0	0
<i>Total Long-Term Liabilities</i>	<u>156,639</u>	<u>7,745,729</u>	<u>13,746,685</u>
Total Liabilities	<u>2,161,554</u>	<u>8,265,748</u>	<u>14,628,522</u>
Net Position:			
Net Investment in Capital Assets	10,828,816	2,251,415	6,944,678
Unrestricted	11,259,112	3,322,085	3,900,323
Total Net Position	<u>\$ 22,087,928</u>	<u>\$ 5,573,500</u>	<u>\$ 10,845,001</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 Funds
10,359	224,994	4,879
0	2,500,000	0
0	1,180,000	0
0	49,446	0
0	9,585,000	0
0	1,142,870	0
0	368,421	0
0	307,669	0
0	6,235,432	0
0	65,580	0
<u>10,359</u>	<u>21,659,412</u>	<u>4,879</u>
<u>29,114</u>	<u>25,084,938</u>	<u>19,106</u>
674,778	20,699,687	12,327
739,819	19,221,339	25,928
<u>\$ 1,414,597</u>	<u>\$ 39,921,026</u>	<u>\$ 38,255</u>
	<u>16,047</u>	
	<u>\$ 39,937,073</u>	

CITY OF NAPOLEON, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 15,536,417	\$ 2,838,094	\$ 3,312,241
Other Charges for Services	34,647	27,854	33,580
Total Operating Revenues	15,571,064	2,865,948	3,345,821
Operating Expenses:			
Personal Services	1,184,281	757,354	578,058
Contractual Services	1,732,904	481,777	501,747
Purchased Power	11,850,462	0	0
Materials and Supplies	407,445	440,628	948,217
Utilities	45,190	176,314	131,319
Depreciation	461,537	353,501	622,707
Total Operating Expenses	15,681,819	2,209,574	2,782,048
Operating Income (Loss)	(110,755)	656,374	563,773
Nonoperating Revenue (Expenses):			
Investment Earnings	32,375	23,483	28,167
Interest Expense	0	(262,574)	(393,039)
Loss on Sale of Capital Assets	(7,577)	(3,148)	(5,446)
Other Local Taxes (kWh Tax)	107,699	0	0
Gain on Investment in Joint Venture	22,703	0	0
Other Nonoperating Expense (kWh Paid to State)	(107,699)	0	0
Total Nonoperating Revenues (Expenses)	47,501	(242,239)	(370,318)
Income (Loss) Before Transfers and Contributions	(63,254)	414,135	193,455
Transfers In	0	0	0
Transfers Out	0	0	(2,756,953)
Capital Contributions	14,560	237,384	3,203,377
Change in Net Position	(48,694)	651,519	639,879
Net Position Beginning of Year, as Restated	22,136,622	4,921,981	10,205,122
Net Position End of Year	\$ 22,087,928	\$ 5,573,500	\$ 10,845,001

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 Funds
\$ 853,599	\$ 22,540,351	\$ 136,501
14,161	110,242	10,956
867,760	22,650,593	147,457
194,218	2,713,911	157,041
334,899	3,051,327	0
0	11,850,462	0
117,030	1,913,320	146,021
1,692	354,515	569
72,663	1,510,408	1,307
720,502	21,393,943	304,938
147,258	1,256,650	(157,481)
4,117	88,142	0
0	(655,613)	0
0	(16,171)	0
0	107,699	0
0	22,703	0
0	(107,699)	0
4,117	(560,939)	0
151,375	695,711	(157,481)
0	0	177,500
0	(2,756,953)	0
0	3,455,321	0
151,375	1,394,079	20,019
1,263,222	38,526,947	18,236
\$ 1,414,597	\$ 39,921,026	\$ 38,255
	\$ 1,394,079	
	8,561	
	\$ 1,402,640	

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013**

	Business-Type Activities			
	Enterprise Funds			
	Electric	Water	Sewer	Sanitation
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$15,339,994	\$3,190,840	\$3,405,881	\$868,578
Cash Payments for Goods and Services	(13,150,669)	(1,119,599)	(1,592,210)	(469,029)
Cash Payments to Employees	(1,142,264)	(733,693)	(549,809)	(195,547)
Net Cash Provided (Used) by Operating Activities	1,047,061	1,337,548	1,263,862	204,002
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	0	0	0	0
Transfers Out to Other Funds	0	0	0	0
Receipts of Other Local Taxes	107,699	0	0	0
kWh Tax Paid to State	(107,699)	0	0	0
Net Cash Provided by Noncapital Financing Activities	0	0	0	0
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(152,505)	(1,134,556)	(3,862,898)	(146,619)
Capital Contributions	0	205,025	2,655,083	0
General Obligation Notes Issued	0	2,500,000	0	0
Principal Paid on General Obligation Notes	0	(1,800,000)	0	0
Principal Paid on Special Assessment Bond	0	0	(6,400)	0
Principal Paid on General Obligation Bonds	0	(145,000)	0	0
Principal Paid on Mortgage Revenue Bonds	0	(158,400)	(316,600)	0
Principal Paid on Ohio Public Works Commission Loan	0	0	(28,685)	0
Principal Paid on Ohio Water Development Authority Loans	0	(45,595)	(62,682)	0
Principal Paid on OSWRC Loan	0	0	(3,276)	0
Principal Paid on Water Pollution Control Loan Fund Loan	0	0	(373,534)	0
Interest Paid on All Debt	0	(259,203)	(391,479)	0
Net Cash Used for Capital and Related Financing Activities	(152,505)	(837,729)	(2,390,471)	(146,619)
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	35,988	24,904	31,380	4,527
Net Cash Provided by Investing Activities	35,988	24,904	31,380	4,527
Net Increase in Cash and Cash Equivalents	930,544	524,723	(1,095,229)	61,910
Cash and Cash Equivalents at Beginning of Year	7,620,910	2,852,518	5,805,195	551,488
Cash and Cash Equivalents at End of Year	\$8,551,454	\$3,377,241	\$4,709,966	\$613,398

CITY OF NAPOLEON, OHIO

Totals	Governmental Activities Internal Service Funds
\$22,805,293	\$156,005
(16,331,507)	(150,322)
<u>(2,621,313)</u>	<u>(151,599)</u>
3,852,473	(145,916)
0	177,500
0	0
107,699	0
<u>(107,699)</u>	<u>0</u>
0	177,500
(5,296,578)	(3,700)
2,860,108	0
2,500,000	0
(1,800,000)	0
(6,400)	0
(145,000)	0
(475,000)	0
(28,685)	0
(108,277)	0
(3,276)	0
(373,534)	0
<u>(650,682)</u>	<u>0</u>
<u>(3,527,324)</u>	<u>(3,700)</u>
96,799	0
96,799	0
421,948	27,884
16,830,111	279
<u>\$17,252,059</u>	<u>\$28,163</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013**

	Business-Type Activities Enterprise Funds			
	Electric	Water	Sewer	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	(\$110,755)	\$656,374	\$563,773	\$147,258
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	461,537	353,501	622,707	72,663
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	(231,070)	322,119	33,336	818
Decrease in Special Assessments Receivable	0	2,773	26,724	0
Increase in Inventory	(10,691)	(7,154)	(532)	0
Increase (Decrease) in Accounts Payable	896,023	(13,726)	(10,395)	(15,408)
Increase (Decrease) in Accrued				
Wages and Benefits	4,767	3,911	4,279	(1,461)
Increase in				
Compensated Absences	37,250	19,750	23,970	132
Total Adjustments	1,157,816	681,174	700,089	56,744
Net Cash Provided (Used) by Operating Activities	\$1,047,061	\$1,337,548	\$1,263,862	\$204,002

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2013, the Electric Fund, Water Fund, Sewer Fund and the Sanitation Fund had outstanding liabilities of \$22,130, \$51,662, \$5,045 and \$1,186, respectively, for the purchase of certain capital assets.

As of December 31, 2013, the Water Fund had capital assets purchased from various other sources in the amount of \$2,499.

In addition, the Water Fund and the Sewer Fund received capital contributions from various other sources in the amounts of \$29,860 and \$548,294, respectively.

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$1,256,650	(\$157,481)
1,510,408	1,307
125,203	8,548
29,497	0
(18,377)	(2,271)
856,494	(1,461)
11,496	596
<u>81,102</u>	<u>4,846</u>
<u>2,595,823</u>	<u>11,565</u>
<u>\$3,852,473</u>	<u>(\$145,916)</u>

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2013***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 18,091
Total Assets	<u>18,091</u>
Liabilities:	
Due to Others	<u>18,091</u>
Total Liabilities	<u>\$ 18,091</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2013 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

1. Joint Ventures with Equity Interest

Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) - The City is a participant with thirty-six subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Omega JV-2 was created for that purpose. The Omega JV-2 is managed by AMP-Ohio which acts as the joint venture's agent. See Note 18 "Joint Ventures and Jointly Governed Organizations."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

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 18 "Joint Ventures and Jointly Governed Organizations."

Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) - The City is a participant with ten subdivisions within the State of Ohio in a distributive generation project using wind turbine technology. The Omega JV-6 was created for that purpose. See Note 18 "Joint Ventures and Jointly Governed Organizations."

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 18 "Joint Ventures and Jointly Governed Organizations."

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 18 "Joint Ventures and Jointly Governed Organizations."

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 18 "Joint Ventures and Jointly Governed Organizations."

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 18 "Joint Ventures and Jointly Governed Organizations."

AMP, Inc. Solar Project 1 - The City is a participant with three subdivisions within the State of Ohio in a 3.54 MW solar energy generation field on a brownfield area, including on top of an old land fill, in Napoleon, Ohio. The AMP, Inc. Solar Project 1 was created for that purpose. See Note 18 "Joint Ventures and Jointly Governed Organizations."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

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 18 "Joint Ventures and Jointly Governed Organizations."

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. See Note 18 "Joint Ventures and Jointly Governed Organizations."

B. Basis of Presentation - Fund Accounting

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

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, 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, 2013***

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, 2013***

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, 2013***

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, 2013***

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, 2013, but which are not intended to finance 2013 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 8 “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, 2013***

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.

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.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

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, 2013***

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 2013.

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 2013, 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, 2013***

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, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

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

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

	Net Change In Fund Balance
	General Fund
GAAP Basis (as reported)	\$71,062
Increase (Decrease):	
Accrued Revenues at December 31, 2013 received during 2014	(936,783)
Accrued Revenues at December 31, 2012 received during 2013	855,075
Accrued Expenditures at December 31, 2013 paid during 2014	236,071
Accrued Expenditures at December 31, 2012 paid during 2013	(233,892)
2012 Adjustment to Fair Value	11,951
2013 Adjustment to Fair Value	(7,067)
Outstanding Encumbrances	(87,901)
Budget Basis	(\$91,484)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

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 7, "Cash, Cash Equivalents and Investments." Investment earnings of \$37,617 earned by other funds were credited to the general fund as required by local statute.

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon percentages mandated by City ordinance. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investments, other than certificates of deposit, are considered, including those with a maturity of one year or less, and included in the calculation of the change in fair value. Fair value is determined by quoted market prices. See Note 7, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2013.

I. Inventory

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net 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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

3. Depreciation

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

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

K. Long-Term Debt

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

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, 2013***

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

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 2013.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 2 – PRIOR PERIOD ADJUSTMENTS

During the year ended December 31, 2013, it was determined that the City would not lease accounting software that had been recorded as a capital lease to the City as of 12/31/12, therefore the capital lease has been removed as a liability to the City. The City also received the final financing on a WPCLF Loan recorded in the Sewer Fund. The adjustments had the following effect on the following net position:

	<u>Sewer Fund</u>
Net Position	
December 31, 2012 as reported	\$10,309,318
Adjustment:	
Correction of WPCLF Loan Balance	<u>(104,196)</u>
Net Position	
December 31, 2012 as restated	<u><u>\$10,205,122</u></u>

The prior period adjustments had the following effect on the governmental activities and the business-type activities beginning net position:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position December 31, 2012 as reported	\$35,058,184	\$38,638,629
Adjustments:		
Correction of WPCLF Loan Balance	0	(104,196)
Correction of posting of Capital Lease	<u>18,217</u>	<u>0</u>
Net Position December 31, 2012 as restated	<u><u>\$35,076,401</u></u>	<u><u>\$38,534,433</u></u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Delinquent Income Tax Revenue	\$57,602
Delinquent Property Tax Revenue	29,993
Shared Revenues	472,525
Interest Revenues	1,139
Charges for Services	433,009
Special Assessment Revenue	139,117
	<hr/>
	\$1,133,385

Long-Term liabilities not reported in the funds:

Special Assessment Bonds Payable	(\$144,354)
General Obligation Bonds Payable	(1,105,000)
OPWC Loans Payable	(49,402)
Accrued Interest on Long-Term Debt	(4,439)
Compensated Absences Payable	(773,308)
	<hr/>
	(\$2,076,503)

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

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

Capital Outlay	\$989,261
Depreciation Expense	(1,183,715)
	<u>(\$194,454)</u>

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$22,345
Increase in Delinquent Property Tax	342
Increase in Shared Revenue	250,034
Decrease in Interest Revenue	(4,498)
Increase in Charges for Services	108,655
Decrease in Special Assessment Revenue	(62,851)
	<u>\$314,027</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$34,659)
Decrease in supplies inventory	(17,650)
	<u>(\$52,309)</u>

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2012 of \$18,146 in the Police Pension Fund and \$11,060 in the Fire Pension Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 5 – 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	\$2,223	\$0	\$0	\$177,587	\$179,810
Unclaimed Monies	5,483	0	0	0	5,483
Total Nonspendable	<u>7,706</u>	<u>0</u>	<u>0</u>	<u>177,587</u>	<u>185,293</u>
Restricted:					
Special Assessment Debt Service Payments	0	572,514	0	0	572,514
Street Construction and Maintenance	0	0	0	248,793	248,793
State Highway Improvements	0	0	0	23,907	23,907
Motor Vehicle License Tax	0	0	0	467,604	467,604
Cemetery	0	0	0	71,838	71,838
Hotel/Motel	0	0	0	3,145	3,145
Fire Equipment	0	0	0	517,898	517,898
CDBG Grant	0	0	0	35,684	35,684
Indigent Drivers Alcohol Treatment	0	0	0	59,620	59,620
Law Enforcement and Education	0	0	0	4,035	4,035
Law Enforcement	0	0	0	1,765	1,765
Court Computerization	0	0	0	67,713	67,713
Mandatory Drug Fine	0	0	0	17,946	17,946
Municipal Probation Service	0	0	0	24,767	24,767
Law Enforcement Grant	0	0	0	15,773	15,773
Probation Officer Grant	0	0	0	14,494	14,494
Court Improvement	0	0	0	210,689	210,689
Handicap Parking	0	0	0	1,100	1,100
Certified Police Training	0	0	0	3,280	3,280
Indigent Drivers Interlock/Alcohol	0	0	0	28,976	28,976
Total Restricted	<u>0</u>	<u>572,514</u>	<u>0</u>	<u>1,819,027</u>	<u>2,391,541</u>
Committed:					
Special Events	5,634	0	0	0	5,634
Economic Development	4,044	0	0	0	4,044
Employee Benefits	10,288	0	0	0	10,288
EMS Transport Service	0	0	0	151,488	151,488
Recreation	0	0	0	158,271	158,271
Capital Improvement	0	0	943,365	0	943,365
CIP	0	0	0	186,250	186,250
Total Committed	<u>19,966</u>	<u>0</u>	<u>943,365</u>	<u>496,009</u>	<u>1,459,340</u>
Assigned Encumbrances	73,042	0	0	0	73,042
Assigned Fund Balance	798,130	0	0	0	798,130
Assigned for Debt Service	0	0	0	27,767	27,767
Unassigned	1,030,178	0	0	(29,206)	1,000,972
Total Fund Balances	<u>\$1,929,022</u>	<u>\$572,514</u>	<u>\$943,365</u>	<u>\$2,491,184</u>	<u>\$5,936,085</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 6 – CHANGE IN ACCOUNTING PRINCIPLE

For 2013 the City implemented GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,*” and GASB Statement No. 66, “*Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62*”.

Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete presentation), and certain disclosure requirements.

Statement No. 66 provides guidance on how to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 7 - 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, 2013***

NOTE 7 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

A. Deposits

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 7 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was \$13,746,360, including \$2,500 of cash on hand. \$7,153,297 of the City's bank balance of \$14,752,959 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, not in the City's name.

B. Investments

The City's investments at December 31, 2013 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
T-Bill	\$3,999,530	AAA ¹ / Aaa ²	\$0	\$3,999,530
FFCB	3,997,820	AAA ¹ / Aaa ²	0	3,997,820
Municipal Note	500,120	AAA ¹ / Aaa ²	500,120	0
STAR Ohio	4,601	AAAm ¹	4,601	0
Total Investments	<u>\$8,502,071</u>		<u>\$504,721</u>	<u>\$7,997,350</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 T-Bill, FFCB and Municipal Note securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. While the City has no formal investment policy, the City addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 7 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments in T-Bills, FFCB and Municipal Note securities in the amounts of \$3,999,530, \$3,997,820 and \$500,120 respectively are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent in the City’s name. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. The City has invested 47% in T-Bills, 47% in FFCB, 5% in Municipal Notes and less than 1% in STAR Ohio.

NOTE 8 - 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 2013 were levied after October 1, 2012 on assessed values as of January 1, 2012, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2011 and the equalization adjustment was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 8 - 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, 2013 was \$2.90 per \$1,000 of assessed value. The assessed value upon which the 2013 receipts were based was \$144,228,260. This amount constitutes \$143,188,710 in real property assessed value and \$1,039,550 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, 2013***

NOTE 9 - RECEIVABLES

Receivables at December 31, 2013 consisted of taxes, interest, accounts receivable, special assessments and intergovernmental receivables arising from shared revenues.

NOTE 10 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2013:

	Transfers Out:			
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total
Transfers In:				
General Fund	\$0	\$0	\$43,649	\$43,649
Special Assessment Bond Retirement Fund	0	0	12,360	12,360
Capital Improvement Fund	1,113,192	0	0	1,113,192
Nonmajor Governmental Funds	533,177	150,340	26,000	709,517
Internal Service Fund	177,500	0	0	177,500
Total	\$1,823,869	\$150,340	\$82,009	\$2,056,218

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

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

During 2013, net transfers were made from the proprietary funds to the general capital assets in the amount of \$2,742,393.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2013:

Historical Cost:

Class	December 31, 2012	Transfers	Additions	Deletions	December 31, 2013
<i>Capital assets not being depreciated:</i>					
Land	\$11,610,707	\$0	\$62,541	\$0	\$11,673,248
Construction in Progress	798,655	822,852	82,349	(63,128)	1,640,728
Subtotal	12,409,362	822,852	144,890	(63,128)	13,313,976
<i>Capital assets being depreciated:</i>					
Improvements	1,942,427	0	421,886	(76,466)	2,287,847
Buildings	3,575,153	0	22,500	0	3,597,653
Machinery and Equipment	6,058,137	(30,717)	177,384	(313,272)	5,891,532
Infrastructure	27,082,740	1,934,101	279,025	0	29,295,866
Subtotal	38,658,457	1,903,384	900,795	(389,738)	41,072,898
Total Cost	\$51,067,819	\$2,726,236	\$1,045,685	(\$452,866)	\$54,386,874

Accumulated Depreciation:

Class	December 31, 2012	Transfers	Additions	Deletions	December 31, 2013
Improvements	(\$459,555)	\$0	(\$69,246)	\$8,244	(\$520,557)
Buildings	(2,292,470)	0	(65,998)	0	(2,358,468)
Machinery and Equipment	(3,745,437)	16,157	(282,037)	228,896	(3,782,421)
Infrastructure	(13,210,879)	0	(767,741)	0	(13,978,620)
Total Depreciation	(\$19,708,341)	\$16,157	(\$1,185,022) *	\$237,140	(\$20,640,066)
<i>Net Value:</i>	\$31,359,478				\$33,746,808

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$155,902
Public Health and Welfare Services	6,078
Leisure Time Activities	82,525
Community Environment	393
Transportation	841,994
General Government	96,823
Total Depreciation Expense recorded within the Governmental Activities	1,183,715
Amount of Depreciation Expense recorded in the Internal Service Fund	1,307
Total Depreciation Expense	\$1,185,022

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 11 - CAPITAL ASSETS (continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2013:

Historical Cost:

Class	December 31, 2012	Transfers	Additions	Deletions	December 31, 2013
<i>Capital assets not being depreciated:</i>					
Land	\$349,695	\$0	\$0	\$0	\$349,695
Construction in Progress	973,361	0	1,263,634	(802,038)	1,434,957
Subtotal	1,323,056	0	1,263,634	(802,038)	1,784,652
<i>Capital assets being depreciated:</i>					
Buildings	9,448,516	0	0	(115,594)	9,332,922
Improvements	45,095,971	(2,756,953)	4,555,630	(21,168)	46,873,480
Machinery and Equipment	6,760,272	30,717	323,201	(411,895)	6,702,295
Subtotal	61,304,759	(2,726,236)	4,878,831	(548,657)	62,908,697
Total Cost	\$62,627,815	(\$2,726,236)	\$6,142,465	(\$1,350,695)	\$64,693,349

Accumulated Depreciation:

Class	December 31, 2012	Transfers	Additions	Deletions	December 31, 2013
Buildings	(\$4,618,640)	\$0	(\$292,174)	\$115,594	(\$4,795,220)
Improvements	(13,300,721)	0	(1,029,161)	21,168	(14,308,714)
Machinery and Equipment	(5,258,458)	(16,157)	(189,073)	395,724	(5,067,964)
Total Depreciation	(\$23,177,819)	(\$16,157)	(\$1,510,408)	\$532,486	(\$24,171,898)
<i>Net Value:</i>	\$39,449,996				\$40,521,451

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 12 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, 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.

The ORC provides statutory authority for employee and employer contributions. For 2013, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2013 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 13.0% for calendar year 2013.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's contributions for pension obligations to OPERS for the years ending December 31, 2013, 2012, and 2011 were \$449,801, \$480,093 and \$462,691, respectively, or 92.1% of the required contributions for 2013 and 100% of the required contributions for 2012 and 2011.

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

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

From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions used to fund pension obligations from January 1, 2013 through May 31, 2013 was 14.81% for police officers and 19.31% for firefighters. The portion of employer contributions used to fund pension obligations from June 1, 2013 through December 31, 2013 was 16.65% for police officers and 21.15% for firefighters. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2013, 2012, and 2011 were \$115,857, \$147,960 and \$108,011 for police officers and \$87,417, \$112,876 and \$82,285 for firefighters, respectively, or 89.8% and 75.8%, respectively of the required contributions for 2013 and 100% of the required contributions for 2012 and 2011.

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 1.0% for calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

The City's contributions for health care to the OPERS for the years ending December 31, 2013, 2012, and 2011 were \$179,920, \$137,169 and \$185,077, respectively, or 92.1% of the required contributions for 2013 and 100% of the required contributions for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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, 2013***

NOTE 13 - 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 2013, the portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013 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 ending December 31, 2013, 2012, and 2011 were \$61,336, \$51,217 and \$57,182 for police and \$34,207, \$31,746 and \$32,198 for firefighters, respectively, or 89.8% and 75.8%, respectively of the required contributions for 2013 and 100% of the required contributions for 2012 and 2011.

NOTE 14 – 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, 2013, the City's accumulated, unpaid compensated absences amounted to \$1,161,118, of which \$785,885 is recorded as a liability of the Governmental Activities and \$375,233 is recorded as a liability of the Business-Type Activities.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 15 - NOTES PAYABLE

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

	<u>Issue Date</u>	<u>Balance December 31, 2012</u>	<u>Issued</u>	<u>(Retired)</u>	<u>Balance December 31, 2013</u>
Enterprise Funds Note Payable: 2.00% Water Plant Renovation	7/24/12	\$1,800,000	\$0	(\$1,800,000)	\$0

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CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 16 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2013 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Restated Balance December 31, 2012	Additions	(Reductions)	Balance December 31, 2013	Amount Due Within One Year
Business-Type Activities:								
General Obligation Note:								
2013	1.25%	Water Plant Renovation and Improvements	2014	\$0	\$2,500,000	\$0	\$2,500,000	\$2,500,000
General Obligation Bonds:								
2005	3.00% - 5.00%	Waterworks System Improvements (Refunding)	2019	775,000	0	(100,000)	675,000	100,000
2004	2.50% - 5.12%	Capital Facilities Improvement	2024	695,000	0	(45,000)	650,000	45,000
Total General Obligation Bonds				1,470,000	0	(145,000)	1,325,000	145,000
Revenue Bonds:								
2008	3.50% - 4.50%	Water System Improvements	2028	3,005,000	0	(140,000)	2,865,000	140,000
2010	4.60%	Water - Woodlawn Avenue Reconstruction	2040	293,400	0	(5,400)	288,000	5,400
2010	4.60%	Water - West Washington Avenue Reconstruction	2040	521,600	0	(9,600)	512,000	9,600
2012	4.00%	Water - Clairmont Ave./Haley I & I Redi. Project	2042	187,000	0	(3,400)	183,600	3,400
2010	4.60%	Sewer System Improvement (Refunding 1998)	2040	1,672,150	0	(135,150)	1,537,000	140,450
2010	4.60%	Sewer - Woodlawn Avenue Reconstruction	2040	1,482,850	0	(119,850)	1,363,000	124,550
2010	7.50%	Sewer - West Washington Avenue Reconstruction	2040	2,470,000	0	(45,000)	2,425,000	45,000
2012	4.00%	Sewer - Clairmont Ave./Haley I & I Redi. Project	2042	913,000	0	(16,600)	896,400	16,600
Total Revenue Bonds				10,545,000	0	(475,000)	10,070,000	485,000
Special Assessment Bond: (with Governmental Commitment)								
2000	5.09% - 5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	63,046	0	(6,400)	56,646	7,200
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		262,885	0	(3,276)	259,609	0
Total OSWRC Loans				310,945	0	(3,276)	307,669	0
Ohio Public Works Commission Loans (OPWC):								
2000		Railroad Street Sewer Separation	2020	25,791	0	(3,685)	22,106	3,685
2008		Woodlawn Avenue Improvements	2020	400,000	0	(25,000)	375,000	25,000
Total Ohio Public Works Commission Loans				425,791	0	(28,685)	397,106	28,685
Ohio Water Development Authority Loans (OWDA):								
1992	9.185%	OWDA - Malinta Waterline	2016	124,185	0	(32,327)	91,858	34,838
2005	4.490%	OWDA - E. Maumee Sewer Tap	2025	434,202	0	(26,578)	407,624	27,783
2005	4.490%	OWDA - NP Sewerline Improvements	2025	590,169	0	(36,104)	554,065	37,744
2005	4.490%	OWDA - NP Waterline Improvements	2025	216,826	0	(13,268)	203,558	13,870
Total Ohio Water Development Authority Loans				1,365,382	0	(108,277)	1,257,105	114,235
Water Pollution Control Loan Fund Loans (WPCLF):								
2008		Southside I & I Reduction Study	2013	19,429	0	(19,429)	0	0
2008		EQ Basin Storm Water Retention	2031	6,947,193	0	(354,105)	6,593,088	357,656
Total Water Pollution Control Loan Fund Loans				6,966,622	0	(373,534)	6,593,088	357,656
Payable to Joint Venture				107,412	0	(41,832)	65,580	0
Compensated Absences				294,131	375,233	(294,131)	375,233	150,239
Total Business-Type Long-Term Debt				\$21,548,329	\$2,875,233	(\$1,476,135)	\$22,947,427	\$3,788,015

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 16 - LONG-TERM DEBT (Continued)

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2012	Additions	(Reductions)	Balance December 31, 2013	Amount Due Within One Year
Governmental Activities:								
Special Assessment Bonds:								
1993	5.40%	Street Improvements	2013	\$11,000	\$0	(\$11,000)	\$0	\$0
1996	5.90%	Street Improvements	2016	60,000	0	(15,000)	45,000	15,000
1998	4.50-5.125%	Street Improvements	2018	70,000	0	(10,000)	60,000	10,000
1998	4.50-5.125%	Street Improvements	2018	30,000	0	(5,000)	25,000	5,000
2000	5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	15,954	0	(1,600)	14,354	1,800
Total Special Assessment Bonds (with Governmental Commitment)				186,954	0	(42,600)	144,354	31,800
General Obligation Bonds:								
2005	3.00% - 5.00%	Northcrest Drive	2025	280,000	0	(15,000)	265,000	15,000
2005	3.00% - 5.00%	SR 424 Resurfacing	2025	220,000	0	(15,000)	205,000	15,000
2010	4.50%	Courthouse Renovations	2025	680,000	0	(45,000)	635,000	45,000
Total General Obligation Bonds				1,180,000	0	(75,000)	1,105,000	75,000
Ohio Public Works Commission Loan:								
1998		Unimproved Street Program	2017	61,753	0	(12,351)	49,402	12,351
Compensated Absences				746,380	785,885	(746,380)	785,885	319,352
Total Governmental Activities Long-Term Debt				<u>\$2,175,087</u>	<u>\$785,885</u>	<u>(\$876,331)</u>	<u>\$2,084,641</u>	<u>\$438,503</u>

The principal amount of the City's special assessment debt outstanding at December 31, 2013, \$201,000, 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 \$572,514 in the Special Assessment Bond Retirement Fund at December 31, 2013 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 \$373,534 during 2013 to a year end balance of \$6,593,088.

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, 2013***

NOTE 16 - LONG-TERM DEBT (Continued)

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

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

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

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

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

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2014	100,000	3.75%
2015	105,000	3.75%

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 16 - LONG-TERM DEBT (Continued)

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

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

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

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

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 16 - LONG-TERM DEBT (Continued)

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 16 - 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.

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.

2012 Bond Anticipation Notes - During 2012, the City issued \$1,800,000 worth of Water bond anticipation notes for work done on the City's water plant. These notes have an interest rate of 2.0%. These notes will be retired from the City's Water Fund through user charges.

2013 Bond Anticipation Notes - During 2013, the City issued \$2,500,000 worth of Water bond anticipation notes for work done on the City's water plant. These notes have an interest rate of 1.25%. These notes will be retired from the City's Water Fund through user charges.

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 16 - 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, 2013 follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$220,000	\$108,256	\$485,000	\$478,184	\$39,000	\$11,135
2015	235,000	100,606	500,000	463,434	39,000	8,964
2016	240,000	92,106	510,000	447,296	40,000	6,793
2017	255,000	82,444	540,000	429,096	30,000	4,564
2018	260,000	69,844	565,000	408,959	31,000	2,964
2019-2023	925,000	197,624	1,720,000	1,787,257	22,000	1,939
2024-2028	295,000	17,694	1,875,000	1,348,259	0	0
2029-2033	0	0	1,215,000	902,612	0	0
2034-2038	0	0	1,570,000	519,498	0	0
2039-2042	0	0	1,090,000	82,290	0	0
Totals	\$2,430,000	\$668,574	\$10,070,000	\$6,866,885	\$201,000	\$36,359

Years	OWDA Loans		OPWC Loans		WPCLF Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$114,235	\$58,576	\$41,036	\$0	\$357,656	\$65,039
2015	140,021	53,776	41,035	0	361,241	61,453
2016	86,771	44,065	41,035	0	364,862	57,832
2017	90,711	40,125	41,035	0	368,519	54,175
2018	94,829	36,007	28,684	0	372,214	50,480
2019-2023	542,777	111,402	128,674	0	1,917,798	195,673
2024-2028	187,761	8,492	125,009	0	2,015,874	97,597
2029-2030	0	0	0	0	834,924	10,463
Totals	\$1,257,105	\$352,443	\$446,508	\$0	\$6,593,088	\$592,712

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, 2013***

NOTE 17 - 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 466 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 2012, the City paid \$102,664 into the pool for total premiums for the property and casualty coverage for 12/01/2012 – 11/30/2013 and during 2013, paid \$105,072 for property and casualty coverage from 12/01/13 – 11/30/2014.

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. A December 31, 2012, 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, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$ 34,389,569	\$ 33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Net Assets – Unrestricted	\$ 20,181,216	\$ 19,175,131

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 17 - RISK MANAGEMENT (Continued)

A. PEP Property and Casualty Pool (Continued)

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Government's share of these unpaid claims collectible in future years is approximately two (2) times the most recent annual premium or \$210,144.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
<u>2014</u>	<u>2013</u>
\$105,072	\$102,644

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing (via certified mail) 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expense become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 17 - 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 2013, the pool included the following Ohio Cities and Villages as members: Archbold, Bowling Green, Bucyrus, Carey, Clyde, Corrections Center of Northwest Ohio, Defiance, Fayette, Fremont, Henry County, Hunting Valley, Macedonia, Hicksville, Napoleon, Oberlin, Oregon, Pepper Pike, Sandusky, Sandusky County Engineers, Sandusky County Health Department, Upper Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2013, the pool had total reported assets of \$1,220,974.

Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool. The 2013 premiums paid by the City of Napoleon into the employee benefits pool were a monthly cost of \$1,134.91 for family coverage, \$907.93 for employee plus spouse, \$794.44 for employee plus children and \$359.04 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 2013, the City paid \$913,935 into the pool for health benefits coverage, and \$5,720 into the pool for life insurance coverage. The cost of coverage for premiums is paid out of each respective fund and department that pays the salary of the individuals covered under the plan. The amount of risk retained by the pool was \$200,000 per individual for 2013 with excess coverage provided by Sun Life Financial.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 17 - 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 2013, the City paid \$125,955 into the pool for total Workers Compensation premiums. It should be noted that premiums are based on the prior fiscal year's (2012) gross payroll

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 2013, the City paid \$9,027 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, 2013***

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

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

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

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, 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, 2013, the outstanding debt was \$15,769,323. 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 \$44,863 at December 31, 2013. 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, 2013**

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2013 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, 2013***

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (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, 2013 Napoleon has met their debt coverage obligation.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

OMEGA JV5 is managed by AMP, 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.

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 \$718,239 at December 31, 2013. 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.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2013 Napoleon has met their debt coverage obligation.

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

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. The City's net obligation for these bonds at December 31, 2013 was \$65,580 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected).

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$343,862 at December 31, 2013. Complete financial statements for OMEGA JV6 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, 2013**

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

The ten participating subdivisions and their respective ownership shares at December 31, 2013 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	7,200	100.00%

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2014	\$ 37,436	\$ 4,818	\$ 42,254
2015	38,192	4,062	42,254
2016	13,175	0	13,175
Total Gross Liability	88,803	8,880	97,683
Less: Amounts Held in Reserve	(23,223)		
Net Obligation	\$ 65,580		

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Prairie State Energy Campus (68 Members)

On December 20, 2007, AMP acquired 368,000kW or an effective 23.26% undivided ownership interest (the “*PSEC Ownership Interest*”) in the Prairie State Energy Campus (“PSEC”), a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (“*AMP 368 LLC*”). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007.

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

On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

AMP’s share of the total Project costs, including AMP’s share of PSEC capital improvements through 2016, resulted in the issuance by AMP of approximately \$1697 billion of debt of which the City of Napoleon’s share is approximately \$22,943,687. These estimated costs include (i) AMP’s costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

E. AMP Fremont Energy Center (AFEC)

On February 3, 2011 American Municipal Power, Inc. (AMP) entered into a non-binding memorandum of understanding (MOU) with FirstEnergy Corp. regarding the Fremont Energy Center ("AFEC"). AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. The closing date to purchase was July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, to repay the \$600,000,000 principal amount of an interim loan that financed the acquisition of the AMP Fremont Energy Center ("AFEC") and development costs and completion of construction and commissioning of AFEC; (ii) to make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures allocable to AMP's 90.69% undivided ownership interest in AFEC; (iii) to fund deposits to certain reserve accounts; and (iv) to pay the costs of issuance of the Series 2012 Bonds.

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of the AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.

The City of Napoleon has executed a take-or-pay power sales contract with AMP for 6,650 kW or 1.43% of capacity and associated energy from the AFEC facility. The City's share of the permanent financing is approximately \$7,820,450.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

F. Combined Hydroelectric Projects (79 Members)

AMP is currently developing three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “*Combined Hydroelectric Projects*”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects entails the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers’ dams and includes associated transmission facilities. The Combined Hydroelectric Projects, including associated transmission facilities, will be constructed and operated by AMP. AMP holds the licenses from FERC for the Combined Hydroelectric Projects. AMP received the last of the material permits needed to begin construction on the Cannelton hydroelectric facility and Smithland hydroelectric facility, respectively in 2009. Ground breaking ceremonies were held for Cannelton on August 25, 2009 and for Smithland on September 1, 2010. AMP received the last of the material permits for the Willow Island hydroelectric facility in the last quarter of 2010 and ground breaking ceremonies took place on July 21, 2011.

The City of Napoleon has executed a take-or-pay power sales contract with AMP for 3,498 kW or 1.68% of capacity and associated energy from the hydro facilities.

All major contracts for the projects which include the turbines, the powerhouse construction, the powerhouse gates, the powerhouse cranes, and the transformers have been awarded for the Cannelton, Smithland, and Willow Island facilities. And property right-of-way acquisitions for the transmission lines have been completed for all three projects.

As of June 1, 2012, AMP is projecting that the Combined Hydroelectric Projects are expected to enter into commercial operation as follows: Cannelton in the second quarter of 2014; Willow Island in the fourth quarter of 2014; and Smithland in the second quarter of 2015.

Please note that this date is subject to change and is dependent on a number of factors affecting the project’s construction schedule, including weather. As a result, this date may be revised to reflect earlier or later expected commercial operation as construction progresses. AMP will update the above expected commercial operation date in the 4th quarter of 2013 after the construction season ends.

To provide financing for the Combined Hydroelectric Projects, in 2009 and 2010 AMP has issued in seven series \$2,045,425,000 of its Combined Hydroelectric Projects Revenue Bonds (the “*Combined Hydroelectric Bonds*”), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds) of which the City of Napoleon are is approximately \$34,398,542. The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

AMP is currently constructing a three unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers and of related equipment and associated transmission facilities (the “*Meldahl Project*”). When the Meldahl Project enters commercial operation, it is projected to have a generating capacity of approximately 105 MW. The City of Hamilton, Ohio, a Member of AMP and a participant in the Meldahl Project, and AMP hold, as co-licensees, the Federal Energy Regulatory Commission license necessary to construct and operate the Meldahl Project. Pursuant to the various agreements between Hamilton and AMP, the Meldahl Project will be owned by Meldahl, LLC, a single member, Delaware not-for-profit limited liability company (“*Meldahl, LLC*”), and will be operated by Hamilton. AMP, acting as agent of Meldahl LLC, is financing the development, acquisition, construction and equipping of the Meldahl Project. In order to finance the construction of the Meldahl Project and related costs, in 2010 and 2011 AMP issued six series of its Meldahl Hydroelectric Project Revenue Bonds (the “*Meldahl Bonds*”) in the amount of \$685,100,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members.

The City of Napoleon has executed a take-or-pay power sales contract with AMP for 504 kW or 0.48% of capacity and associated energy from the hydro facility. The city’s share of the debt is approximately \$3,288,480.

All major contracts for the project which include the turbine, the powerhouse construction, the powerhouse gate, the powerhouse crane, and the transformer have been awarded for the Meldahl facility. And the property right-of-way acquisitions for the transmission line have been completed for this project.

As of June 1, 2012, AMP estimates the Meldahl Project will enter commercial operation in the second quarter of 2014.

Please note that this date is subject to change and is dependent on a number of factors affecting the project’s construction schedule, including weather. As a result, this date may be revised to reflect earlier or later expected commercial operation as construction progresses. AMP will update the above expected commercial operation date in the 4th quarter of 2013 after the construction season ends.

The referenced agreements with Hamilton respecting the Meldahl Project also provided that Hamilton would sell to AMP a 48.6% undivided ownership interest in the Greenup Hydroelectric Facility (“*Greenup*”), a 70.2 MW run-of-the river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River, in commercial operation since 1988. The sale is contingent upon the placement of the Meldahl Project into commercial operation. Based on the estimated commercial operation date for the Meldahl Project, AMP currently estimates that it will issue bonds to finance its undivided ownership interest in Greenup in the second or third quarter of 2014. AMP’s Greenup bonds will be secured by a separate power sales contract that has been executed by the same Members (all except Hamilton which will retain title to the remaining 51.4% ownership interest in Greenup) that executed the Meldahl power sales contract. Hamilton will continue to operate Greenup.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 18 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

H. AMP, Inc. Solar Project 1 (3 Members)

In 2012 AMP constructed a 3.54 MW solar energy generation field on a brownfield area including on top of an old land fill, in Napoleon, Ohio.

The project consisted of 17,160 solar panels covering 20.74 acres. Construction started in April 2012 and the facility went online late August 2012. AMP financed the project on its revolving line of credit at \$9,600,000. The balance as of December 31, 2013, including interest, is \$9,352,494. There are three (3) member project participants. Those participants are the City of Napoleon, Ohio (1,040 kW), the City of St. Mary's, Ohio (2,300 kW) and the Village of Waynesfield, Ohio (200 kW).

The City of Napoleon has executed a take-or-pay sales contract with AMP for 1,040 kW or 29.38% of capacity and associated energy from the solar facility. The city's share of the debt is approximately \$2,820,339.

I. Community Improvement Corporation (CIC)

The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. The CIC is governed by a Board of 10 Trustees. Five of these trustees are residents of the City of Napoleon and the remaining five are residents of Henry County. The City's degree of control over the Board is limited to its representation on the Board. The City has no equity interest in the CIC. The City paid \$49,000 to the CIC during 2013. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

J. Maumee Valley Planning Organization (MVPO)

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

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member County as well as one township representative and one municipal representative for each of the five member counties. The main source of revenue is fees charged by MVPO to administer CDBG grants and a per capita amount from each county. In 2013, the City paid administrative fees of \$69,841 to MVPO.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 19 - 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.

The impaired costs have been included in the business-type activities and the electric enterprise fund as a 2013 contractual service. The City elected to finance this amount out of fund reserves and will pay the entire amount off during 2014.

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.

NOTE 20 – SIGNIFICANT COMMITMENT

In the capital projects funds there are significant encumbrances outstanding in the amount of \$417,202 for the Capital Improvement Fund. This amount is reported as part of the committed fund balance.

NOTE 21 – SUBSEQUENT EVENT

On March 6, 2014 the City issued \$2,500,000 in one year General Obligation Notes to pay for Water Plant Improvements. The notes, which mature on March 5, 2015 had an interest rate of .4060% and are reported as long-term debt in the Water Fund.

*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 designate for street construction, maintenance and repair.

EMS Transport Service Fund

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

Recreation Fund

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

Downtown Revitalization Grant Fund

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

(Continued)

Special Revenue Funds

Hotel/Motel Tax Fund

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

Community Housing Improvement Program (CHIP) Income Fund

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

Community Development Block Grant (CDBG) Income Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Law Enforcement and Education Fund

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

Court Computerization Fund

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

Law Enforcement Trust Fund

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

Mandatory Drug Fine Fund

To account for mandatory fines collected for drug related offenses.

Fire Equipment Fund

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

(Continued)

Special Revenue Funds

Municipal Probation Service Fund

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

Probation Officer Grant Fund

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

Court Improvement Fund

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

Handicap Parking Fines Fund

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

Police Pension Fund

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

Fire Pension Fund

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

Cemetery Fund

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

Law Enforcement OT Grant Fund

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

Certified Police Training Fund

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

Indigent Drivers Interlock/Alcohol Fund

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

Debt Service Fund

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

General Bond Retirement Fund

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

Capital Projects Funds

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

Capital Improvement Project (CIP) Funding Reserve Fund

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



CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,994,430	\$ 27,767	\$ 186,250	\$ 2,208,447
Receivables:				
Taxes	139,547	0	0	139,547
Accounts	566,429	0	0	566,429
Intergovernmental	646,536	0	0	646,536
Interest	852	0	0	852
Inventory of Supplies, at Cost	177,587	0	0	177,587
Total Assets	\$ 3,525,381	\$ 27,767	\$ 186,250	\$ 3,739,398
Liabilities:				
Accounts Payable	\$ 229,734	\$ 0	\$ 0	\$ 229,734
Accrued Wages and Benefits Payable	62,623	0	0	62,623
Total Liabilities	292,357	0	0	292,357
Deferred Inflows of Resources:				
Unavailable Amounts	825,618	0	0	825,618
Property Tax for Next Fiscal Year	130,239	0	0	130,239
Total Deferred Inflows of Resources	955,857	0	0	955,857
Fund Balances:				
Nonspendable	177,587	0	0	177,587
Restricted	1,819,027	0	0	1,819,027
Committed	309,759	0	186,250	496,009
Assigned	0	27,767	0	27,767
Unassigned	(29,206)	0	0	(29,206)
Total Fund Balances	2,277,167	27,767	186,250	2,491,184
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,525,381	\$ 27,767	\$ 186,250	\$ 3,739,398

CITY OF NAPOLEON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$ 115,128	\$ 0	\$ 0	\$ 115,128
Intergovernmental Revenues	1,359,161	0	0	1,359,161
Charges for Services	695,405	0	0	695,405
Investment Earnings	9,923	0	0	9,923
Fines and Forfeitures	156,100	0	0	156,100
All Other Revenue	48,077	18,225	0	66,302
Total Revenue	2,383,794	18,225	0	2,402,019
Expenditures:				
Current:				
Security of Persons and Property	585,947	0	0	585,947
Leisure Time Activities	722,535	0	0	722,535
Community Environment	720,852	0	0	720,852
Transportation	503,534	0	0	503,534
General Government	43,061	0	0	43,061
Debt Service:				
Principal Retirement	45,000	30,000	0	75,000
Interest and Fiscal Charges	23,650	36,412	0	60,062
Total Expenditures	2,644,579	66,412	0	2,710,991
Excess (Deficiency) of Revenues Over Expenditures				
	(260,785)	(48,187)	0	(308,972)
Other Financing Sources (Uses):				
Transfers In	605,777	53,740	50,000	709,517
Transfers Out	(82,009)	0	0	(82,009)
Total Other Financing Sources (Uses)	523,768	53,740	50,000	627,508
Net Change In Fund Balance	262,983	5,553	50,000	318,536
Fund Balances at Beginning of Year	2,032,232	22,214	136,250	2,190,696
Decrease in Inventory Reserve	(18,048)	0	0	(18,048)
Fund Balances End of Year	\$ 2,277,167	\$ 27,767	\$ 186,250	\$ 2,491,184



CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013**

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Assets:				
Cash and Cash Equivalents	\$ 202,141	\$ 18,955	\$ 457,043	\$ 70,093
Receivables:				
Taxes	0	0	0	0
Accounts	5,190	0	0	538,951
Intergovernmental	182,814	14,823	30,984	0
Interest	105	14	299	0
Inventory of Supplies, at Cost	169,253	0	0	0
Total Assets	\$ 559,503	\$ 33,792	\$ 488,326	\$ 609,044
Liabilities:				
Accounts Payable	\$ 6,108	\$ 0	\$ 0	\$ 24,547
Accrued Wages and Benefits Payable	13,450	0	0	0
Total Liabilities	19,558	0	0	24,547
Deferred Inflows of Resources:				
Unavailable Amounts	121,899	9,885	20,722	433,009
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	121,899	9,885	20,722	433,009
Fund Balances:				
Nonspendable	169,253	0	0	0
Restricted	248,793	23,907	467,604	0
Committed	0	0	0	151,488
Unassigned	0	0	0	0
Total Fund Balances	418,046	23,907	467,604	151,488
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 559,503	\$ 33,792	\$ 488,326	\$ 609,044

CITY OF NAPOLEON, OHIO

<u>Recreation</u>	<u>Downtown Revitalization Grant</u>	<u>Hotel/Motel Tax</u>	<u>CDBG Income</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Law Enforcement and Education</u>
\$ 179,286	\$ 16,548	\$ 0	\$ 35,684	\$ 56,766	\$ 3,951
0	0	0	0	0	0
1,325	0	6,289	0	2,826	82
0	174,895	0	0	0	0
62	0	0	0	36	3
8,334	0	0	0	0	0
<u>\$ 189,007</u>	<u>\$ 191,443</u>	<u>\$ 6,289</u>	<u>\$ 35,684</u>	<u>\$ 59,628</u>	<u>\$ 4,036</u>
\$ 4,492	\$ 191,443	\$ 3,144	\$ 0	\$ 0	\$ 0
17,896	0	0	0	0	0
<u>22,388</u>	<u>191,443</u>	<u>3,144</u>	<u>0</u>	<u>0</u>	<u>0</u>
14	0	0	0	8	1
0	0	0	0	0	0
<u>14</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>	<u>1</u>
8,334	0	0	0	0	0
0	0	3,145	35,684	59,620	4,035
158,271	0	0	0	0	0
0	0	0	0	0	0
<u>166,605</u>	<u>0</u>	<u>3,145</u>	<u>35,684</u>	<u>59,620</u>	<u>4,035</u>
<u>\$ 189,007</u>	<u>\$ 191,443</u>	<u>\$ 6,289</u>	<u>\$ 35,684</u>	<u>\$ 59,628</u>	<u>\$ 4,036</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013**

	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine	Fire Equipment
Assets:				
Cash and Cash Equivalents	\$ 64,517	\$ 1,715	\$ 17,755	\$ 517,673
Receivables:				
Taxes	0	0	0	0
Accounts	3,177	50	182	0
Intergovernmental	0	0	0	210,900
Interest	24	0	12	289
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	\$ 67,718	\$ 1,765	\$ 17,949	\$ 728,862
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	5	0	3	210,964
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	5	0	3	210,964
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	67,713	1,765	17,946	517,898
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	67,713	1,765	17,946	517,898
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 67,718	\$ 1,765	\$ 17,949	\$ 728,862

CITY OF NAPOLEON, OHIO

Municipal Probation Service	Probation Officer Grant	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension
\$ 23,334	\$ 4,243	\$ 204,339	\$ 1,100	\$ 0	\$ 0
0	0	0	0	93,031	46,516
1,427	0	6,350	0	0	0
0	24,644	0	0	4,984	2,492
8	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 24,769</u>	<u>\$ 28,887</u>	<u>\$ 210,689</u>	<u>\$ 1,100</u>	<u>\$ 98,015</u>	<u>\$ 49,008</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	2,071	0	0	18,146	11,060
0	2,071	0	0	18,146	11,060
2	12,322	0	0	11,189	5,595
0	0	0	0	86,826	43,413
2	12,322	0	0	98,015	49,008
0	0	0	0	0	0
24,767	14,494	210,689	1,100	0	0
0	0	0	0	0	0
0	0	0	0	(18,146)	(11,060)
<u>24,767</u>	<u>14,494</u>	<u>210,689</u>	<u>1,100</u>	<u>(18,146)</u>	<u>(11,060)</u>
<u>\$ 24,769</u>	<u>\$ 28,887</u>	<u>\$ 210,689</u>	<u>\$ 1,100</u>	<u>\$ 98,015</u>	<u>\$ 49,008</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013**

	Cemetery	Law Enforcement OT Grant	Certified Police Training	Indigent Drivers Interlock/Alcohol
Assets:				
Cash and Cash Equivalents	\$ 71,838	\$ 15,773	\$ 3,280	\$ 28,396
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	580
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	\$ 71,838	\$ 15,773	\$ 3,280	\$ 28,976
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	0	0	0	0
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	71,838	15,773	3,280	28,976
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	71,838	15,773	3,280	28,976
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 71,838	\$ 15,773	\$ 3,280	\$ 28,976

CITY OF NAPOLEON, OHIO

Total Nonmajor
Special Revenue
Funds

\$ 1,994,430

139,547

566,429

646,536

852

177,587

\$ 3,525,381

\$ 229,734

62,623

292,357

825,618

130,239

955,857

177,587

1,819,027

309,759

(29,206)

2,277,167

\$ 3,525,381

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013***

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	388,613	31,509	115,009	4,500
Charges for Services	9,622	0	0	430,607
Investment Earnings	1,274	183	3,283	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	4,256	0	0	0
Total Revenue	403,765	31,692	118,292	435,107
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	401,314
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	364,966	34,633	103,935	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	364,966	34,633	103,935	401,314
Excess (Deficiency) of Revenues Over Expenditures	38,799	(2,941)	14,357	33,793
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	(12,360)	(26,000)
Total Other Financing Sources (Uses)	0	0	(12,360)	(26,000)
Net Change In Fund Balance	38,799	(2,941)	1,997	7,793
Fund Balances at Beginning of Year	397,027	26,848	465,607	143,695
Decrease in Inventory Reserve	(17,780)	0	0	0
Fund Balances End of Year	\$ 418,046	\$ 23,907	\$ 467,604	\$ 151,488

CITY OF NAPOLEON, OHIO

Recreation	Downtown Revitalization Grant	Hotel/Motel Tax	CHIP Income	CDBG Income	Indigent Drivers Alcohol Treatment
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	352,574	86,123	309,516	1	0
232,434	0	0	0	0	0
972	0	0	0	0	390
0	0	0	0	0	10,104
43,191	0	0	0	0	0
<u>276,597</u>	<u>352,574</u>	<u>86,123</u>	<u>309,516</u>	<u>1</u>	<u>10,494</u>
0	0	0	0	0	5,861
722,535	0	0	0	0	0
0	357,574	0	354,558	4,910	0
0	0	0	0	0	0
0	0	43,061	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>722,535</u>	<u>357,574</u>	<u>43,061</u>	<u>354,558</u>	<u>4,910</u>	<u>5,861</u>
(445,938)	(5,000)	43,062	(45,042)	(4,909)	4,633
533,177	0	0	0	0	0
0	0	(43,649)	0	0	0
<u>533,177</u>	<u>0</u>	<u>(43,649)</u>	<u>0</u>	<u>0</u>	<u>0</u>
87,239	(5,000)	(587)	(45,042)	(4,909)	4,633
79,634	5,000	3,732	45,042	40,593	54,987
(268)	0	0	0	0	0
<u>\$ 166,605</u>	<u>\$ 0</u>	<u>\$ 3,145</u>	<u>\$ 0</u>	<u>\$ 35,684</u>	<u>\$ 59,620</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, 2013***

	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	30	304	12	125
Fines and Forfeitures	1,290	38,834	0	1,987
All Other Revenue	0	0	50	0
Total Revenue	<u>1,320</u>	<u>39,138</u>	<u>62</u>	<u>2,112</u>
Expenditures:				
Current:				
Security of Persons and Property	1,701	10,000	0	1,461
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	<u>1,701</u>	<u>10,000</u>	<u>0</u>	<u>1,461</u>
Excess (Deficiency) of Revenues Over Expenditures	(381)	29,138	62	651
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	(381)	29,138	62	651
Fund Balances at Beginning of Year	4,416	38,575	1,703	17,295
Decrease in Inventory Reserve	0	0	0	0
Fund Balances End of Year	<u>\$ 4,035</u>	<u>\$ 67,713</u>	<u>\$ 1,765</u>	<u>\$ 17,946</u>

CITY OF NAPOLEON, OHIO

Fire Equipment	Municipal Probation Service	Probation Officer Grant	Court Improvement	Handicap Parking Fines	Police Pension
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,250
0	0	49,288	0	0	11,914
18,000	0	0	0	0	0
3,238	112	0	0	0	0
0	20,521	0	77,319	0	0
0	0	0	0	0	0
<u>21,238</u>	<u>20,633</u>	<u>49,288</u>	<u>77,319</u>	<u>0</u>	<u>87,164</u>
13,848	9,377	49,292	0	0	59,423
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	45,000	0	0
0	0	0	23,650	0	0
<u>13,848</u>	<u>9,377</u>	<u>49,292</u>	<u>68,650</u>	<u>0</u>	<u>59,423</u>
7,390	11,256	(4)	8,669	0	27,741
72,000	0	0	0	0	0
0	0	0	0	0	0
<u>72,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
79,390	11,256	(4)	8,669	0	27,741
438,508	13,511	14,498	202,020	1,100	(45,887)
0	0	0	0	0	0
<u>\$ 517,898</u>	<u>\$ 24,767</u>	<u>\$ 14,494</u>	<u>\$ 210,689</u>	<u>\$ 1,100</u>	<u>\$ (18,146)</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, 2013***

	Fire Pension	Cemetery	Law Enforcement OT Grant	Certified Police Training
Revenues:				
Property Taxes	\$ 39,878	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	5,635	0	4,479	0
Charges for Services	0	4,742	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
Total Revenue	45,513	4,742	4,479	0
Expenditures:				
Current:				
Security of Persons and Property	28,693	0	4,977	0
Leisure Time Activities	0	0	0	0
Community Environment	0	3,810	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	28,693	3,810	4,977	0
Excess (Deficiency) of Revenues Over Expenditures	16,820	932	(498)	0
Other Financing Sources (Uses):				
Transfers In	0	0	600	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	600	0
Net Change In Fund Balance	16,820	932	102	0
Fund Balances at Beginning of Year	(27,880)	70,906	15,671	3,280
Decrease in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ (11,060)	\$ 71,838	\$ 15,773	\$ 3,280

CITY OF NAPOLEON, OHIO

Indigent Drivers Interlock/Alcohol	Total Nonmajor Special Revenue Funds
\$ 0	\$ 115,128
0	1,359,161
0	695,405
0	9,923
6,045	156,100
580	48,077
6,625	2,383,794
0	585,947
0	722,535
0	720,852
0	503,534
0	43,061
0	45,000
0	23,650
0	2,644,579
6,625	(260,785)
0	605,777
0	(82,009)
0	523,768
6,625	262,983
22,351	2,032,232
0	(18,048)
\$ 28,976	\$ 2,277,167

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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 249,370	\$ 253,367	\$ 253,367	\$ 0
Municipal Income Taxes	3,178,690	3,617,163	3,617,163	0
Other Local Taxes	518,500	524,529	524,529	0
Intergovernmental Revenues	241,170	383,252	383,252	0
Charges for Services	263,380	315,921	315,921	0
Licenses and Permits	58,800	73,435	73,435	0
Investment Earnings	39,190	45,751	45,751	0
Special Assessments	0	177	177	0
Fines and Forfeitures	222,300	209,347	209,347	0
All Other Revenues	368,380	327,723	327,723	0
Total Revenues	<u>5,139,780</u>	<u>5,750,665</u>	<u>5,750,665</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	1,615,440	1,599,502	1,599,484	18
Materials and Supplies	90,450	72,165	72,165	0
Contractual Services	129,928	104,917	104,817	100
Other Expenditures	7,103	3,264	3,105	159
Total Police	<u>1,842,921</u>	<u>1,779,848</u>	<u>1,779,571</u>	<u>277</u>
Fire:				
Personal Services	823,710	796,548	796,548	0
Materials and Supplies	58,969	47,552	46,882	670
Contractual Services	135,033	90,588	88,124	2,464
Total Fire	<u>1,017,712</u>	<u>934,688</u>	<u>931,554</u>	<u>3,134</u>
Total Security of Persons and Property	<u>2,860,633</u>	<u>2,714,536</u>	<u>2,711,125</u>	<u>3,411</u>
Public Health and Welfare Services:				
Cemetery:				
Personal Services	81,830	82,954	82,954	0
Materials and Supplies	13,750	11,425	11,325	100
Contractual Services	13,364	9,838	9,834	4
Total Public Health and Welfare Services	<u>108,944</u>	<u>104,217</u>	<u>104,113</u>	<u>104</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, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	112,220	107,126	107,126	0
Materials and Supplies	2,600	1,853	1,853	0
Contractual Services	19,194	7,322	6,510	812
Other Expenditures	850	72	72	0
Total Building Inspection	<u>134,864</u>	<u>116,373</u>	<u>115,561</u>	<u>812</u>
Economic Development:				
Contractual Services	49,000	49,000	49,000	0
Total Community Environment	<u>183,864</u>	<u>165,373</u>	<u>164,561</u>	<u>812</u>
General Government:				
City Council:				
Personal Services	3,287	2,615	2,482	133
Materials and Supplies	300	219	219	0
Contractual Services	876	390	371	19
Other Expenditures	450	698	698	0
Total City Council	<u>4,913</u>	<u>3,922</u>	<u>3,770</u>	<u>152</u>
Mayor:				
Personal Services	1,959	1,527	1,450	77
Materials and Supplies	200	0	0	0
Contractual Services	810	84	84	0
Other Expenditures	50	35	35	0
Total Mayor	<u>3,019</u>	<u>1,646</u>	<u>1,569</u>	<u>77</u>
City Manager - Administration:				
Personal Services	26,735	20,502	19,465	1,037
Materials and Supplies	696	357	339	18
Contractual Services	371	200	190	10
Other Expenditures	550	550	550	0
Total City Manager - Administration	<u>28,352</u>	<u>21,609</u>	<u>20,544</u>	<u>1,065</u>
City Manager - Human Resources:				
Personal Services	66,250	20,531	20,531	0
Materials and Supplies	500	336	336	0
Contractual Services	5,530	34,953	34,953	0
Other Expenditures	200	502	502	0
Total City Manager - Human Resources	<u>72,480</u>	<u>56,322</u>	<u>56,322</u>	<u>0</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, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	18,422	13,229	12,560	669
Materials and Supplies	367	188	132	56
Contractual Services	4,593	2,067	1,963	104
Other Expenditures	500	0	0	0
Total Law Director	23,882	15,484	14,655	829
Finance - Administration:				
Personal Services	47,278	37,099	35,224	1,875
Materials and Supplies	2,400	2,040	2,040	0
Contractual Services	12,406	9,787	9,292	495
Other Expenditures	1,270	1,156	1,156	0
Total Finance - Administration	63,354	50,082	47,712	2,370
Finance - Utility Billing:				
Personal Services	17,834	12,505	11,873	632
Materials and Supplies	4,237	3,155	2,934	221
Contractual Services	6,103	4,579	4,347	232
Total Finance - Utility Billing	28,174	20,239	19,154	1,085
Finance - Income Tax Collection:				
Personal Services	155,190	149,784	149,784	0
Materials and Supplies	6,200	8,796	8,796	0
Contractual Services	16,710	26,623	26,623	0
Capital Outlay	2,000	1,136	1,136	0
Total Finance - Income Tax Collection	180,100	186,339	186,339	0
Finance - Information Systems:				
Personal Services	118,230	92,088	92,088	0
Materials and Supplies	23,101	22,012	22,002	10
Contractual Services	54,830	38,521	38,511	10
Total Finance - Information Systems	196,161	152,621	152,601	20
City Engineer:				
Personal Services	37,496	28,170	26,746	1,424
Materials and Supplies	1,570	1,066	1,012	54
Contractual Services	10,947	8,999	7,783	1,216
Total City Engineer	50,013	38,235	35,541	2,694

(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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	449,920	431,489	431,489	0
Materials and Supplies	41,974	35,234	35,234	0
Contractual Services	75,372	55,282	55,250	32
Other Expenditures	230	145	145	0
Total Municipal Court	567,496	522,150	522,118	32
Service - Buildings, Property and Equipment:				
Personal Services	7,038	5,412	5,139	273
Materials and Supplies	2,025	783	744	39
Contractual Services	580	258	245	13
Other Expenditures	100	0	0	0
Total Service - Buildings, Property and Equ	9,743	6,453	6,128	325
Miscellaneous:				
Materials and Supplies	2,324	1,656	1,427	229
Contractual Services	48,666	34,212	32,427	1,785
Other Expenditures	32,176	21,616	20,523	1,093
Total Miscellaneous	83,166	57,484	54,377	3,107
Total General Government	1,310,853	1,132,586	1,120,830	11,756
Total Expenditures	4,464,294	4,116,712	4,100,629	16,083
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	675,486	1,633,953	1,650,036	16,083
Other Financing Sources (Uses):				
Sale of Capital Assets	0	38,700	38,700	0
Transfers In	39,761	43,649	43,649	0
Transfers Out	(1,620,890)	(1,823,869)	(1,823,869)	0
Total Other Financing Sources (Uses)	(1,581,129)	(1,741,520)	(1,741,520)	0
Net Change In Fund Balance	(905,643)	(107,567)	(91,484)	16,083
Fund Balance at Beginning of Year	1,135,261	1,135,261	1,135,261	0
Prior Year Encumbrances	87,342	87,342	87,342	0
Fund Balance at End of Year	\$ 316,960	\$ 1,115,036	\$ 1,131,119	\$ 16,083

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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SPECIAL ASSESSMENT BOND RETIREMENT FUND				
Revenues:				
Investment Earnings	\$ 4,800	\$ 4,286	\$ 4,286	\$ 0
Special Assessments	62,840	62,851	62,851	0
Total Revenues	<u>67,640</u>	<u>67,137</u>	<u>67,137</u>	<u>0</u>
Expenditures:				
General Government:				
Contractual Services	2,800	1,885	1,885	0
Debt Service:				
Principal Retirement	63,940	64,618	64,618	0
Interest and Fiscal Charges	13,860	13,852	13,852	0
Total Expenditures	<u>80,600</u>	<u>80,355</u>	<u>80,355</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,960)	(13,218)	(13,218)	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	(600)	(858)	(858)	0
Fund Balance at Beginning of Year	573,077	573,077	573,077	0
Fund Balance at End of Year	<u>\$ 572,477</u>	<u>\$ 572,219</u>	<u>\$ 572,219</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, 2013**

CAPITAL IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 266,900	\$ 2,500	\$ 2,500	\$ 0
All Other Revenues	0	750	750	0
Total Revenues	<u>266,900</u>	<u>3,250</u>	<u>3,250</u>	<u>0</u>
Expenditures:				
Capital Outlay:				
City Manager	750	375	375	0
Law Director	2,000	0	0	0
Finance - Administration	37,300	24,510	24,510	0
Central Information System	28,860	28,860	28,860	0
Engineering	67,230	64,753	64,249	504
Municipal Court	16,390	14,792	14,792	0
Police	81,750	77,998	75,928	2,070
Fire	52,548	60,758	60,750	8
Parks and Recreation	48,500	31,065	31,065	0
Cemetery	12,250	9,032	9,032	0
Street Maintenance	926,188	620,092	590,287	29,805
Total Expenditures	<u>1,273,766</u>	<u>932,235</u>	<u>899,848</u>	<u>32,387</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,006,866)	(928,985)	(896,598)	32,387
Other Financing Sources (Uses):				
Transfers In	971,910	1,113,192	1,113,192	0
Transfers Out	(149,740)	(150,340)	(150,340)	0
Total Other Financing Sources (Uses)	<u>822,170</u>	<u>962,852</u>	<u>962,852</u>	<u>0</u>
Net Change In Fund Balance	(184,696)	33,867	66,254	32,387
Fund Balance at Beginning of Year	318,823	318,823	318,823	0
Prior Year Encumbrances	141,086	141,086	141,086	0
Fund Balance at End of Year	<u>\$ 275,213</u>	<u>\$ 493,776</u>	<u>\$ 526,163</u>	<u>\$ 32,387</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, 2013***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 393,000	\$ 387,708	\$ 387,708	\$ 0
Charges for Services	3,000	7,870	7,870	0
Investment Earnings	950	1,300	1,300	0
All Other Revenues	6,100	4,391	4,391	0
Total Revenues	<u>403,050</u>	<u>401,269</u>	<u>401,269</u>	<u>0</u>
Expenditures:				
Transportation:				
Street Maintenance:				
Personal Services	200,210	213,379	213,379	0
Materials and Supplies	112,412	68,068	68,029	39
Contractual Services	54,747	27,945	26,911	1,034
Other Expenditures	24,507	18,981	18,774	207
Capital Outlay	0	1,635	1,635	0
Total Street Maintenance	<u>391,876</u>	<u>330,008</u>	<u>328,728</u>	<u>1,280</u>
Ice and Snow Removal:				
Personal Services	32,000	19,382	19,382	0
Materials and Supplies	12,600	6,045	6,045	0
Contractual Services	10,400	0	0	0
Other Expenditures	7,500	1,778	1,778	0
Total Ice and Snow Removal	<u>62,500</u>	<u>27,205</u>	<u>27,205</u>	<u>0</u>
Storm Drainage:				
Personal Services	11,000	4,792	4,792	0
Materials and Supplies	7,000	1,319	1,319	0
Contractual Services	4,432	2,079	702	1,377
Other Expenditures	1,000	0	0	0
Total Storm Drainage	<u>23,432</u>	<u>8,190</u>	<u>6,813</u>	<u>1,377</u>
Total Expenditures	<u>477,808</u>	<u>365,403</u>	<u>362,746</u>	<u>2,657</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,758)	35,866	38,523	2,657
Fund Balance at Beginning of Year	153,243	153,243	153,243	0
Prior Year Encumbrances	5,618	5,618	5,618	0
Fund Balance at End of Year	<u>\$ 84,103</u>	<u>\$ 194,727</u>	<u>\$ 197,384</u>	<u>\$ 2,657</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, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 27,000	\$ 31,436	\$ 31,436	\$ 0
Investment Earnings	110	187	187	0
Total Revenues	<u>27,110</u>	<u>31,623</u>	<u>31,623</u>	<u>0</u>
Expenditures:				
Transportation:				
Materials and Supplies	16,232	10,012	9,693	319
Contractual Services	26,000	24,940	24,940	0
Total Expenditures	<u>42,232</u>	<u>34,952</u>	<u>34,633</u>	<u>319</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,122)	(3,329)	(3,010)	319
Fund Balance at Beginning of Year	21,133	21,133	21,133	0
Prior Year Encumbrances	832	832	832	0
Fund Balance at End of Year	<u>\$ 6,843</u>	<u>\$ 18,636</u>	<u>\$ 18,955</u>	<u>\$ 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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 103,000	\$ 115,312	\$ 115,312	\$ 0
Investment Earnings	2,630	3,358	3,358	0
Total Revenues	<u>105,630</u>	<u>118,670</u>	<u>118,670</u>	<u>0</u>
Expenditures:				
Transportation:				
Materials and Supplies	44,570	24,206	24,206	0
Contractual Services	115,000	86,648	86,648	0
Total Expenditures	<u>159,570</u>	<u>110,854</u>	<u>110,854</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,940)	7,816	7,816	0
Other Financing Sources (Uses):				
Transfers Out	<u>(12,360)</u>	<u>(12,360)</u>	<u>(12,360)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(12,360)</u>	<u>(12,360)</u>	<u>(12,360)</u>	<u>0</u>
Net Change In Fund Balance	(66,300)	(4,544)	(4,544)	0
Fund Balance at Beginning of Year	454,668	454,668	454,668	0
Fund Balance at End of Year	<u>\$ 388,368</u>	<u>\$ 450,124</u>	<u>\$ 450,124</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, 2013**

EMS TRANSPORT SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,000	\$ 4,500	\$ 4,500	\$ 0
Charges for Services	288,500	375,800	375,800	0
Total Revenues	<u>291,500</u>	<u>380,300</u>	<u>380,300</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	34,148	29,537	28,838	699
Contractual Services	118,310	117,029	113,630	3,399
Other Expenditures	215,000	255,000	255,000	0
Capital Outlay	4,069	2,634	1,864	770
Total Expenditures	<u>371,527</u>	<u>404,200</u>	<u>399,332</u>	<u>4,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,027)	(23,900)	(19,032)	4,868
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	(106,027)	(49,900)	(45,032)	4,868
Fund Balance at Beginning of Year	88,314	88,314	88,314	0
Prior Year Encumbrances	21,427	21,427	21,427	0
Fund Balance at End of Year	<u>\$ 3,714</u>	<u>\$ 59,841</u>	<u>\$ 64,709</u>	<u>\$ 4,868</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, 2013**

RECREATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 236,750	\$ 232,346	\$ 232,346	\$ 0
Investment Earnings	140	987	987	0
All Other Revenues	40,750	43,645	43,645	0
Total Revenues	<u>277,640</u>	<u>276,978</u>	<u>276,978</u>	<u>0</u>
Expenditures:				
Leisure Time Activities:				
Administration:				
Personal Services	85,660	88,078	88,078	0
Materials and Supplies	15,300	10,192	10,192	0
Contractual Services	3,270	1,328	1,328	0
Other Expenditures	2,250	25	25	0
Total Administration	<u>106,480</u>	<u>99,623</u>	<u>99,623</u>	<u>0</u>
Golf Course Operations:				
Personal Services	138,000	140,180	140,180	0
Materials and Supplies	72,754	51,728	51,528	200
Contractual Services	19,000	12,027	12,027	0
Total Golf Course Operations	<u>229,754</u>	<u>203,935</u>	<u>203,735</u>	<u>200</u>
Pool Operations:				
Personal Services	50,940	40,060	40,060	0
Materials and Supplies	27,500	20,368	20,368	0
Contractual Services	24,580	24,558	24,558	0
Total Pool Operations	<u>103,020</u>	<u>84,986</u>	<u>84,986</u>	<u>0</u>
Parks and Programs:				
Personal Services	244,890	215,598	215,598	0
Materials and Supplies	86,635	79,745	79,610	135
Contractual Services	51,740	41,119	41,119	0
Total Parks and Programs	<u>383,265</u>	<u>336,462</u>	<u>336,327</u>	<u>135</u>
Total Expenditures	<u>822,519</u>	<u>725,006</u>	<u>724,671</u>	<u>335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(544,879)	(448,028)	(447,693)	335

(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, 2013***

	RECREATION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Other Financing Sources (Uses):				
Transfers In	471,480	533,177	533,177	0
Total Other Financing Sources (Uses)	471,480	533,177	533,177	0
 Net Change In Fund Balance	(73,399)	85,149	85,484	335
 Fund Balance at Beginning of Year	91,967	91,967	91,967	0
Prior Year Encumbrances	1,209	1,209	1,209	0
Fund Balance at End of Year	<u>\$ 19,777</u>	<u>\$ 178,325</u>	<u>\$ 178,660</u>	<u>\$ 335</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, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 359,280	\$ 177,679	\$ 177,679	\$ 0
Total Revenues	<u>359,280</u>	<u>177,679</u>	<u>177,679</u>	<u>0</u>
Expenditures:				
Community Environment:				
Contractual Services	<u>356,520</u>	<u>173,493</u>	<u>173,493</u>	<u>0</u>
Total Expenditures	<u>356,520</u>	<u>173,493</u>	<u>173,493</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,760	4,186	4,186	0
Fund Balance at Beginning of Year	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,760</u>	<u>\$ 9,186</u>	<u>\$ 9,186</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 76,000	\$ 87,298	\$ 87,298	\$ 0
Total Revenues	<u>76,000</u>	<u>87,298</u>	<u>87,298</u>	<u>0</u>
Expenditures:				
General Government:				
Contractual Services	<u>38,000</u>	<u>43,649</u>	<u>43,649</u>	<u>0</u>
Total Expenditures	<u>38,000</u>	<u>43,649</u>	<u>43,649</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,000	43,649	43,649	0
Other Financing Sources (Uses):				
Transfers Out	<u>(38,000)</u>	<u>(43,649)</u>	<u>(43,649)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(38,000)</u>	<u>(43,649)</u>	<u>(43,649)</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, 2013**

	CHIP INCOME FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 370,830	\$ 359,697	\$ 359,697	\$ 0
Total Revenues	<u>370,830</u>	<u>359,697</u>	<u>359,697</u>	<u>0</u>
Expenditures:				
Community Environment:				
Contractual Services	<u>372,110</u>	<u>360,977</u>	<u>360,977</u>	<u>0</u>
Total Expenditures	<u>372,110</u>	<u>360,977</u>	<u>360,977</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,280)	(1,280)	(1,280)	0
Fund Balance at Beginning of Year	<u>1,280</u>	<u>1,280</u>	<u>1,280</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 1	\$ 1	\$ 0
Total Revenues	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Expenditures:				
Community Environment:				
Contractual Services	<u>30,000</u>	<u>4,910</u>	<u>4,910</u>	<u>0</u>
Total Expenditures	<u>30,000</u>	<u>4,910</u>	<u>4,910</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,000)	(4,909)	(4,909)	0
Fund Balance at Beginning of Year	<u>40,593</u>	<u>40,593</u>	<u>40,593</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,593</u>	<u>\$ 35,684</u>	<u>\$ 35,684</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 320	\$ 399	\$ 399	\$ 0
Fines and Forfeitures	9,000	7,653	7,653	0
Total Revenues	<u>9,320</u>	<u>8,052</u>	<u>8,052</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>25,000</u>	<u>5,861</u>	<u>5,861</u>	<u>0</u>
Total Expenditures	<u>25,000</u>	<u>5,861</u>	<u>5,861</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,680)	2,191	2,191	0
Fund Balance at Beginning of Year	<u>54,575</u>	<u>54,575</u>	<u>54,575</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 38,895</u>	<u>\$ 56,766</u>	<u>\$ 56,766</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 50	\$ 31	\$ 31	\$ 0
Fines and Forfeitures	1,500	1,247	1,247	0
Total Revenues	<u>1,550</u>	<u>1,278</u>	<u>1,278</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	795	795	0
Contractual Services	1,922	906	906	0
Capital Outlay	1,000	0	0	0
Total Expenditures	<u>5,922</u>	<u>1,701</u>	<u>1,701</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,372)	(423)	(423)	0
Fund Balance at Beginning of Year	4,152	4,152	4,152	0
Prior Year Encumbrances	222	222	222	0
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ 3,951</u>	<u>\$ 3,951</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, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 230	\$ 310	\$ 310	\$ 0
Fines and Forfeitures	17,000	37,513	37,513	0
Total Revenues	<u>17,230</u>	<u>37,823</u>	<u>37,823</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	3,500	0	0	0
Other Expenditures	10,000	10,000	10,000	0
Capital Outlay	20,200	19,000	19,000	0
Total Expenditures	<u>33,700</u>	<u>29,000</u>	<u>29,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,470)	8,823	8,823	0
Fund Balance at Beginning of Year	17,694	17,694	17,694	0
Prior Year Encumbrances	19,000	19,000	19,000	0
Fund Balance at End of Year	<u>\$ 20,224</u>	<u>\$ 45,517</u>	<u>\$ 45,517</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 10	\$ 12	\$ 12	\$ 0
Total Revenues	<u>10</u>	<u>12</u>	<u>12</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	1,000	0	0	0
Capital Outlay	<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>1,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,490)	12	12	0
Fund Balance at Beginning of Year	<u>1,703</u>	<u>1,703</u>	<u>1,703</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 213</u>	<u>\$ 1,715</u>	<u>\$ 1,715</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 128	\$ 128	\$ 0
Fines and Forfeitures	1,000	1,805	1,805	0
Total Revenues	<u>1,000</u>	<u>1,933</u>	<u>1,933</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	1,269	1,269	0
Other Expenditures	2,098	192	192	0
Total Expenditures	<u>5,098</u>	<u>1,461</u>	<u>1,461</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,098)	472	472	0
Fund Balance at Beginning of Year	17,185	17,185	17,185	0
Prior Year Encumbrances	98	98	98	0
Fund Balance at End of Year	<u>\$ 13,185</u>	<u>\$ 17,755</u>	<u>\$ 17,755</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 211,000	\$ 0	\$ 0	\$ 0
Charges for Services	18,000	18,000	18,000	0
Investment Earnings	2,580	3,310	3,310	0
Total Revenues	<u>231,580</u>	<u>21,310</u>	<u>21,310</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	<u>235,795</u>	<u>13,848</u>	<u>13,848</u>	<u>0</u>
Total Expenditures	<u>235,795</u>	<u>13,848</u>	<u>13,848</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,215)	7,462	7,462	0
Other Financing Sources (Uses):				
Transfers In	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	<u>0</u>
Net Change In Fund Balance	67,785	79,462	79,462	0
Fund Balance at Beginning of Year	434,916	434,916	434,916	0
Prior Year Encumbrances	<u>3,295</u>	<u>3,295</u>	<u>3,295</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 505,996</u>	<u>\$ 517,673</u>	<u>\$ 517,673</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 114	\$ 114	\$ 0
Fines and Forfeitures	13,000	20,110	20,110	0
Total Revenues	<u>13,000</u>	<u>20,224</u>	<u>20,224</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	1,790	120	120	0
Contractual Services	11,500	8,838	8,838	0
Other Expenditures	500	419	419	0
Total Expenditures	<u>13,790</u>	<u>9,377</u>	<u>9,377</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(790)	10,847	10,847	0
Fund Balance at Beginning of Year	<u>12,487</u>	<u>12,487</u>	<u>12,487</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,697</u>	<u>\$ 23,334</u>	<u>\$ 23,334</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
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	<u>49,290</u>	<u>49,129</u>	<u>49,129</u>	<u>0</u>
Total Expenditures	<u>49,290</u>	<u>49,129</u>	<u>49,129</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	160	160	0
Fund Balance at Beginning of Year	<u>4,083</u>	<u>4,083</u>	<u>4,083</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,083</u>	<u>\$ 4,243</u>	<u>\$ 4,243</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 61,000	\$ 75,033	\$ 75,033	\$ 0
Total Revenues	<u>61,000</u>	<u>75,033</u>	<u>75,033</u>	<u>0</u>
Expenditures:				
Debt Service:				
Principal Retirement	45,000	45,000	45,000	0
Interest and Fiscal Charges	<u>23,650</u>	<u>23,650</u>	<u>23,650</u>	<u>0</u>
Total Expenditures	<u>68,650</u>	<u>68,650</u>	<u>68,650</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,650)	6,383	6,383	0
Fund Balance at Beginning of Year	<u>197,956</u>	<u>197,956</u>	<u>197,956</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 190,306</u>	<u>\$ 204,339</u>	<u>\$ 204,339</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, 2013***

	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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 74,810	\$ 75,370	\$ 75,370	\$ 0
Intergovernmental Revenues	11,180	11,914	11,914	0
Total Revenues	<u>85,990</u>	<u>87,284</u>	<u>87,284</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>85,990</u>	<u>87,284</u>	<u>87,284</u>	<u>0</u>
Total Expenditures	<u>85,990</u>	<u>87,284</u>	<u>87,284</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	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, 2013**

	FIRE PENSION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 37,410	\$ 39,935	\$ 39,935	\$ 0
Intergovernmental Revenues	5,590	5,635	5,635	0
Total Revenues	<u>43,000</u>	<u>45,570</u>	<u>45,570</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>43,000</u>	<u>45,570</u>	<u>45,570</u>	<u>0</u>
Total Expenditures	<u>43,000</u>	<u>45,570</u>	<u>45,570</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	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, 2013***

	CEMETERY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 3,000	\$ 4,742	\$ 4,742	\$ 0
Total Revenues	<u>3,000</u>	<u>4,742</u>	<u>4,742</u>	<u>0</u>
Expenditures:				
Community Environment:				
Materials and Supplies	<u>6,000</u>	<u>3,810</u>	<u>3,810</u>	<u>0</u>
Total Expenditures	<u>6,000</u>	<u>3,810</u>	<u>3,810</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	932	932	0
Fund Balance at Beginning of Year	<u>70,906</u>	<u>70,906</u>	<u>70,906</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 67,906</u>	<u>\$ 71,838</u>	<u>\$ 71,838</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, 2013***

LAW ENFORCEMENT OT GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 4,479	\$ 4,479	\$ 0
Total Revenues	<u>0</u>	<u>4,479</u>	<u>4,479</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	<u>0</u>	<u>4,977</u>	<u>4,977</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>4,977</u>	<u>4,977</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(498)	(498)	0
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>600</u>	<u>600</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>600</u>	<u>600</u>	<u>0</u>
Net Change In Fund Balance	0	102	102	0
Fund Balance at Beginning of Year	<u>15,671</u>	<u>15,671</u>	<u>15,671</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,671</u>	<u>\$ 15,773</u>	<u>\$ 15,773</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, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Security of Persons and Property:				
Personal Services	1,000	0	0	0
Contractual Services	2,000	0	0	0
Total Expenditures	3,000	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	0	0	0
Fund Balance at Beginning of Year	3,280	3,280	3,280	0
Fund Balance at End of Year	\$ 280	\$ 3,280	\$ 3,280	\$ 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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 4,000	\$ 6,702	\$ 6,702	\$ 0
Total Revenues	<u>4,000</u>	<u>6,702</u>	<u>6,702</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	6,702	6,702	0
Fund Balance at Beginning of Year	<u>21,694</u>	<u>21,694</u>	<u>21,694</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 23,694</u>	<u>\$ 28,396</u>	<u>\$ 28,396</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 18,225	\$ 18,225	\$ 0
Total Revenues	<u>0</u>	<u>18,225</u>	<u>18,225</u>	<u>0</u>
Expenditures:				
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	<u>36,420</u>	<u>36,412</u>	<u>36,412</u>	<u>0</u>
Total Expenditures	<u>66,420</u>	<u>66,412</u>	<u>66,412</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,420)	(48,187)	(48,187)	0
Other Financing Sources (Uses):				
Transfers In	<u>53,740</u>	<u>53,740</u>	<u>53,740</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>53,740</u>	<u>53,740</u>	<u>53,740</u>	<u>0</u>
Net Change In Fund Balance	(12,680)	5,553	5,553	0
Fund Balance at Beginning of Year	<u>22,214</u>	<u>22,214</u>	<u>22,214</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,534</u>	<u>\$ 27,767</u>	<u>\$ 27,767</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, 2013***

	CIP FUNDING RESERVE FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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	0	0	0
Other Financing Sources (Uses):				
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Net Change In Fund Balance	50,000	50,000	50,000	0
Fund Balance at Beginning of Year	<u>136,250</u>	<u>136,250</u>	<u>136,250</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 186,250</u>	<u>\$ 186,250</u>	<u>\$ 186,250</u>	<u>\$ 0</u>

Fiduciary Funds

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

Agency Funds

Municipal Court Fund

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

Law Library Fund

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

Payroll Withholding Fund

To account for withholding taxes until remitted to other entities.

CITY OF NAPOLEON, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2013**

	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$20,681	\$1,339,081	(\$1,350,805)	\$8,957
Total Assets	\$20,681	\$1,339,081	(\$1,350,805)	\$8,957
Liabilities:				
Due to Others	\$20,681	\$1,339,081	(\$1,350,805)	\$8,957
Total Liabilities	\$20,681	\$1,339,081	(\$1,350,805)	\$8,957
<u>Law Library</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$24,418	(\$24,418)	\$0
Total Assets	\$0	\$24,418	(\$24,418)	\$0
Liabilities:				
Due to Others	\$0	\$24,418	(\$24,418)	\$0
Total Liabilities	\$0	\$24,418	(\$24,418)	\$0
<u>Payroll Withholding</u>				
Assets:				
Cash and Cash Equivalents	\$10,231	\$18,806	(\$19,903)	\$9,134
Total Assets	\$10,231	\$18,806	(\$19,903)	\$9,134
Liabilities:				
Due to Others	\$10,231	\$18,806	(\$19,903)	\$9,134
Total Liabilities	\$10,231	\$18,806	(\$19,903)	\$9,134
<u>Totals - Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$30,912	\$1,382,305	(\$1,395,126)	\$18,091
Total Assets	\$30,912	\$1,382,305	(\$1,395,126)	\$18,091
Liabilities:				
Due to Others	\$30,912	\$1,382,305	(\$1,395,126)	\$18,091
Total Liabilities	\$30,912	\$1,382,305	(\$1,395,126)	\$18,091

STATISTICAL SECTION

The District has three
Elementary Schools.

West



Central

Brillhart





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. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

City of Napoleon, Ohio

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

	2004	2005	2006	2007
Governmental Activities:				
Net Investment in Capital Assets	\$21,021,667	\$22,705,762	\$24,314,801	\$24,814,158
Restricted	5,375,253	7,056,410	6,878,481	5,668,640
Unrestricted	2,934,897	2,246,227	2,235,629	3,267,539
Total Governmental Activities Net Position	<u>\$29,331,817</u>	<u>\$32,008,399</u>	<u>\$33,428,911</u>	<u>\$33,750,337</u>
Business-type Activities:				
Net Investment in Capital Assets	\$9,405,924	\$12,190,666	\$11,264,160	\$13,254,500
Unrestricted	17,309,137	16,110,442	17,996,725	17,723,570
Total Business-type Activities Net Position	<u>\$26,715,061</u>	<u>\$28,301,108</u>	<u>\$29,260,885</u>	<u>\$30,978,070</u>
Primary Government:				
Net Investment in Capital Assets	\$30,427,591	\$34,896,428	\$35,578,961	\$38,068,658
Restricted	5,375,253	7,056,410	6,878,481	5,668,640
Unrestricted	20,244,034	18,356,669	20,232,354	20,991,109
Total Primary Government Net Position	<u>\$56,046,878</u>	<u>\$60,309,507</u>	<u>\$62,689,796</u>	<u>\$64,728,407</u>

Source: Finance Director's Office

City of Napoleon, Ohio

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$28,323,805	\$29,555,216	\$29,541,627	\$30,121,697	\$29,930,771	\$32,448,052
3,625,081	4,298,992	4,512,545	3,885,950	2,461,068	2,768,235
2,815,897	1,948,134	1,663,304	1,537,086	2,684,562	3,533,369
<u>\$34,764,783</u>	<u>\$35,802,342</u>	<u>\$35,717,476</u>	<u>\$35,544,733</u>	<u>\$35,076,401</u>	<u>\$38,749,656</u>
\$15,258,691	\$16,271,445	\$19,332,790	\$21,120,371	\$22,297,444	\$20,699,687
16,121,443	16,531,170	15,426,346	14,694,663	16,236,989	19,237,386
<u>\$31,380,134</u>	<u>\$32,802,615</u>	<u>\$34,759,136</u>	<u>\$35,815,034</u>	<u>\$38,534,433</u>	<u>\$39,937,073</u>
\$43,582,496	\$45,826,661	\$48,874,417	\$51,242,068	\$52,228,215	\$53,147,739
3,625,081	4,298,992	4,512,545	3,885,950	2,461,068	2,768,235
18,937,340	18,479,304	17,089,650	16,231,749	18,921,551	22,770,755
<u>\$66,144,917</u>	<u>\$68,604,957</u>	<u>\$70,476,612</u>	<u>\$71,359,767</u>	<u>\$73,610,834</u>	<u>\$78,686,729</u>

City of Napoleon, Ohio

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

	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,083,153	\$3,509,589	\$2,790,209	\$3,424,326
Public Health and Welfare Services	100,118	100,116	96,450	137,358
Leisure Time Activities	821,192	840,601	849,041	885,586
Community Environment	222,063	717,906	446,673	725,183
Transportation	1,813,717	1,292,990	1,031,319	1,364,559
General Government	885,066	779,647	1,021,880	1,067,981
Interest and Fiscal Charges	81,851	86,114	83,755	100,392
<i>Total Governmental Activities Expenses</i>	<u>7,007,160</u>	<u>7,326,963</u>	<u>6,319,327</u>	<u>7,705,385</u>
Business-type Activities:				
Electric	13,137,325	14,680,376	13,153,590	12,864,738
Water	2,066,067	1,831,263	1,769,784	2,043,701
Sewer	2,177,445	1,883,991	1,808,683	2,247,335
Sanitation	577,992	641,812	620,867	661,575
<i>Total Business-type Activities Expenses</i>	<u>17,958,829</u>	<u>19,037,442</u>	<u>17,352,924</u>	<u>17,817,349</u>
<i>Total Primary Government Expenses</i>	<u>\$24,965,989</u>	<u>\$26,364,405</u>	<u>\$23,672,251</u>	<u>\$25,522,734</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$636,713	\$796,718	\$970,374	\$1,066,435
Public Health and Welfare Services	22,613	19,733	13,385	23,600
Leisure Time Activities	240,534	258,863	246,881	244,598
Community Environment	4,083	2,808	5,100	6,895
Transportation	7,657	3,950	8,336	6,581
General Government	73,338	50,873	83,485	144,827
Operating Grants and Contributions	2,198,081	885,954	1,045,250	1,067,046
Capital Grants and Contributions	94,553	3,361,224	357,291	258,787
<i>Total Governmental Activities Program Revenues</i>	<u>3,277,572</u>	<u>5,380,123</u>	<u>2,730,102</u>	<u>2,818,769</u>

City of Napoleon, Ohio

2008	2009	2010	2011	2012	2013
\$3,979,748	\$3,099,089	\$3,125,458	\$3,318,795	\$3,461,564	\$3,509,977
106,214	103,153	112,440	123,641	109,157	119,347
933,722	899,442	904,829	868,775	920,814	837,829
486,196	757,040	517,452	1,263,518	381,223	889,241
872,400	1,702,924	1,299,067	760,223	1,316,777	1,081,351
678,405	991,969	1,122,335	1,086,864	1,329,567	1,037,778
121,860	77,480	85,901	96,494	63,709	67,818
<u>7,178,545</u>	<u>7,631,097</u>	<u>7,167,482</u>	<u>7,518,310</u>	<u>7,582,811</u>	<u>7,543,341</u>
12,489,602	13,852,433	14,396,085	14,714,910	14,533,499	15,784,619
2,175,036	2,543,426	2,474,059	3,229,358	2,621,913	2,471,001
2,648,013	3,235,829	2,782,393	2,921,313	2,663,795	3,175,055
677,146	626,167	768,173	733,632	793,380	718,019
<u>17,989,797</u>	<u>20,257,855</u>	<u>20,420,710</u>	<u>21,599,213</u>	<u>20,612,587</u>	<u>22,148,694</u>
<u>\$25,168,342</u>	<u>\$27,888,952</u>	<u>\$27,588,192</u>	<u>\$29,117,523</u>	<u>\$28,195,398</u>	<u>\$29,692,035</u>
\$1,027,828	\$1,028,246	\$1,082,152	\$1,008,026	\$1,032,637	\$1,204,603
18,463	14,660	17,125	24,203	16,388	18,877
255,949	301,100	258,421	207,272	215,192	275,990
3,758	2,935	3,265	4,968	4,798	4,742
9,985	10,083	16,311	6,267	11,267	13,878
126,883	148,898	109,391	113,089	103,218	100,503
634,910	618,192	894,469	1,323,169	830,875	1,517,992
797	154,816	157,440	104,301	111,784	66,201
<u>2,078,573</u>	<u>2,278,930</u>	<u>2,538,574</u>	<u>2,791,295</u>	<u>2,326,159</u>	<u>3,202,786</u>

(continued)

City of Napoleon, Ohio

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

	2004	2005	2006	2007
Business-type Activities:				
Charges for Services				
Electric	13,307,816	14,548,024	13,199,524	12,876,770
Water	1,826,371	2,124,645	2,090,647	2,301,840
Sewer	1,959,987	2,346,604	2,298,509	3,059,283
Sanitation	549,848	616,127	630,019	629,809
Capital Grants and Contributions	0	672,235	0	276,363
<i>Total Business-type Activities Program Revenues</i>	17,644,022	20,307,635	18,218,699	19,144,065
<i>Total Primary Government Program Revenues</i>	20,921,594	25,687,758	20,948,801	21,962,834
Net (Expense)/Revenue				
Governmental Activities	(3,729,588)	(1,946,840)	(3,589,225)	(4,886,616)
Business-type Activities	(314,807)	1,270,193	865,775	1,326,716
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$4,044,395)	(\$676,647)	(\$2,723,450)	(\$3,559,900)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
Property Taxes	\$405,565	\$403,855	\$481,259	\$662,906
Municipal Income Taxes	2,308,225	2,520,569	2,455,843	2,503,814
Other Local Taxes (kWh Tax)	558,804	585,033	586,070	555,353
Grants and Entitlements not				
Restricted to Specific Programs	602,094	369,573	710,157	208,113
Investment Earnings	195,858	239,399	334,547	598,440
Miscellaneous	322,631	540,580	324,313	459,416
Transfers	0	(31,000)	231,000	220,000
<i>Total Governmental Activities</i>	4,393,177	4,628,009	5,123,189	5,208,042
Business-type Activities:				
Investment Earnings	214,275	284,854	427,411	610,469
Transfers	0	31,000	(231,000)	(220,000)
<i>Total Business-type Activities</i>	214,275	315,854	196,411	390,469
<i>Total Primary Government</i>	\$4,607,452	\$4,943,863	\$5,319,600	\$5,598,511
Change in Net Position				
Governmental Activities	\$663,589	\$2,681,169	\$1,533,964	\$321,426
Business-type Activities	(100,532)	1,586,047	1,062,186	1,717,185
<i>Total Primary Government Change in Net Position</i>	\$563,057	\$4,267,216	\$2,596,150	\$2,038,611

Source: Finance Director's Office

City of Napoleon, Ohio

2008	2009	2010	2011	2012	2013
13,330,787	14,499,715	14,984,767	15,490,550	15,189,640	15,693,889
2,438,644	2,448,655	2,822,576	2,610,784	3,154,088	2,862,800
3,427,831	3,349,175	3,136,055	3,412,565	3,445,027	3,340,375
638,020	861,016	853,623	858,054	858,402	867,760
311,544	2,150,584	403,881	113,431	412,650	3,455,321
<u>20,146,826</u>	<u>23,309,145</u>	<u>22,200,902</u>	<u>22,485,384</u>	<u>23,059,807</u>	<u>26,220,145</u>
<u>22,225,399</u>	<u>25,588,075</u>	<u>24,739,476</u>	<u>25,276,679</u>	<u>25,385,966</u>	<u>29,422,931</u>
(5,099,972)	(5,352,167)	(4,628,908)	(4,727,015)	(5,256,652)	(4,340,555)
2,157,029	3,051,290	1,780,192	886,171	2,447,220	4,071,451
<u>(\$2,942,943)</u>	<u>(\$2,300,877)</u>	<u>(\$2,848,716)</u>	<u>(\$3,840,844)</u>	<u>(\$2,809,432)</u>	<u>(\$269,104)</u>
\$494,106	\$146,252	\$386,482	\$382,639	\$369,498	\$368,837
2,255,314	2,361,108	2,796,692	2,826,623	3,265,008	3,588,267
536,676	493,053	515,545	522,615	524,942	524,529
5,953	788,511	629,483	691,333	509,026	448,430
403,619	202,278	92,083	91,360	67,633	49,515
202,010	485,517	123,757	139,873	165,688	277,279
2,260,946	1,913,007	0	(118,388)	(113,475)	2,756,953
<u>6,158,624</u>	<u>6,389,726</u>	<u>4,544,042</u>	<u>4,536,055</u>	<u>4,788,320</u>	<u>8,013,810</u>
461,775	284,198	176,329	155,535	158,704	88,142
(2,260,946)	(1,913,007)	0	118,388	113,475	(2,756,953)
<u>(1,799,171)</u>	<u>(1,628,809)</u>	<u>176,329</u>	<u>273,923</u>	<u>272,179</u>	<u>(2,668,811)</u>
<u>\$4,359,453</u>	<u>\$4,760,917</u>	<u>\$4,720,371</u>	<u>\$4,809,978</u>	<u>\$5,060,499</u>	<u>\$5,344,999</u>
\$1,058,652	\$1,037,559	(\$84,866)	(\$190,960)	(\$468,332)	\$3,673,255
357,858	1,422,481	1,956,521	1,160,094	2,719,399	1,402,640
<u>\$1,416,510</u>	<u>\$2,460,040</u>	<u>\$1,871,655</u>	<u>\$969,134</u>	<u>\$2,251,067</u>	<u>\$5,075,895</u>

City of Napoleon, Ohio

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

	2004	2005	2006	2007
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	160,550	74,393	54,611	22,238
Unreserved	<u>1,889,815</u>	<u>2,317,704</u>	<u>2,059,287</u>	<u>2,230,909</u>
<i>Total General Fund</i>	<u>2,050,365</u>	<u>2,392,097</u>	<u>2,113,898</u>	<u>2,253,147</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	857,300	759,549	724,245	818,971
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,678,474	2,038,888	2,410,223	1,689,219
Debt Service Funds	441,272	448,463	470,238	516,266
Capital Projects Funds	<u>773,460</u>	<u>312,492</u>	<u>390,741</u>	<u>106,351</u>
<i>Total All Other Governmental Funds</i>	<u>3,750,506</u>	<u>3,559,392</u>	<u>3,995,447</u>	<u>3,130,807</u>
<i>Total Governmental Funds</i>	<u><u>\$5,800,871</u></u>	<u><u>\$5,951,489</u></u>	<u><u>\$6,109,345</u></u>	<u><u>\$5,383,954</u></u>

Source: Finance Director's Office

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

City of Napoleon, Ohio

2008	2009	2010	2011	2012	2013
\$0	\$0	\$5,889	\$5,761	\$7,456	\$7,706
0	0	9,956	93,945	67,783	19,966
0	0	43,792	42,032	67,913	871,172
0	0	1,961,094	1,810,169	1,714,410	1,030,178
45,413	36,369	0	0	0	0
1,888,658	1,950,630	0	0	0	0
<u>1,934,071</u>	<u>1,986,999</u>	<u>2,020,731</u>	<u>1,951,907</u>	<u>1,857,562</u>	<u>1,929,022</u>
\$0	\$0	\$119,506	\$120,535	\$195,635	\$177,587
0	0	2,530,239	2,105,312	2,269,103	2,391,541
0	0	898,911	1,010,839	800,226	1,439,374
0	0	9,520	9,528	22,214	27,767
0	0	(82,196)	(81,974)	(73,767)	(29,206)
287,883	251,799	0	0	0	0
1,021,024	981,549	0	0	0	0
502,806	884,855	0	0	0	0
545,746	764,329	0	0	0	0
<u>2,357,459</u>	<u>2,882,532</u>	<u>3,475,980</u>	<u>3,164,240</u>	<u>3,213,411</u>	<u>4,007,063</u>
<u>\$4,291,530</u>	<u>\$4,869,531</u>	<u>\$5,496,711</u>	<u>\$5,116,147</u>	<u>\$5,070,973</u>	<u>\$5,936,085</u>

City of Napoleon, Ohio

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

	2004	2005	2006	2007
Revenues:				
Taxes	\$3,253,269	\$3,481,493	\$3,530,340	\$3,518,822
Intergovernmental Revenues	1,728,312	3,246,136	2,156,790	2,187,335
Charges for Services	627,492	659,064	768,875	660,349
Licenses and Permits	114,276	89,952	70,448	64,289
Investment Earnings	188,501	233,988	270,293	646,848
Special Assessments	246,059	224,108	223,796	113,080
Fines and Forfeitures	299,738	342,082	382,767	363,862
All Other Revenue	247,579	302,543	312,405	440,028
Total Revenue	6,705,226	8,579,366	7,715,714	7,994,613
Expenditures:				
Current:				
Security of Persons and Property	2,821,246	3,269,915	2,616,306	3,163,034
Public Health and Welfare Services	89,627	88,465	90,918	102,920
Leisure Time Activities	755,563	764,355	783,864	845,965
Community Environment	229,297	716,342	797,857	796,478
Transportation	727,926	585,866	526,918	673,933
General Government	857,184	696,044	887,028	1,023,651
Capital Outlay	1,386,011	2,175,773	1,826,376	2,075,703
Debt Service:				
Principal Retirement	180,357	890,357	215,357	111,357
Interest and Fiscal Charges	77,153	93,633	86,526	101,500
Total Expenditures	7,124,364	9,280,750	7,831,150	8,894,541
Excess (Deficiency) of Revenues Over Expenditures	(419,138)	(701,384)	(115,436)	(899,928)

City of Napoleon, Ohio

2008	2009	2010	2011	2012	2013
\$3,245,315	\$3,220,684	\$3,722,602	\$3,749,404	\$4,170,959	\$4,458,946
1,891,032	1,605,562	1,380,019	2,220,622	1,426,432	1,719,738
732,494	803,479	807,930	800,287	805,926	1,012,086
64,957	63,825	63,599	68,203	76,513	73,435
421,070	185,858	114,664	95,435	68,959	54,013
105,288	106,700	101,853	92,238	84,532	49,694
381,139	407,561	371,916	363,988	331,022	369,351
388,066	797,505	456,874	400,885	453,642	365,253
<u>7,229,361</u>	<u>7,191,174</u>	<u>7,019,457</u>	<u>7,791,062</u>	<u>7,417,985</u>	<u>8,102,516</u>
3,946,531	2,900,346	2,949,630	3,278,087	3,216,671	3,293,773
98,955	92,695	101,383	110,917	98,178	105,132
875,791	783,006	821,199	799,615	809,897	722,535
483,116	538,556	515,451	1,260,984	378,447	885,933
604,199	539,327	582,589	596,226	530,317	503,534
1,114,009	847,258	1,027,824	962,827	1,009,104	897,863
901,518	688,609	873,383	650,487	1,095,962	471,986
111,550	112,550	112,557	142,751	138,951	129,951
122,968	76,940	85,058	96,938	64,594	70,247
<u>8,258,637</u>	<u>6,579,287</u>	<u>7,069,074</u>	<u>7,898,832</u>	<u>7,342,121</u>	<u>7,080,954</u>
(1,029,276)	611,887	(49,617)	(107,770)	75,864	1,021,562

(Continued)

City of Napoleon, Ohio

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	28,500	288,567	127,000	21,991
General Obligation Notes Issued	690,000	0	0	0
General Obligation Bonds Issued	0	690,000	0	0
Transfers In	1,791,249	2,184,086	2,730,521	2,357,900
Transfers Out	(1,880,199)	(2,310,086)	(2,587,521)	(2,245,900)
Other Financing Sources - Capital Leases	0	0	0	0
Total Other Financing Sources (Uses)	<u>629,550</u>	<u>852,567</u>	<u>270,000</u>	<u>133,991</u>
Net Change in Fund Balance	<u>\$210,412</u>	<u>\$151,183</u>	<u>\$154,564</u>	<u>(\$765,937)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.29%	15.37%	5.83%	3.41%

Source: Finance Director's Office

City of Napoleon, Ohio

2008	2009	2010	2011	2012	2013
202	10,941	11,224	26	19,300	38,700
0	0	0	0	0	0
0	0	760,000	0	0	0
2,210,781	1,907,304	2,053,509	2,174,344	1,923,114	1,878,718
(2,258,101)	(1,946,385)	(2,134,769)	(2,447,105)	(2,167,589)	(2,056,218)
0	0	0	0	28,818	0
<u>(47,118)</u>	<u>(28,140)</u>	<u>689,964</u>	<u>(272,735)</u>	<u>(196,357)</u>	<u>(138,800)</u>
<u>(\$1,076,394)</u>	<u>\$583,747</u>	<u>\$640,347</u>	<u>(\$380,505)</u>	<u>(\$120,493)</u>	<u>\$882,762</u>
3.86%	3.31%	3.33%	3.88%	3.27%	3.31%

City of Napoleon, Ohio

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	2004	2005	2006	2007
Income Tax Rate	1.20%	1.20%	1.20%	1.20%
Estimated Personal Income	\$253,412,328	\$262,320,336	\$285,652,608	\$296,442,852
Total Tax Collected	\$2,675,075	\$2,846,956	\$2,977,788	\$2,917,159
Income Tax Receipts				
Withholding	1,982,186	2,119,461	2,140,405	2,138,258
Percentage	74.09%	74.45%	71.87%	73.30%
Corporate	320,101	322,555	409,001	326,668
Percentage	11.97%	11.33%	13.74%	11.20%
Individuals	372,788	404,940	428,382	452,233
Percentage	13.94%	14.22%	14.39%	15.50%

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

2008	2009	2010	2011	2012	2013
	(1)				
1.20%	1.50%	1.50%	1.50%	1.50%	1.50%
\$300,589,362	\$302,853,636	\$284,359,998	\$288,367,040	\$308,842,682	\$321,298,252
\$2,808,030	\$2,905,178	\$3,378,498	\$3,453,702	\$3,653,543	\$3,766,944
2,140,997	2,212,313	2,529,184	2,620,422	2,819,529	2,815,263
76.24%	76.15%	74.86%	75.88%	77.17%	74.74%
269,755	263,809	366,726	333,369	343,738	426,751
9.61%	9.08%	10.85%	9.65%	9.41%	11.32%
397,278	429,056	482,588	499,911	490,276	524,930
14.15%	14.77%	14.29%	14.47%	13.42%	13.94%



City of Napoleon, Ohio

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2013				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,537	51.39%	\$15,781,810	9.76%
20,000 - 49,999	1,282	25.97%	42,193,655	26.09%
50,000 - 74,999	550	11.14%	33,729,321	20.86%
75,000 - 99,999	278	5.63%	23,913,192	14.78%
Over 100,000	290	5.87%	46,110,505	28.51%
Total	4,937	100.00%	\$161,728,483	100.00%

Calendar Year 2004				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,382	49.27%	\$16,167,847	10.81%
20,000 - 49,999	1,424	29.45%	47,420,530	31.68%
50,000 - 74,999	569	11.77%	34,624,438	23.13%
75,000 - 99,999	267	5.52%	22,862,199	15.27%
Over 100,000	193	3.99%	28,598,110	19.11%
Total	4,835	100.00%	\$149,673,123	100.00%

Source: Finance Director's Office

City of Napoleon, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2004	2005	2006
Governmental Activities ⁽¹⁾			
General Obligation Bonds Payable	\$0	\$680,000	\$655,000
Special Assessment Bonds Payable	963,575	785,568	607,561
Long-Term Notes Payable	690,000	0	0
Ohio Public Works Commission Loan Payable	160,562	148,212	135,862
Business-type Activities ⁽¹⁾			
Ohio Water Development Authority Loans Payable	2,562,451	4,019,916	3,715,575
Ohio Public Works Commission Loans Payable	55,266	51,582	47,898
Ohio Water and Sewer Rotary Commission Loans Payable	88,341	666,070	666,070
Water Pollution Control Loan Fund Loans Payable	0	0	0
Long-Term Notes Payable	0	0	0
General Obligation Bonds Payable	2,385,000	2,350,000	2,240,000
Special Assessment Bond Payable	101,425	97,432	93,439
Revenue Bonds Payable	5,280,000	5,000,000	4,710,000
Total Primary Government	<u>\$12,286,620</u>	<u>\$13,798,780</u>	<u>\$12,871,405</u>
Population ⁽²⁾			
City of Napoleon	9,318	9,318	9,318
Outstanding Debt Per Capita	\$1,319	\$1,481	\$1,381
Income ⁽³⁾			
Personal (in thousands)	253,412	262,320	285,653
Percentage of Personal Income	4.85%	5.26%	4.51%

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

2007	2008	2009	2010	2011	2012	2013
\$630,000	\$605,000	\$580,000	\$1,315,000	\$1,250,000	\$1,180,000	\$1,105,000
533,553	459,353	384,153	308,953	243,553	186,954	144,354
0	0	0	0	0	0	0
123,512	111,162	98,812	86,455	74,104	61,753	49,402
3,389,225	3,039,222	2,663,802	2,261,064	1,828,963	1,365,382	1,257,105
44,214	540,530	511,846	483,159	454,475	425,791	397,106
666,070	666,070	666,070	659,186	310,945	310,945	307,669
0	587,200	5,204,566	7,653,135	7,251,586	6,966,622	6,593,088
0	0	4,000,000	0	1,200,000	0	2,500,000
2,115,000	1,995,000	1,870,000	1,740,000	1,610,000	1,470,000	1,325,000
89,446	84,646	79,846	75,046	69,446	63,046	56,646
4,410,000	7,600,000	7,150,000	10,290,000	9,885,000	10,545,000	10,070,000
<u>\$12,001,020</u>	<u>\$15,688,183</u>	<u>\$23,209,095</u>	<u>\$24,871,998</u>	<u>\$24,178,072</u>	<u>\$22,575,493</u>	<u>\$23,805,370</u>
9,318	9,318	9,318	8,749	8,749	8,702	8,782
\$1,288	\$1,684	\$2,491	\$2,843	\$2,764	\$2,594	\$2,711
296,443	300,589	302,854	284,360	288,367	308,843	321,298
4.05%	5.22%	7.66%	8.75%	8.38%	7.31%	7.41%

City of Napoleon, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2004	2005	2006	2007
Population ⁽¹⁾	9,318	9,318	9,318	9,318
Assessed Value ⁽²⁾	\$153,282,264	\$162,145,824	\$157,767,430	\$150,513,440
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$2,385,000	\$3,030,000	\$2,895,000	\$2,745,000
Resources Available to Pay Principal ⁽⁴⁾	\$0	\$19,791	\$26,227	\$43,211
Net General Bonded Debt	\$2,385,000	\$3,010,209	\$2,868,773	\$2,701,789
Ratio of Net Bonded Debt to Assessed Value	1.56%	1.86%	1.82%	1.80%
Net Bonded Debt per Capita	\$255.96	\$323.05	\$307.87	\$289.95

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

2008	2009	2010	2011	2012	2013
9,318	9,318	8,749	8,749	8,702	8,782
\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660	\$144,228,260	\$144,710,680
\$2,600,000	\$2,450,000	\$3,055,000	\$2,860,000	\$2,650,000	\$2,430,000
\$9,737	\$37,048	\$9,520	\$9,528	\$22,214	\$27,767
\$2,590,263	\$2,412,952	\$3,045,480	\$2,850,472	\$2,627,786	\$2,402,233
1.70%	1.60%	2.00%	1.99%	1.82%	1.66%
\$277.98	\$258.96	\$348.09	\$325.81	\$301.97	\$273.54



City of Napoleon, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2013*

<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	\$1,298,756	100.00%	\$1,298,756
Overlapping:			
Napoleon City School District	32,170,000	49.46%	15,911,282
Liberty Center School District	1,529,180	2.78%	42,511
Four County Vocational School District	2,810,000	5.05%	141,905
Henry County	1,142,000	23.80%	271,796
		Subtotal	<u>16,367,494</u>
		Total	<u><u>\$17,666,250</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	2004	2005	2006	2007
Total Debt				
Net Assessed Valuation	\$153,282,264	\$162,145,824	\$157,767,430	\$150,513,440
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	16,094,638	17,025,312	16,565,580	15,803,911
City Debt Outstanding (2)	0	680,000	655,000	630,000
Less: Applicable Debt Service Fund Amounts	0	(19,791)	(26,227)	(43,211)
Net Indebtedness Subject to Limitation	<u>0</u>	<u>660,209</u>	<u>628,773</u>	<u>586,789</u>
Overall Legal Debt Margin	<u>\$16,094,638</u>	<u>\$16,365,103</u>	<u>\$15,936,807</u>	<u>\$15,217,122</u>
Unvoted Debt				
Net Assessed Valuation	\$153,282,264	\$162,145,824	\$157,767,430	\$150,513,440
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	8,430,525	8,918,020	8,677,209	8,278,239
City Debt Outstanding (2)	0	680,000	655,000	630,000
Less: Applicable Debt Service Fund Amounts	0	(19,791)	(26,227)	(43,211)
Net Indebtedness Subject to Limitation	<u>0</u>	<u>660,209</u>	<u>628,773</u>	<u>586,789</u>
Overall Legal Debt Margin	<u>\$8,430,525</u>	<u>\$8,257,811</u>	<u>\$8,048,436</u>	<u>\$7,691,450</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

2008	2009	2010	2011	2012	2013
\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660	\$144,228,260	\$144,710,680
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
15,973,461	15,817,941	15,960,204	15,048,249	15,143,967	15,194,621
605,000	580,000	1,315,000	1,250,000	1,180,000	1,105,000
(9,737)	(37,048)	(9,520)	(9,528)	(22,214)	(27,767)
595,263	542,952	1,305,480	1,240,472	1,157,786	1,077,233
<u>\$15,378,198</u>	<u>\$15,274,989</u>	<u>\$14,654,724</u>	<u>\$13,807,777</u>	<u>\$13,986,181</u>	<u>\$14,117,388</u>
\$152,128,200	\$150,647,060	\$152,001,940	\$143,316,660	\$144,228,260	\$144,710,680
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
8,367,051	8,285,588	8,360,107	7,882,416	7,932,554	7,959,087
605,000	580,000	1,315,000	1,250,000	1,180,000	1,105,000
(9,737)	(37,048)	(9,520)	(9,528)	(22,214)	(27,767)
595,263	542,952	1,305,480	1,240,472	1,157,786	1,077,233
<u>\$7,771,788</u>	<u>\$7,742,636</u>	<u>\$7,054,627</u>	<u>\$6,641,944</u>	<u>\$6,774,768</u>	<u>\$6,881,854</u>

City of Napoleon, Ohio

Pledged Revenue Coverage Last Ten Years

	2004	2005	2006	2007
Sewer System Bonds (1 a)				
Gross Revenues (2)	\$2,026,358	\$2,436,476	\$2,414,785	\$3,250,149
Direct Operating Expenses (3)	1,459,737	1,153,972	1,109,623	1,545,755
Net Revenue Available for Debt Service	566,621	1,282,504	1,305,162	1,704,394
Annual Debt Service Requirement (4)	276,913	275,892	273,244	272,985
Coverage	2.05	4.65	4.78	6.24
Electric System Bonds (1 b)				
Gross Revenues (2)	\$12,842,711	\$14,878,004	\$13,175,363	\$13,138,486
Direct Operating Expenses (3)	12,524,754	14,055,686	12,544,217	12,220,066
Net Revenue Available for Debt Service	317,957	822,318	631,146	918,420
Annual Debt Service Requirement (4)	257,400	256,810	254,512	254,777
Coverage	1.24	3.20	2.48	3.60
Electric System Amp-Ohio (1 b)				
Gross Revenues (5)	\$12,739,632	\$14,744,866	\$12,996,003	\$12,872,163
Direct Operating Expenses (3)	11,724,425	13,235,112	11,768,899	11,444,835
Net Revenue Available for Debt Service	1,015,207	1,509,754	1,227,104	1,427,328
Annual Debt Service Requirement (4)	800,329	820,574	775,318	775,231
Coverage	1.27	1.84	1.58	1.84
Water System Bonds (1 c)				
Gross Revenues (5)	N/A	N/A	N/A	N/A
Direct Operating Expenses (3)	N/A	N/A	N/A	N/A
Net Revenue Available for Debt Service	N/A	N/A	N/A	N/A
Annual Debt Service Requirement (4)	N/A	N/A	N/A	N/A
Coverage	N/A	N/A	N/A	N/A

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

(a) The Sewer Bonds were issued in 1998, in the amount of \$3,480,000, 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

2008	2009	2010	2011	2012	2013
\$3,589,269	\$3,463,044	\$3,225,591	\$3,484,605	\$3,513,056	\$3,373,988
1,929,369	2,440,970	2,286,816	1,862,369	1,886,347	2,159,341
1,659,900	1,022,074	938,775	1,622,236	1,626,709	1,214,647
276,088	273,663	245,684	543,135	591,708	650,633
6.01	3.73	3.82	2.99	2.75	1.87
\$13,400,514	\$14,398,829	\$14,892,869	\$15,414,354	\$15,361,398	\$15,603,439
11,858,934	13,225,462	13,496,084	14,214,131	14,001,754	15,220,282
1,541,580	1,173,367	1,396,785	1,200,223	1,359,644	383,157
253,325	256,575	0	0	0	0
6.09	4.57	N/A	N/A	N/A	N/A
\$13,182,141	\$14,283,334	\$14,823,120	\$15,353,250	\$15,299,299	\$15,571,064
11,082,996	12,434,280	13,496,084	14,214,131	14,001,754	15,220,282
2,099,145	1,849,054	1,327,036	1,139,119	1,297,545	350,782
775,938	791,182	0	0	0	0
2.71	2.34	N/A	N/A	N/A	N/A
N/A	\$2,489,814	\$2,843,139	\$2,643,832	\$3,174,903	\$2,889,431
N/A	1,999,194	1,913,351	2,697,472	2,068,821	1,856,073
N/A	490,620	929,788	(53,640)	1,106,082	1,033,358
N/A	263,819	264,619	321,889	525,902	544,556
N/A	1.86	3.51	(0.17)	2.10	1.90

City of Napoleon, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2004	2005	2006	2007
Population (1)				
City of Napoleon	9,318	9,318	9,318	9,318
Henry County	29,310	29,310	29,310	29,310
Income (2) (a)				
Total Personal (in thousands)	253,412	262,320	285,653	296,443
Per Capita	27,196	28,152	30,656	31,814
Unemployment Rate (3)				
Federal	6.0%	5.5%	5.0%	4.6%
State	6.1%	6.0%	5.9%	5.6%
Henry County	6.4%	6.2%	5.9%	6.3%
Civilian Work Force Estimates (3)				
State	5,875,300	5,900,400	5,971,500	5,976,500
Henry County	16,100	16,100	16,100	15,900

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

2008	2009	2010	2011	2012	2013
9,318	9,318	8,749	8,749	8,702	8,782
29,310	29,310	28,215	28,215	28,064	28,045
300,589	302,854	284,360	288,367	308,843	321,298
32,259	32,502	32,502	32,960	35,491	36,586
5.8%	9.3%	9.4%	8.9%	7.8%	6.7%
6.6%	10.2%	9.5%	8.6%	6.7%	7.1%
8.0%	13.3%	11.0%	9.7%	7.5%	7.2%
5,986,400	5,970,000	5,894,000	5,806,000	5,729,000	5,758,000
15,900	15,900	15,600	15,300	15,000	15,300



City of Napoleon, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2013		
		Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	489	1	4.67%
Henry County Auditors	County Government	400	2	3.82%
Campbel Soup Supply Co LLC	Soup Manufacturer	386	3	3.69%
Wal-Mart Stores	Retail	331	4	3.16%
Henry County Hospital Inc	Health Care	308	5	2.94%
The Lutheran Home	Long-term Health Care	259	6	2.47%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	235	7	2.24%
City of Napoleon	Local Government	217	8	2.07%
Oldcastle APG Inc	Manufacturing	128	9	1.22%
Automatic Feed Company	Steel Handling Equipment	82	10	0.78%
Total		<u>2,835</u>		
Total Employment within the City		<u><u>10,472</u></u>		

Employer	Nature of Business	2004		
		Number of Employees	Rank	Percentage of Total Employment
Henry County	County Government	507	1	4.40%
Napoleon City School District	Education	366	2	3.17%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	331	3	2.87%
Wal-Mart Stores	Retail	298	4	2.58%
Plastech Engineered Products	Manufacturing	223	5	1.93%
City of Napoleon	Local Government	212	6	1.84%
The Lutheran Home	Long-term Health Care	190	7	1.65%
Automatic Feed Company	Steel Handling Equipment	103	8	0.89%
Carson Industries	Manufacturing	94	9	0.81%
Golden Living Center - Northcrest	Health Care and Rehabilitation	91	10	0.79%
Total		<u>2,415</u>		
Total Employment within the City		<u><u>11,534</u></u>		

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

City of Napoleon

Full Time Equivalent Employees by Function Last Ten Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities				
General Government				
Finance	10.00	12.00	10.00	10.00
Legal/Court	9.00	9.00	9.00	9.00
Administration	9.00	8.00	8.00	10.00
Maintenance	4.00	4.00	4.00	4.00
Security of Persons and Property				
Police	25.00	24.00	22.00	21.00
Fire	15.00	14.00	8.00	8.00
Transportation				
Street	7.00	6.00	6.00	7.00
Leisure Time Activities				
Recreation/Seniors	6.00	5.00	5.00	5.00
Community Environment				
Service - Cemetery	1.00	1.00	1.00	1.00
Business-Type Activities				
Utilities - Electric	16.00	15.00	14.00	15.00
Water	10.00	10.00	10.00	10.00
Sewer	6.00	6.00	6.00	6.00
Solid Waste	3.00	3.00	3.00	3.00
<i>Total Employees</i>	<u>121.00</u>	<u>117.00</u>	<u>106.00</u>	<u>109.00</u>

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

Source: Finance Director's Office

City of Napoleon

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
9.00	11.00	10.00	10.00	10.00	9.00
9.00	9.00	8.00	9.00	9.00	10.00
10.00	11.00	9.00	10.00	10.00	10.00
4.00	3.00	4.00	4.00	3.00	3.00
22.00	22.00	22.00	22.00	22.00	21.00
8.00	8.00	8.00	10.00	8.00	9.00
7.00	6.00	7.00	6.00	4.00	3.00
5.00	4.00	5.00	4.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00
15.00	14.00	14.00	13.00	13.00	14.00
10.00	9.00	10.00	9.00	8.00	9.00
6.00	7.00	7.00	7.00	7.00	7.00
3.00	3.00	3.00	3.00	3.00	3.00
<u>109.00</u>	<u>108.00</u>	<u>108.00</u>	<u>108.00</u>	<u>103.00</u>	<u>104.00</u>

City of Napoleon

Operating Indicators by Function Last Ten Years

	2004	2005	2006	2007
Governmental Activities				
General Government				
Licenses and Permits				
Number of Building Permits	517	540	379	382
Number of Commercial Permits	116	93	85	67
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	867	1,200	1,122	990
Number of Parking Tickets	226	134	108	97
Number of Law Violations:				
Criminal/Juvenile Citations	1,631	1,193	1,225	1,129
Fire				
Number of Fire Calls Answered	232	190	131	233
Number of EMS Runs	870	950	898	903
Number of Inspections	43	43	28	12
Transportation				
Street				
Facilities and Services: Miles of Streets	72	72	72	72
Business-Type Activities				
Water				
Number of Service Connections	3,500	3,634	3,634	3,679
Daily Average Consumption (gallons)	1.3M	1.3M	1.3M	1.3M
Maximum Daily Capacity of Treatment (gallons)	4.5M	4.5M	4.5M	4.5M
Sewer				
Number of Service Connections	3,500	3,493	3,493	3,679
Daily Average Sewage Treatment (gallons)	1.8M	1.8M	1.8M	1.8M
Maximum Daily Capacity of Treatment (gallons)	2.5M	2.5M	2.5M	2.5M

Source: Finance Director's Office

City of Napoleon

2008	2009	2010	2011	2012	2013
387	302	222	222	117	99
28	21	15	18	14	13
927	878	834	816	596	1,070
184	191	125	142	28	16
1,022	1,644	1,508	611	1,392	832
173	144	178	133	220	246
866	919	1,003	1,041	1,149	1,135
66	30	45	67	96	97
72	72	72	72	72	72
3,679	4,114	4,114	4,114	4,114	3,663
1.3M	1.3M	1.3M	1.3M	1.3M	1.3M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M
3,679	3,593	3,593	3,593	4	4,360
1.8M	1.8M	1.8M	1.8M	1.8M	1.8M
2.5M	4.5M	4.5M	4.5M	4.5M	4.5M

City of Napoleon

Capital Asset Statistics by Function Last Ten Years

	2004	2005	2006	2007	2008
Governmental Activities					
General Government					
Area (square miles)	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	2	2	1	1	1
Vehicles	8	8	9	9	9
Fire					
Stations	2	2	1	1	1
Vehicles	9	10	10	10	10
Transportation					
Street					
Vehicles	9	9	9	9	9
Leisure Time Activities					
Recreation/Seniors					
Land (acres)	225	225	225	225	225
Parks	9	9	9	9	9
Swimming Pools	1	1	1	1	1
Tennis Courts	2	2	2	2	2
Baseball/Softball Diamonds	7	7	7	7	7
Golf Courses	1	1	1	1	1
Business-Type Activities					
Utilities					
Water					
Waterlines (Miles)	58	58	58	58	58
Number of Purification Plants	1	1	1	1	1
Number of Hydrants	599	599	599	599	599
Number of Water Towers	1	1	2	2	2
Sewer					
Sewerlines (Miles)	45	45	45	45	45
Number of Treatment Plants	1	1	1	1	1
Storm Water Drainage					
Miles of Storm Sewers	30	30	30	30	30

Source: Finance Director's Office

City of Napoleon

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
7	7	7	7	7
1	1	1	1	1
8	8	7	7	7
1	1	1	1	1
11	11	11	11	11
9	9	10	10	9
225	225	225	225	225
9	9	9	9	9
1	1	1	1	1
2	2	1	1	1
7	7	7	7	7
1	1	1	1	1
58	58	58	63	63
2	2	2	2	2
599	599	599	653	653
2	2	2	2	2
47	47	47	47	47
1	1	1	1	1
37	37	37	37	37



The District is also served by three parochial schools.



St. Paul's

St. Augustine



St. John's

