

Henry County, Ohio



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

Prepared by the Finance Department

Kevin Garringer
Director of Finance



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HENRY COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF NAPOLEON, OHIO

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June 24, 2022

Introduction

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

We are pleased to present the twenty-sixth (26th) *Annual Comprehensive Financial Report* (ACFR) of the City of Napoleon, Ohio (City), for the year ended December 31, 2021. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada and audited in accordance with Government Auditing Standards (GAS). GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A), to accompany the basic financial statements and notes. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Report

State law, along with *Administrative Rules* of the Auditor of State, requires all City governments to publish an Annual Report within 150 days of the close of each fiscal year. This report must present a complete set of financial statements presented in conformity with GAAP. This Annual Report for 2021 was filed with the Auditor of State on or before, May 31, 2022. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAS. Pursuant to these requirements, we hereby issue the ACFR of the City for the fiscal year ended December 31, 2021.

While there is no legal requirement for the preparation of an ACFR, 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. The City's 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, 2021***

The City's financial statements have been audited by BHM CPA Group Inc., Piketon, Ohio, an Independent Public Accountant (IPA) working as a contracted agent for the Auditor of State Office of Ohio (AOS), Keith Faber. 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, 2021. The report from the IPA is presented as the first component of the financial section of this report.

PROFILE OF 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*" as the population exceeded 5,000. The 2021 census is 8,057. 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 a four-lane limited access highway running east and west, bypass on the north edge of the City. Two state routes run north and south, SR-108 runs through the City, and SR-109 is outside the City 3 miles east. Entrances to the Ohio Turnpike, Interstate I-80/90 are located 12 miles north of the City, one off SR-108 and one off SR-109. Interstate I-75 is 25 miles east of the City crossing US-6. The City has a limited rail service running through the City provided by Defiance & Western Railway with connections to CSXT and Norfolk and Southern to the west in Defiance, Ohio. Main lines of CSXT and Norfolk and Southern run east and west through southern Henry County, and north and south lines of Canadian National Railroad are to the east in Wood County. Amtrak service is available in Bryan and Toledo, Ohio, and Fort Wayne, Indiana. Toledo Express Airport is located about 30 miles to the northeast in Lucas County and provides passenger and freight air services.

***Letter of Transmittal
For the Year Ended December 31, 2021***

Form of Government

The Citizens of Napoleon, who were determined to exercise “*Home Rule*” authority, voted to become a *Chartered City*, as allowed by the State Constitution of Ohio, effective January 1, 1952. The City Charter has been amended several times since the first effective charter in 1952. The City Charter stipulates a charter review to be done every eight (8) years. In 2016, the City Charter underwent a full review by an appointed Charter Review Commission. The Commission recommended various changes to the Charter to be voted on by the Citizens of Napoleon. City Council agreed and placed these proposed changes before its Citizens for a vote on November 8, 2016; all proposed changes were passed with an effective date of January 1, 2018. The next Charter Review Commission will be formed and meet in 2024 for another full review.

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

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

***Letter of Transmittal
For the Year Ended December 31, 2021***

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2021***

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

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 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.

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 maintained.

It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary 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 and Finance Director have authority to move appropriations within a specific object, but must

***Letter of Transmittal
For the Year Ended December 31, 2021***

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.

2021 Year in Review

The local economy rebounded strong coming out of the COVID-19 pandemic. The income tax collections were up 13.8% compared to the previous year. The water, sewer, electric and sanitation funds were also strong. Water and sewer use remained steady and sanitation fund collections remained level. The electric usage throughout the City returned to normal levels, the City’s rolling 3-month Power Supply Cost Adjustment Factor rates were at a three year low. In Napoleon a 24-unit apartment complex, and a 49-unit senior living facility opened in 2021. Housing sales remained strong and several new houses were constructed in the Jan-Mar and Twin Oaks areas of town. Napoleon did have a couple of business close during 2021 and a few restaurants decreased their hours. These changes were due mainly to lack of the ability to find workers.

Comparing municipal income taxes, on a cash basis, for 2021 to 2020, the overall combined total income tax collections was up by 13.8%. Withholdings were up 6.9% and business net profit taxes were up by 98.3% and individual taxes were up by 8.9%, in 2021 as compared to 2020. Actual income tax revenues collected in 2021 at the one and a half (1.5%) percent rate was \$5,223,095, up by \$633,620 as compared to 2020. As of the date of this report, 2022 income revenue through May are up as compared to the same period for 2021. In 2020, the City’s allowed credit (also known as the reduced income tax credit) for taxes paid to other Cities remained at 100%. Starting January 1, 2021, the City only allows for 70% credit for taxes paid to another City up to the rate of 1.5%. Starting July 1, 2022, the City will begin utilizing RITA for the income tax collections.

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

<u>Major Employers</u>	<u>Nature of Activity or Business</u>
<i>Inside City Limits:</i>	
Advanced Drainage Systems	Manufacturer of Field Tile and Sewer Pipe
Automatic Feed Company	Automotive Tool and Die Machine Shop
City of Napoleon (Office & Services)	Governmental Services to the City
Cloverleaf Cold Storage *	Long Term Cold Storage and Warehousing
Custom Agri Systems	Manufacture & Repair Agriculture Equipment
Defiance Stamping *	Engineered & fabricated parts stamping
Northcrest Nursing Home	Rehabilitation Center & Long-term Care Facility
Henry County Hospital	Hospital Services and Care Facility
Henry County Offices	Governmental Services to the County
Koester Corporation	Industrial Control Systems
Leader Engineering	Custom Machining & Tooling
Lutheran Home	Rehabilitation Center & Long-term Care Facility

CITY OF NAPOLEON, OHIO

Letter of Transmittal For the Year Ended December 31, 2021

Napoleon Area City School District	Education – Elementary thru High School
Old Castle Precast *	Structural Foam Plastic Molding
Tenneco Automotive *	Rubber and Metal Shock Attenuation Parts
Wal-Mart Stores	Retail Sales
JAC Products	Tier I Auto Supplier
<u><i>Outside City Limits:</i></u>	
NASG * (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
Pandrol *	Rail Repair Equipment and Supplies
Silgan Can Company *	Produces Cans for the Food Market

* National Companies with Additional Locations

** Largest U.S. Location

The City experienced some business growth in 2021. Mia’s Sweet Treats opened a store in the Emporium on Clinton Street, Sattler’s Family Meats expanded their operations and the Love’s Travel Stop opened. Construction was started on a crematory in the industrial area of the City near U.S. 24, with operations to begin in 2022. Construction started on a new Main Stop gas station and convenience store close to U.S. 24 in the City’s main commercially developed area. There were very few business losses, including the closure of the Knight’s Inn Hotel. However, there were several businesses that reduced their hours due to lack of employees. In the end though, all of the businesses rebounded and are back to full capacity at this point.

Overall, the local economy continues to be as strong as it has ever been in recent memory. The industrial, commercial, and residential growth has continued over the past three (3) years and is showing no sign of slowing down. Advanced Drainage Systems announced intentions of expanding their operation and building size. Dana Corporation announced that they are locating a manufacturing plant just out site of the City limits, creating 175 jobs, and have already started ramping up production in 2022.

Jennifer Arps, Director of Henry County Community Improvement Corporation (CIC), reported that Napoleon Machine announced a \$3 million expansion in June of 2021. OldCastle started a \$15M project to upgrade their equipment, electrical and capacity.

The housing market remained strong in 2021. Sales of homes are going at an all time high amount, such demands have resulted in multiple housing developments and a 49-unit senior housing project recently completed in Napoleon. With senior housing and villas offering our aging population their next home, this then opens the single-family housing market for more younger families. With population on the incline, up 1.6% since 2010 according to the US Census, it is important that we continue to focus on providing our youth a steady market in real estate to keep them in our city. The City of Napoleon has utilized their CRA Zones to promote construction and reinvestment into the housing sector, one of the many factors increasing the growth of the City’s housing projects. Additionally, City Council has continued with extending a moratorium on several housing fees to help promote the development of single family residential units.

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

***Letter of Transmittal
For the Year Ended December 31, 2021***

In 2021, the City accomplished numerous undertakings that provide for and promote the welfare of its residents:

- Weathered the pandemic without any loss of life to the workforce and minimal time lost due to quarantine, etc.
- Opened the new Napoleon Aquatic Center and Golf Club Clubhouse.
- Received the Reliable Public Power Provider (RP3) and Smart Energy Provider (SEP) designations from the American Public Power Association (APPA), which are the highest recognitions a public power utility can receive.
- Started the construction of the WWTP rehab project.
- Entered into a CRA Agreement and Development Agreement with Keller Logistics to transfer 10 acres of City owned property in the Industrial corridor for the development of a 100,000-150,000 SF Industrial Speculative Building with construction planned to begin in the Fall of 2022.
- Purchased approximately 13 acres of industrial property in the industrial corridor for either redevelopment as an industrial site or an expansion of the adjacent existing solar array.
- Transferred transmission assets to AMP Transmission for approximately \$5.1 M.
- Started a Cost of Service Study with Courtney and Associates.
- Redesigned the City Website, which will be continually refined.
- Began a Strategic Plan for the City's safety service departments, which should be completed by the Summer of 2022.
- Started a City Facility Study to include an assessment of spacing needs for the Police, Fire and Administration Buildings, which should be completed by the Summer of 2022.
- Started a 2-year leadership development and training program through a company called Wildsparq. Most of the supervisors in the City (approximately 37) are going through this program.
- Using Grant funds, purchased trench boxes for the Operations Department.
- Reconstructed a portion of American Road and Oakwood Avenue in our Industrial corridor in the City.
- Repaved a few residential streets, including Michigan Avenue, Willard Street and a portion of Lynne Avenue.

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

- Continue the construction on the WWTP rehabilitation project.
- Repave residential streets around the Napoleon High School and Independence Drive in the Industrial Corridor.
- Complete the reconstruction of the Van Hyning Pump Station.
- Complete the closure of the Haley Street Sanitary Sewer Overflow.
- Transfer property to Keller Logistics in order to facilitate the construction of the industrial speculative building in the City's industrial corridor.
- Improve pedestrian walking and biking abilities by starting the Ritter Park Path Project.

***Letter of Transmittal
For the Year Ended December 31, 2021***

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, 2021, issued by BHM CPA Group Inc., Piketon, Ohio, the contracted IPA working for the AOS Office of Ohio and performing the 2021 Audit. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of an ACFR, and to meet requirements of certain revenue trust agreements on enterprise revenue debt. In addition, an annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Awards

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

The City received a Certificate of Achievement for the fiscal year ended December 31, 2020. We believe this, our twenty-sixth (26th) Annual Financial Report for 2021, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting, and so therefore the City is submitting it to GFOA for certification.

***Letter of Transmittal
For the Year Ended December 31, 2021***

Public Disclosure

The publication of this ACFR is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. The report is made available on the City's website.

Acknowledgments

The City is grateful to those that assist to make this report possible, including the Henry County Auditor's Office, the Henry County Chamber of Commerce and CIC, and the audit staff of BHM CPA Group Inc.

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

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

Finally, we would especially like to recognize City staff, all of whom exhibited dedication and professionalism throughout the many hours required in preparing this report.

Respectfully submitted,



Kevin Garringer
Finance Director
City of Napoleon, Ohio



Joel L. Mazur
City Manager
City of Napoleon, Ohio



CITY OF NAPOLEON, OHIO

**List of Principal Officials
For the Year Ended December 31, 2021**

Elected Officials

Name	Title	Term Expires	(*)Years of Service at 12/31/21	Surety
Jason P. Maassel	Mayor	12/31/23	6.00	A
Joseph D. Bialorucki	President of Council	12/31/25	6.00	A
Daniel L. Baer	President Pro-Tem of Council	12/31/23	6.00	A
Jeffery W. Comadoll	Council Person	12/31/21	(1.00**)	A
Lori L. Siclair	Council Person (Appointed)	12/31/25	4.50	A
Kenneth Haase	Council Person	12/31/25	4.00	A
J. Ross Durham	Council Person	12/31/23	(2.00***)	A
Molly Knepley	Council Person	12/31/23	(1.75****)	A

(*) Years represent those in current listed position; individual may have City time in other positions.
 (**) Resigned on 10/31/19 and was appointed on 11/1/19 to fill Council Person Sheaffer’s (10/31/19) vacant seat
 (***) Appointed 11/4/19 to fill Council Person Comadoll’s (10/31/19) vacant seat and then elected in November election
 (****) Appointed on 4/6/20 to fill Council Person Mires vacant seat. Mires served all of 2019 and resigned on March 4, 2020 to become a Henry County Commissioner.

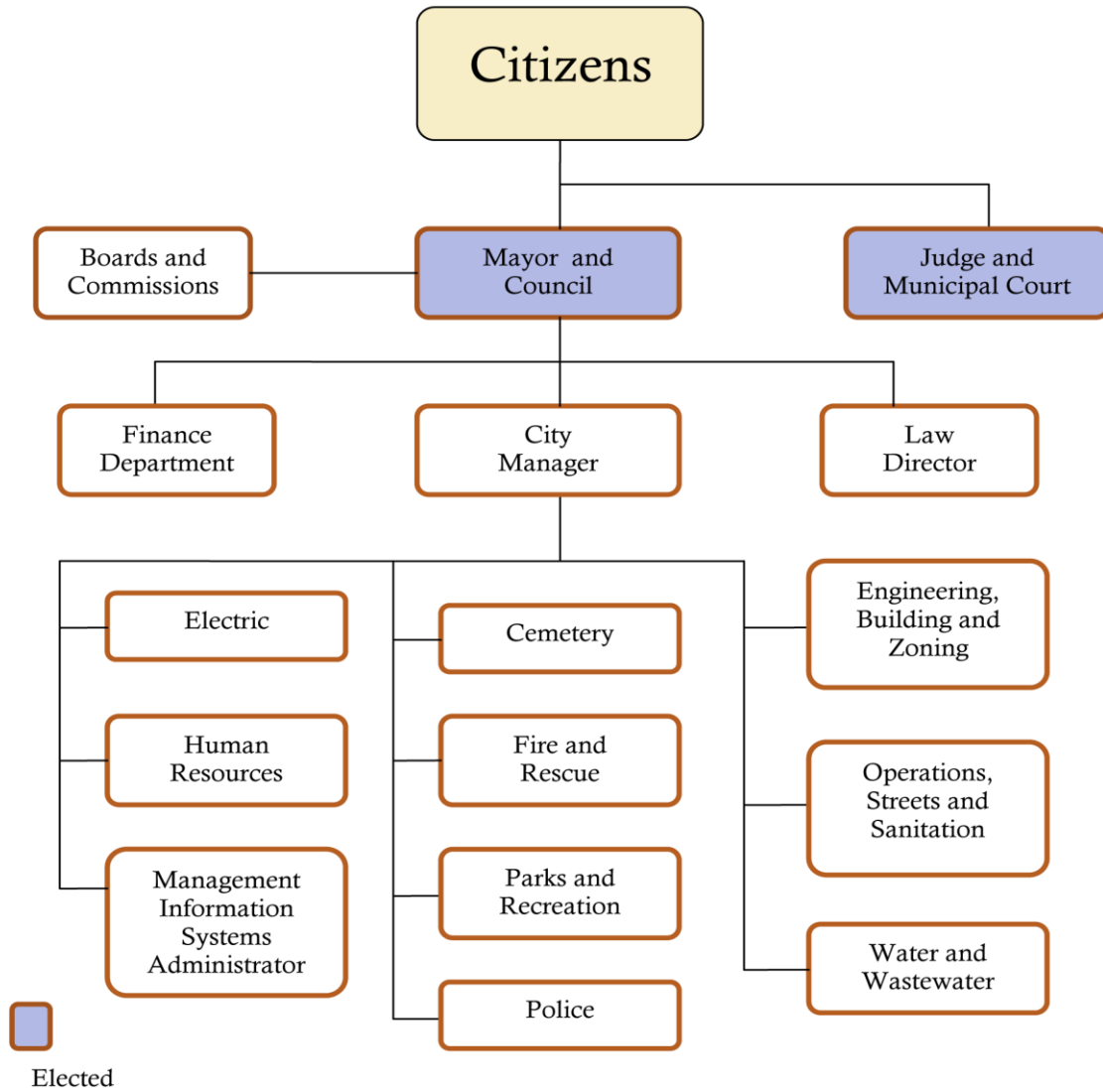
Appointed Officials

Name	Title	Term Expires	Years of Service	Surety
Joel L. Mazur	City Manager (Apt. 01/09/17)	Indefinite	5.00	A
Billy D. Harmon	Law Director	Indefinite	5.00	A
Kevin Garringer	Director of Finance	Indefinite	1.00	Bonded *

Melissa K. Cotter Clerk of Courts Indefinite 5.00 A
 (A) Surety - PEP Insurance Company, Public Official Bond Surety up to \$1,000,000.
 * Public Officials Faithful Performance Bond through Travelers Insurance Company in the amount of \$50,000

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, 2021**



Boards and Commissions

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

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



Government Finance Officers Association

**Certificate of
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Reporting**

Presented to

**City of Napoleon
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

BHM CPA Group, Inc.
Piketon, Ohio
June 24, 2022

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

The management discussion and analysis (MD&A) of the City of Napoleon's (City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2021. 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 2021 are as follows:

- ❑ In total, net position increased \$8,079,552, from 2020. The net position of governmental activities increased \$4,908,978, from 2020; and the net position of business-type activities increased \$3,170,574, from 2020. Please see additional discussion on this item, and the Changes in Net position Table, both listed later in the MD&A.
- ❑ Total revenues exceeded \$42.8 million. \$6.9 million was general revenues, or 16% of the total revenues; and \$35.9 million was program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions, or 84% of the total revenues.
- ❑ The City had \$9.5 million in program expenses related to governmental activities; only \$6.7 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) of \$6.9 million, plus excess cash reserves, were adequate to provide for the balance on these programs.
- ❑ Among major funds, the general fund had \$6.7 million in revenues, \$4.5 million in expenditures, (expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities) and other financing sources and uses. The general fund's fund balance increased \$38,281.
- ❑ Net position for the proprietary funds increased by \$3,148,755. The bulk of the increase is a result of a sale of electric infrastructure back to AMP during 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

***Management’s Discussion and Analysis
For the Year Ended December 31, 2021***

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 a separate Statement of Fiduciary Assets and Liabilities and a separate Statement of Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2021 and 2020:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$12,594,582	\$13,016,634	\$29,818,989	\$25,877,910	\$42,413,571	\$38,894,544
Capital assets, Net	46,075,553	42,153,312	52,526,414	56,533,860	98,601,967	98,687,172
Total assets	<u>58,670,135</u>	<u>55,169,946</u>	<u>82,345,403</u>	<u>82,411,770</u>	<u>141,015,538</u>	<u>137,581,716</u>
Deferred outflows of resources	<u>1,724,335</u>	<u>1,939,757</u>	<u>456,630</u>	<u>850,443</u>	<u>2,180,965</u>	<u>2,790,200</u>
Net pension liability	7,130,570	7,764,416	2,358,857	3,211,965	9,489,427	10,976,381
Net OPEB liability	696,504	3,057,838	0	2,244,246	696,504	5,302,084
Other long-term liabilities	5,099,872	4,610,394	31,797,769	32,590,367	36,897,641	37,200,761
Other liabilities	792,659	706,591	1,740,087	2,244,140	2,532,746	2,950,731
Total liabilities	<u>13,719,605</u>	<u>16,139,239</u>	<u>35,896,713</u>	<u>40,290,718</u>	<u>49,616,318</u>	<u>56,429,957</u>
Deferred inflows of resources	<u>3,774,417</u>	<u>2,978,994</u>	<u>1,909,674</u>	<u>1,146,423</u>	<u>5,684,091</u>	<u>4,125,417</u>
Net position:						
Net investment in capital assets	41,700,091	40,207,246	21,190,379	25,983,867	62,890,470	66,191,113
Restricted	4,386,895	5,721,764	0	0	4,386,895	5,721,764
Unrestricted (deficit)	<u>(3,186,538)</u>	<u>(7,937,540)</u>	<u>23,805,267</u>	<u>15,841,205</u>	<u>20,618,729</u>	<u>7,903,665</u>
Total net position	<u>\$42,900,448</u>	<u>\$37,991,470</u>	<u>\$44,995,646</u>	<u>\$41,825,072</u>	<u>\$87,896,094</u>	<u>\$79,816,542</u>

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For fiscal year 2018, the City adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

CITY OF NAPOLEON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2021**

Unaudited

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,896,115	\$1,573,231	\$28,812,828	\$25,336,396	\$30,708,943	\$26,909,627
Operating Grants and Contributions	902,153	1,606,197	0	0	902,153	1,606,197
Capital Grants and Contributions	3,872,102	752,003	387,441	1,684,785	4,259,543	2,436,788
General revenues:						
Property Taxes	717,005	674,149	0	0	717,005	674,149
Municipal Income Taxes	4,904,826	4,289,399	0	0	4,904,826	4,289,399
Other Local Taxes	489,124	470,521	0	0	489,124	470,521
Grants and Entitlements not Restricted to Specific Programs	716,775	215,104	0	0	716,775	215,104
Investment Earnings	(201,552)	371,297	94,432	142,948	(107,120)	514,245
Miscellaneous	259,211	647,995	0	0	259,211	647,995
Total revenues	13,555,759	10,599,896	29,294,701	27,164,129	42,850,460	37,764,025
Program Expenses:						
Security of Persons and Property	4,072,196	3,972,294	0	0	4,072,196	3,972,294
Public Health and Welfare Services	75,470	93,016	0	0	75,470	93,016
Leisure Time Activities	3,215,616	1,618,929	0	0	3,215,616	1,618,929
Community Environment	88,315	80,173	0	0	88,315	80,173
Transportation	1,475,757	720,992	0	0	1,475,757	720,992
General Government	452,869	1,246,393	0	0	452,869	1,246,393
Interest and Fiscal Charges	103,000	98,944	0	0	103,000	98,944
Electric	0	0	15,002,149	17,546,472	15,002,149	17,546,472
Water	0	0	3,237,649	3,597,475	3,237,649	3,597,475
Sewer	0	0	6,325,475	4,684,426	6,325,475	4,684,426
Sanitation	0	0	722,412	934,847	722,412	934,847
Total expenses	9,483,223	7,830,741	25,287,685	26,763,220	34,770,908	34,593,961
Change in Net Position Before Transfers	4,072,536	2,769,155	4,007,016	400,909	8,079,552	3,170,064
Transfers	836,442	(6,250)	(836,442)	6,250	0	0
Total Change in Net Position	4,908,978	2,762,905	3,170,574	407,159	8,079,552	3,170,064
Beginning Net Position, as Restated	37,991,470	35,228,565	41,825,072	41,417,913	79,816,542	76,646,478
Ending Net Position	\$42,900,448	\$37,991,470	\$44,995,646	\$41,825,072	\$87,896,094	\$79,816,542

***Management’s Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

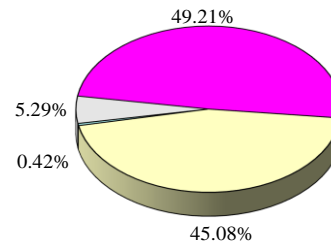
Governmental Activities

The City’s governmental activities net position increased by \$4,908,978 from 2020 to 2021. Much of this increase was due to a plan design change with the OPERS OPEB plan. OPERS no longer offers a self-insured OPEB plan to its retirees. Instead, retirees receive a monthly fixed stipend based on their eligibility. As a result, the OPERS OPEB 2020 net liability converted to a net asset in 2021 with the offset recognized as a reduction in OPEB expense. Another large contributing factor to the increase is the addition of capital assets through several major road improvement projects.

The City receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 5.3% and 36.1% respectively of revenues for governmental activities for the City in fiscal year 2021. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 45.08% of total revenues from general tax revenues:

Revenue Sources	2021	Percent of Total
General Shared Revenues	\$716,775	5.29%
Program Revenues	6,670,370	49.21%
General Tax Revenues	6,110,955	45.08%
General Other	57,659	0.42%
Total Revenue	<u>\$13,555,759</u>	<u>100.00%</u>



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***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

Business-Type Activities

In 2021, the total net position of all business-type activities increased by \$3,170,574. Just like in the governmental activities, much of this increase can be attributed to the change in the OPERS OPEB plan as explained above. Another contributing factor is a decrease in expenditures from 2020 to 2021 related to the capitalization of many assets from sewer and water improvements taking place around the City.

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 \$9,254,501, which is a decrease of \$979,087 from last year's balance of \$10,233,588. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2021 and 2020:

	Fund Balance <u>December 31, 2021</u>	Fund Balance <u>December 31, 2020</u>	Increase <u>(Decrease)</u>
General	\$3,229,595	\$3,191,314	\$38,281
Special Assessment Bond Retirement	609,288	604,984	4,304
Capital Improvement	712,314	397,936	314,378
Aquatic Center	302,231	2,211,294	(1,909,063)
Other Governmental	4,401,073	3,828,060	573,013
Total	<u>\$9,254,501</u>	<u>\$10,233,588</u>	<u>(\$979,087)</u>

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

	2021 <u>Revenues</u>	2020 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes (Income, Property and Other)	\$5,668,103	\$5,006,755	\$661,348
Intergovernmental Revenue	311,761	249,036	62,725
Charges for Services	564,183	286,910	277,273
Licenses and Permits	65,926	95,475	(29,549)
Investment Earnings	(231,743)	304,823	(536,566)
Fines and Forfeitures	151,555	123,245	28,310
All Other Revenue	189,531	523,038	(333,507)
Total	<u>\$6,719,316</u>	<u>\$6,589,282</u>	<u>\$130,034</u>

General Fund revenues in 2021 increased 2.0% compared to revenues in fiscal year 2020. The most significant factors contributing to this increase was in income tax revenue which was offset by a decrease in investment market values. This kept this increase from being larger.

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

	2021	2020	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$3,521,014	\$2,737,161	\$783,853
Public Health and Welfare Services	106,266	108,905	(2,639)
Community Environment	39,000	37,400	1,600
General Government	<u>864,483</u>	<u>865,508</u>	<u>(1,025)</u>
Total	<u>\$4,530,763</u>	<u>\$3,748,974</u>	<u>\$781,789</u>

General Fund expenditures increased by \$781,789 in 2021 from 2020. The largest increase was \$783,853 in Security of Persons and Property. This is attributed to a slight increase in salaries and benefits for both the police and fire personnel from 2020 to 2021. General Government expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities. In addition, reimbursements (off-sets), and fund transfers, are included for the inside the City kilowatt hour (kWh) tax monies collected in the Electric Fund, and directed back to the General Fund pursuant to Ohio law. The kWh tax reimbursements off-set the general government charged utilities of electric and water, with the net balance receipted to the General Fund.

Both the Special Assessment Bond Retirement Fund and the Capital Improvement Fund balances increased in 2021 from 2020. The Aquatic Center Fund balance showed a decrease from 2020 to 2021 mostly due to the issuance of debt in the fund during 2020, the proceeds of which went towards the construction of new facilities. The Other Governmental Funds increased in 2021 from 2020. All of these were slight changes which can be attributed to the annual activities of these funds. The increase in the Capital Improvement Fund balance was mostly related to an increase in transfers into the fund from other sources to pay for those capital expenditures. The increase in the Special Assessment Bond Retirement Fund can be attributed to the decrease in principal and interest payments on special assessment debt during the year.

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 2021 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 \$7.5 million, including other financing sources. This was an increase from the original conservative budget estimates of \$6.4 million mostly related to an anticipation of increased income tax revenue for the year. The General Fund had an adequate revenue stream and fund balance reserves to cover its expenditures in 2021.

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2021 the City had \$98,601,967 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$46,075,553 was related to governmental activities and \$52,526,414 to the business-type activities. The following table shows fiscal year 2021 and 2020 balances:

	Governmental Activities		Increase (Decrease)
	2021	2020	
Land	\$10,055,971	\$10,055,971	\$0
Construction in Progress	6,027,359	6,027,359	0
Improvements	7,618,867	6,276,002	1,342,865
Buildings	6,055,835	6,055,835	0
Machinery and Equipment	7,212,496	6,951,089	261,407
Infrastructure	37,825,087	34,220,913	3,604,174
Less: Accumulated Depreciation	(28,720,062)	(27,433,857)	(1,286,205)
Totals	\$46,075,553	\$42,153,312	\$3,922,241

	Business-Type Activities		Increase (Decrease)
	2021	2020	
Land	\$245,525	\$289,525	(\$44,000)
Construction in Progress	4,262,817	4,262,817	0
Buildings	26,644,240	26,644,240	0
Improvements	47,570,617	51,672,550	(4,101,933)
Machinery and Equipment	7,502,356	7,082,998	419,358
Less: Accumulated Depreciation	(33,699,141)	(33,418,270)	(280,871)
Totals	\$52,526,414	\$56,533,860	(\$4,007,446)

In the governmental activities, the increases in infrastructure and improvements is due to City road rebuilds and other building improvements and the increase to machinery and equipment is due to the normal replacement of aging equipment.

In the business-type activities, the large decrease is related to the sale of a large portion of the electric infrastructure back to AMP during the year. This can be seen in the sale of capital assets line in the financial statements. Once again the increase in machinery and equipment can be attributed to the normal replace of aging equipment during the year. (See NOTE 10 – CAPITAL ASSETS to the Basic Financial Statements for additional explanation and information.)

CITY OF NAPOLEON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

Debt

At December 31, 2021, the City had \$13 million in bonds outstanding, \$830,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Governmental Activities:		
General Obligation Bonds	\$4,375,462	\$525,000
Long-Term Notes	0	3,500,000
Compensated Absences	724,410	585,394
Net Pension Liability	7,130,570	7,764,416
Net OPEB Liability	696,504	3,057,838
Total Governmental Activities	<u>12,926,946</u>	<u>15,432,648</u>
Business-Type Activities:		
Revenue Bonds	\$8,666,107	\$7,040,445
Long-Term Notes	0	2,352,000
WPCLF Loans Payable	3,629,414	4,012,935
OWDA Loans Payable	3,794,512	2,748,926
OPWC Loans Payable	175,000	225,000
OSWRC Deferred Loan Payable	246,499	246,499
WSRLA Loan	14,824,503	15,503,850
Compensated Absences	461,734	460,712
Net Pension Liability	2,358,857	3,211,965
Net OPEB Liability	0	2,244,246
Total Business-Type Activities	<u>34,156,626</u>	<u>38,046,578</u>
Totals	<u>\$47,083,572</u>	<u>\$53,479,226</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, 2021, the City's outstanding debt was below the legal limit. (See NOTE 14 – LONG TERM DEBT to the Basic Financial Statements for additional explanation and information.)

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

The City purposefully builds into its budget conservative revenue estimates with offsetting reductions or limited increases in base operating costs. Budgetary revenue estimates for the General Fund, and other funds, typically projects no growth, or estimated reductions as necessary, in the various revenue sources for each budgeted fund. Original budgeted expenditures for the General Fund, and other funds, are typically *projected to exceed revenues*. Reductions are made to budgeted expenditures, as necessary, to keep the funds in balance as required by State Law. The City utilizes actual or projected fund balance reserves for any negative differences in revenues to expenditures to keep the budget balanced. The original 2021 General Fund budgeted revenues were conservatively projected at \$6.355 million and ended up lower than the final actual revenues of \$7.098 million; and the budgeted expenditures were projected above the final actual expenditures. Comparing the General Fund 2021 original estimated revenues to the actual receipts on a cash basis, there was a 12% increase in actual receipts compared to estimated revenues, mostly related to income taxes for the year. Comparing the General fund 2021 original budgeted expenditures to actual expenditures on a cash basis, there was a 3% decrease in actual final expenditures compared to budgeted expenditures. The process used in 2021 of the lower estimate to actual for revenues, and the higher estimate to actual for expenditures assists in keeping year ending fund reserves at sustainable levels, and helps to buffer any potential down turns, or slow growth periods, in local economic conditions.

During the 2021 budget review and approval process, certain department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were reduced or eliminated; and only those items that City management and City Council determined necessary for base service levels were appropriated.

We 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 to maintain fiscal stability.

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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

REQUESTS FOR INFORMATION

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

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



CITY OF NAPOLEON, OHIO

**Statement of Net Position
December 31, 2021**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 8,654,418	\$ 23,314,561	\$ 31,968,979
Receivables:			
Property Taxes	804,222	0	804,222
Municipal Income Taxes	865,737	0	865,737
Accounts	568,472	4,146,314	4,714,786
Intergovernmental	825,879	275,000	1,100,879
Interest	15,783	18,664	34,447
Special Assessments	0	98,550	98,550
Loans	137,395	0	137,395
Internal Balances	64,639	(64,639)	0
Inventory of Supplies at Cost	338,807	1,363,526	1,702,333
Capital Assets:			
Capital Assets Not Being Depreciated	16,203,027	4,508,342	20,711,369
Capital Assets Being Depreciated, Net	29,872,526	48,018,072	77,890,598
Investment in Joint Venture	0	382,771	382,771
Net OPEB Asset	319,230	284,242	603,472
Total Assets	58,670,135	82,345,403	141,015,538
Deferred Outflows of Resources:			
Pension	1,129,504	316,891	1,446,395
OPEB	594,831	139,739	734,570
Total Deferred Outflows of Resources	1,724,335	456,630	2,180,965
Liabilities:			
Accounts Payable	483,738	1,632,400	2,116,138
Accrued Wages and Benefits	150,693	77,494	228,187
Intergovernmental Payable	28,945	0	28,945
Claims Payable	0	229	229
Unearned Revenue	122,692	0	122,692
Accrued Interest Payable	6,591	29,964	36,555
Long-Term Liabilities:			
Due Within One Year	440,052	1,310,242	1,750,294
Net Pension Liability	7,130,570	2,358,857	9,489,427
Net OPEB Liability	696,504	0	696,504
Due in More Than One Year	4,659,820	30,487,527	35,147,347
Total Liabilities	13,719,605	35,896,713	49,616,318

CITY OF NAPOLEON, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	785,982	0	785,982
Pension	1,692,983	1,038,845	2,731,828
OPEB	1,295,452	870,829	2,166,281
Total Deferred Inflows of Resources	3,774,417	1,909,674	5,684,091
Net Position:			
Net Investment in Capital Assets	41,700,091	21,190,379	62,890,470
Restricted For:			
Capital Projects	312,663	0	312,663
Debt Service	609,947	0	609,947
Street Construction, Maintenance and Repair	1,515,586	0	1,515,586
Fire Equipment	456,890	0	456,890
Court Improvement	217,465	0	217,465
Other Purposes	1,274,344	0	1,274,344
Unrestricted (Deficit)	(3,186,538)	23,805,267	20,618,729
Total Net Position	\$ 42,900,448	\$ 44,995,646	\$ 87,896,094

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Activities
For the Year Ended December 31, 2021**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 4,072,196	\$ 1,243,403	\$ 141,805	\$ 0
Public Health and Welfare Services	75,470	23,500	0	0
Leisure Time Activities	3,215,616	513,539	0	0
Community Environment	88,315	4,880	22,893	0
Transportation	1,475,757	21,188	737,455	3,831,150
General Government	452,869	89,605	0	40,952
Interest and Fiscal Charges	103,000	0	0	0
Total Governmental Activities	9,483,223	1,896,115	902,153	3,872,102
Business-Type Activities:				
Electric	15,002,149	19,373,830	0	0
Water	3,237,649	3,988,547	0	162,441
Sewer	6,325,475	4,555,774	0	225,000
Sanitation	722,412	894,677	0	0
Total Business-Type Activities	25,287,685	28,812,828	0	387,441
Totals	\$ 34,770,908	\$ 30,708,943	\$ 902,153	\$ 4,259,543

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
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
\$ (2,686,988)	\$ 0	\$ (2,686,988)
(51,970)	0	(51,970)
(2,702,077)	0	(2,702,077)
(60,542)	0	(60,542)
3,114,036	0	3,114,036
(322,312)	0	(322,312)
(103,000)	0	(103,000)
<u>(2,812,853)</u>	<u>0</u>	<u>(2,812,853)</u>
0	4,371,681	4,371,681
0	913,339	913,339
0	(1,544,701)	(1,544,701)
0	172,265	172,265
<u>0</u>	<u>3,912,584</u>	<u>3,912,584</u>
<u>(2,812,853)</u>	<u>3,912,584</u>	<u>1,099,731</u>
717,005	0	717,005
4,904,826	0	4,904,826
489,124	0	489,124
716,775	0	716,775
(201,552)	94,432	(107,120)
259,211	0	259,211
836,442	(836,442)	0
<u>7,721,831</u>	<u>(742,010)</u>	<u>6,979,821</u>
4,908,978	3,170,574	8,079,552
<u>37,991,470</u>	<u>41,825,072</u>	<u>79,816,542</u>
<u>\$ 42,900,448</u>	<u>\$ 44,995,646</u>	<u>\$ 87,896,094</u>

CITY OF NAPOLEON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2021**

	General	Special Assessment Bond Retirement	Capital Improvement	Aquatic Center
Assets:				
Cash and Cash Equivalents	\$ 2,644,085	\$ 609,288	\$ 791,601	\$ 319,630
Receivables:				
Property Taxes	350,271	0	0	296,055
Municipal Income Taxes	865,737	0	0	0
Accounts	119,390	0	0	0
Intergovernmental	142,225	0	242,488	3,803
Interest	11,278	659	0	346
Loans	0	0	0	0
Interfund Loans Receivables	0	0	2,800	0
Inventory of Supplies, at Cost	7,613	0	0	0
Total Assets	<u>\$ 4,140,599</u>	<u>\$ 609,947</u>	<u>\$ 1,036,889</u>	<u>\$ 619,834</u>
Liabilities:				
Accounts Payable	\$ 100,700	\$ 0	\$ 110,156	\$ 17,399
Accrued Wages and Benefits Payable	99,321	0	0	0
Intergovernmental Payable	28,945	0	0	0
Interfund Loans Payable	0	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	<u>228,966</u>	<u>0</u>	<u>110,156</u>	<u>17,399</u>
Deferred Inflows of Resources:				
Unavailable Amounts	339,824	659	214,419	10,432
Property Tax for Next Fiscal Year	342,214	0	0	289,772
Total Deferred Inflows of Resources	<u>682,038</u>	<u>659</u>	<u>214,419</u>	<u>300,204</u>
Fund Balances:				
Nonspendable	15,599	0	0	0
Restricted	0	609,288	0	302,231
Committed	7,779	0	712,314	0
Assigned	94,575	0	0	0
Unassigned	3,111,642	0	0	0
Total Fund Balances	<u>3,229,595</u>	<u>609,288</u>	<u>712,314</u>	<u>302,231</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,140,599</u>	<u>\$ 609,947</u>	<u>\$ 1,036,889</u>	<u>\$ 619,834</u>

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 4,251,934	\$ 8,616,538
157,896	804,222
0	865,737
449,052	568,442
437,363	825,879
3,500	15,783
137,395	137,395
0	2,800
323,209	330,822
<u>\$ 5,760,349</u>	<u>\$ 12,167,618</u>
\$ 248,064	\$ 476,319
46,482	145,803
0	28,945
2,800	2,800
122,692	122,692
<u>420,038</u>	<u>776,559</u>
785,242	1,350,576
153,996	785,982
<u>939,238</u>	<u>2,136,558</u>
323,209	338,808
3,014,598	3,926,117
1,056,672	1,776,765
9,394	103,969
(2,800)	3,108,842
<u>4,401,073</u>	<u>9,254,501</u>
<u>\$ 5,760,349</u>	<u>\$ 12,167,618</u>

CITY OF NAPOLEON, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2021***

Total Governmental Fund Balances \$ 9,254,501

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 46,061,522

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Municipal Income Taxes	220,954	
Property Taxes	17,966	
Charges for Services	465,874	
Interest Revenues	15,783	
Intergovernmental	<u>629,999</u>	1,350,576

The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Net OPEB Asset	304,659	
Deferred Outflows - Pension	1,113,262	
Deferred Inflows - Pension	(1,639,790)	
Deferred Outflows - OPEB	587,668	
Deferred Inflows - OPEB	(1,250,820)	
Net Pension Liability	(7,009,661)	
Net OEPB Liability	<u>(696,504)</u>	(8,591,186)

Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due. (6,591)

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. (89,141)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds Payable	(4,285,000)	
Premium on General Obligation Bonds Payable	(90,462)	
Compensated Absences Payable	<u>(703,771)</u>	<u>(5,079,233)</u>

Net Position of Governmental Activities \$ 42,900,448

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, 2021**

	General	Special Assessment Bond Retirement	Capital Improvement	Aquatic Center
Revenues:				
Property Taxes	\$ 292,644	\$ 0	\$ 0	\$ 288,437
Municipal Income Tax	4,886,335	0	0	0
Other Local Taxes (kWh Tax)	489,124	0	0	0
Intergovernmental Revenues	311,761	0	190,952	7,835
Charges for Services	564,183	0	0	0
Licenses and Permits	65,926	0	0	0
Investment Earnings	(231,743)	3,872	0	8,392
Special Assessments	0	467	0	0
Fines and Forfeitures	151,555	0	0	0
All Other Revenue	189,531	0	0	36,858
Total Revenue	6,719,316	4,339	190,952	341,522
Expenditures:				
Current:				
Security of Persons and Property	3,521,014	0	0	0
Public Health and Welfare Services	106,266	0	0	0
Leisure Time Activities	0	0	0	2,612,532
Community Environment	39,000	0	0	0
Transportation	0	0	0	0
General Government	864,483	35	0	0
Capital Outlay	0	0	2,130,044	0
Debt Service:				
Principal Retirement	0	0	0	3,680,000
Interest and Fiscal Charges	0	0	0	93,276
Total Expenditures	4,530,763	35	2,130,044	6,385,808
Excess (Deficiency) of Revenues Over Expenditures	2,188,553	4,304	(1,939,092)	(6,044,286)
Other Financing Sources (Uses):				
Sale of Capital Assets	2,058	0	0	0
General Obligation Bonds Issued	0	0	0	4,040,000
Premium on Debt Issued	0	0	0	95,223
Transfers In	77,094	0	2,366,290	0
Transfers Out	(2,226,537)	0	(112,820)	0
Total Other Financing Sources (Uses)	(2,147,385)	0	2,253,470	4,135,223
Net Change in Fund Balances	41,168	4,304	314,378	(1,909,063)
Fund Balances at Beginning of Year	3,191,314	604,984	397,936	2,211,294
Decrease in Inventory Reserve	(2,887)	0	0	0
Fund Balances End of Year	\$ 3,229,595	\$ 609,288	\$ 712,314	\$ 302,231

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 139,422	\$ 720,503
0	4,886,335
0	489,124
1,263,744	1,774,292
854,121	1,418,304
0	65,926
19,014	(200,465)
0	467
150,117	301,672
125,692	352,081
<u>2,552,110</u>	<u>9,808,239</u>
701,017	4,222,031
0	106,266
986,655	3,599,187
49,315	88,315
523,594	523,594
238,620	1,103,138
8,942	2,138,986
100,000	3,780,000
69,141	162,417
<u>2,677,284</u>	<u>15,723,934</u>
(125,174)	(5,915,695)
0	2,058
0	4,040,000
0	95,223
843,185	3,286,569
(110,770)	(2,450,127)
<u>732,415</u>	<u>4,973,723</u>
607,241	(941,972)
3,828,060	10,233,588
(34,228)	(37,115)
<u>\$ 4,401,073</u>	<u>\$ 9,254,501</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, 2021***

Net Change in Fund Balances - Total Governmental Funds \$ (941,972)

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

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

Capital Outlay	1,650,832	
Depreciation	<u>(1,357,279)</u>	293,553

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 3,630,683

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

Municipal Income Taxes	18,491	
Property Taxes	(3,498)	
Charges for Services	15,285	
Interest	(1,087)	
Intergovernmental	<u>85,588</u>	114,779

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

Pension	699,681	
OPEB	<u>8,755</u>	708,436

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:

Pension	(277,640)	
OPEB	<u>1,781,925</u>	1,504,285

(Continued)

CITY OF NAPOLEON, OHIO

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

General Obligation Bonds Issued	(4,040,000)	
Bond Anticipation Note Principal	3,500,000	
Premium on General Obligation Bonds Issued	(95,223)	
Premium on General Obligation Bonds Amortized	4,761	
General Obligation Bonds Principal	<u>280,000</u>	(350,462)

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

Accrued Interest Payable		54,656
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in Supplies Inventory	(37,115)	
Increase in Compensated Absences Payable	<u>(140,286)</u>	<u>(177,401)</u>

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

		<u>72,421</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ 4,908,978</u></u>

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, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 262,980	\$ 309,607	\$ 309,808	\$ 201
Municipal Income Tax	4,075,000	4,962,784	4,962,784	0
Other Local Taxes	500,000	489,125	489,124	(1)
Intergovernmental Revenue	237,190	237,190	306,788	69,598
Charges for Services	363,700	605,186	459,479	(145,707)
Licenses and Permits	67,000	67,000	83,493	16,493
Investment Earnings	68,000	68,000	68,798	798
Fines and Forfeitures	156,200	156,200	151,410	(4,790)
All Other Revenues	182,730	182,730	187,781	5,051
Total Revenues	5,912,800	7,077,822	7,019,465	(58,357)
Expenditures:				
Current:				
Security of Persons and Property	3,627,781	3,765,451	3,588,561	176,890
Public Health and Welfare Services	138,094	138,467	107,357	31,110
Community Environment	39,000	39,000	39,000	0
General Government	1,194,198	1,204,549	1,115,793	88,756
Total Expenditures	4,999,073	5,147,467	4,850,711	296,756
Excess (Deficiency) of Revenues Over (Under) Expenditures	913,727	1,930,355	2,168,754	238,399
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	2,058	(2,942)
Transfers In	438,150	438,150	77,094	(361,056)
Transfers Out	(1,799,578)	(2,226,537)	(2,226,537)	0
Total Other Financing Sources (Uses):	(1,356,428)	(1,783,387)	(2,147,385)	(363,998)
Net Change In Fund Balance	(442,701)	146,968	21,369	(125,599)
Fund Balance at Beginning of Year	2,405,610	2,405,610	2,405,610	0
Prior Year Encumbrances	55,129	55,129	55,129	0
Fund Balance at End of Year	\$ 2,018,038	\$ 2,607,707	\$ 2,482,108	\$ (125,599)

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 13,313,466	\$ 3,226,791	\$ 5,060,415
Receivables:			
Accounts	2,734,921	577,445	684,983
Intergovernmental	0	0	275,000
Interest	7,893	3,462	5,456
Special Assessments	0	6,746	91,804
Inventory of Supplies at Cost	958,373	352,850	52,303
<i>Total Current Assets</i>	<u>17,014,653</u>	<u>4,167,294</u>	<u>6,169,961</u>
<i>Non Current Assets:</i>			
Capital Assets, Net	5,801,416	24,873,844	21,537,723
Net OPEB Asset	111,747	82,670	63,987
Investment in Joint Venture	382,771	0	0
<i>Total Non Current Assets</i>	<u>6,295,934</u>	<u>24,956,514</u>	<u>21,601,710</u>
Total Assets	<u>23,310,587</u>	<u>29,123,808</u>	<u>27,771,671</u>
Deferred Outflows of Resources:			
Pension	124,583	92,163	71,340
OPEB	54,937	40,641	31,458
Total Deferred Outflows of Resources	<u>179,520</u>	<u>132,804</u>	<u>102,798</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	728,291	54,773	837,797
Accrued Wages and Benefits	30,783	23,253	17,874
Claims Payable	229	0	0
Compensated Absences Payable - Current	72,539	56,240	39,214
Accrued Interest Payable	0	6,500	23,464
Revenue Bonds - Current	0	390,000	170,000
Ohio Public Works Commission Loan - Current	0	0	25,000
Ohio Water Development Authority Loans - Current	0	19,786	138,679
Water Pollution Control Loans - Current	0	0	383,521
<i>Total Current Liabilities</i>	<u>831,842</u>	<u>550,552</u>	<u>1,635,549</u>

CITY OF NAPOLEON, OHIO

Sanitation	Total	Governmental Activities Internal Service Fund
\$ 1,713,889	\$ 23,314,561	\$ 37,880
148,965	4,146,314	30
0	275,000	0
1,853	18,664	0
0	98,550	0
0	1,363,526	7,985
1,864,707	29,216,615	45,895
313,431	52,526,414	14,031
25,838	284,242	14,571
0	382,771	0
339,269	53,193,427	28,602
2,203,976	82,410,042	74,497
28,805	316,891	16,242
12,703	139,739	7,163
41,508	456,630	23,405
11,539	1,632,400	7,419
5,584	77,494	4,890
0	229	0
15,263	183,256	10,265
0	29,964	0
0	560,000	0
0	25,000	0
0	158,465	0
0	383,521	0
32,386	3,050,329	22,574

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Long Term Liabilities:			
Compensated Absences Payable	150,577	49,223	54,385
Net Pension Liability	927,357	686,049	531,024
Revenue Bonds Payable	0	4,249,134	3,856,974
OWDA Loans Payable	0	53,484	3,582,562
OPWC Loans Payable	0	0	150,000
Ohio Sewer & Water Rotary Commission Deferred Loan Payable	0	64,454	182,045
Water Pollution Control Loans Payable	0	0	3,245,893
WSLRA Loans Payable	0	14,824,503	0
<i>Total Long-Term Liabilities</i>	<u>1,077,934</u>	<u>19,926,847</u>	<u>11,602,883</u>
Total Liabilities	<u>1,909,776</u>	<u>20,477,399</u>	<u>13,238,432</u>
Deferred Inflows of Resources:			
Pension	408,588	301,981	233,899
OPEB	342,397	253,246	196,040
Total Deferred Inflows of Resources	<u>750,985</u>	<u>555,227</u>	<u>429,939</u>
Net Position:			
Net Investment in Capital Assets	5,801,416	5,272,483	9,803,049
Unrestricted	15,027,930	2,951,503	4,403,049
Total Net Position	<u>\$ 20,829,346</u>	<u>\$ 8,223,986</u>	<u>\$ 14,206,098</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	Governmental Activities Internal Service Fund
24,293	278,478	10,374
214,427	2,358,857	120,909
0	8,106,108	0
0	3,636,046	0
0	150,000	0
0	246,499	0
0	3,245,893	0
0	14,824,503	0
<u>238,720</u>	<u>32,846,384</u>	<u>131,283</u>
<u>271,106</u>	<u>35,896,713</u>	<u>153,857</u>
94,377	1,038,845	53,193
79,146	870,829	44,632
<u>173,523</u>	<u>1,909,674</u>	<u>97,825</u>
313,431	21,190,379	14,031
1,487,424	23,869,906	(167,811)
<u>\$ 1,800,855</u>	<u>45,060,285</u>	<u>\$ (153,780)</u>
	<u>(64,639)</u>	
	<u>\$ 44,995,646</u>	

CITY OF NAPOLEON, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 16,411,876	\$ 3,978,502	\$ 4,166,891
Other Charges for Services	187,929	31,559	388,883
Total Operating Revenues	16,599,805	4,010,061	4,555,774
Operating Expenses:			
Personal Services	416,240	446,016	255,774
Contractual Services	1,837,027	991,060	4,380,120
Purchased Power	11,818,040	0	0
Materials and Supplies	279,997	420,811	143,201
Utilities	81,256	309,612	146,761
Depreciation	479,443	1,046,180	702,115
Total Operating Expenses	14,912,003	3,213,679	5,627,971
Operating Income (Loss)	1,687,802	796,382	(1,072,197)
Nonoperating Revenue (Expenses):			
Investment Earnings	28,988	20,955	33,510
Interest Expense	0	(30,444)	(686,903)
(Loss) on Sale of Capital Assets	2,683,146	(21,514)	0
Other Local Taxes (kWh Tax)	105,263	0	0
Loss on Investment in Joint Venture	(14,384)	0	0
Other Nonoperating Expense (kWh Paid to State)	(101,854)	0	0
Total Nonoperating Revenues (Expenses)	2,701,159	(31,003)	(653,393)
Income (Loss) Before Transfers and Contributions	4,388,961	765,379	(1,725,590)
Transfers In	0	14,462	218,508
Transfers Out	(1,069,412)	0	0
Capital Contributions	0	162,441	225,000
Change in Net Position	3,319,549	942,282	(1,282,082)
Net Position Beginning of Year	17,509,797	7,281,704	15,488,180
Net Position End of Year	\$ 20,829,346	\$ 8,223,986	\$ 14,206,098

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	Governmental Activities Internal Service Fund
\$ 875,043	\$ 25,432,312	\$ 46,221
19,634	628,005	278,841
<u>894,677</u>	<u>26,060,317</u>	<u>325,062</u>
131,123	1,249,153	92,377
475,486	7,683,693	8,695
0	11,818,040	0
105,074	949,083	126,715
2,053	539,682	1,040
22,914	2,250,652	1,995
<u>736,650</u>	<u>24,490,303</u>	<u>230,822</u>
158,027	1,570,014	94,240
10,979	94,432	0
0	(717,347)	0
0	2,661,632	0
0	105,263	0
0	(14,384)	0
0	(101,854)	0
<u>10,979</u>	<u>2,027,742</u>	<u>0</u>
169,006	3,597,756	94,240
0	232,970	0
0	(1,069,412)	0
0	387,441	0
169,006	3,148,755	94,240
1,631,849	41,911,530	(248,020)
<u>\$ 1,800,855</u>	<u>45,060,285</u>	<u>\$ (153,780)</u>
	3,148,755	
	21,819	
	<u>\$ 3,170,574</u>	

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$16,532,669	\$3,979,639	\$4,534,600
Cash Payments for Goods and Services	(15,043,947)	(1,729,209)	(4,661,744)
Cash Payments to Employees	(1,356,361)	(1,076,683)	(784,405)
Net Cash Provided (Used) by Operating Activities	132,361	1,173,747	(911,549)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	14,462	218,508
Transfers Out to Other Funds	(1,069,412)	0	0
Receipts of Other Local Taxes	105,263	0	0
kWh Tax Paid to State	(101,854)	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	(1,066,003)	14,462	218,508
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(2,924)	0	(32,956)
Sale of Capital Assets	5,118,507	0	0
Capital Contributions	0	2,254	225,000
OWDA Loan Issued	0	0	1,285,768
Mortgage Revenue Bonds Issued	0	2,360,000	4,070,000
Premium on Mortgage Revenue Bonds Issued	0	55,748	133,021
Principal Paid on General Obligation Notes	0	(2,352,000)	0
Principal Paid on Mortgage Revenue Bonds	0	(400,000)	(4,423,600)
Principal Paid on Ohio Public Works Commission Loan	0	0	(50,000)
Principal Paid on Ohio Water Development Authority Loans	0	(18,926)	(221,257)
Principal Paid on WPCLF Loan	0	0	(383,521)
Principal Paid on WSLRA Loan	0	(679,347)	0
Interest Paid on All Debt	0	(67,950)	(69,607)
Net Cash Provided (Used) for Capital and Related Financing Activities	5,115,583	(1,100,221)	532,848
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	24,860	20,999	33,324
Net Cash Provided by Investing Activities	24,860	20,999	33,324
Net Increase (Decrease) in Cash and Cash Equivalents	4,206,801	108,987	(126,869)
Cash and Cash Equivalents at Beginning of Year	9,106,665	3,117,804	5,187,284
Cash and Cash Equivalents at End of Year	\$13,313,466	\$3,226,791	\$5,060,415

CITY OF NAPOLEON, OHIO

Sanitation	Totals	Governmental Activities Internal Service Funds
\$894,908	\$25,941,816	\$325,062
(582,034)	(22,016,934)	(132,452)
(325,239)	(3,542,688)	(195,344)
(12,365)	382,194	(2,734)
0	232,970	0
0	(1,069,412)	0
0	105,263	0
0	(101,854)	0
0	(833,033)	0
0	(35,880)	0
0	5,118,507	0
0	227,254	0
0	1,285,768	0
0	6,430,000	0
0	188,769	0
0	(2,352,000)	0
0	(4,823,600)	0
0	(50,000)	0
0	(240,183)	0
0	(383,521)	0
0	(679,347)	0
0	(137,557)	0
0	4,548,210	0
11,055	90,238	0
11,055	90,238	0
(1,310)	4,187,609	(2,734)
1,715,199	19,126,952	40,614
\$1,713,889	\$23,314,561	\$37,880

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$1,687,802	\$796,382	(\$1,072,197)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	479,443	1,046,180	702,115
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(66,177)	(29,795)	(20,546)
Decrease in Deferred Outflows of Resources	162,109	108,242	89,988
Decrease (Increase) in Inventory	25,126	4,332	6,381
Increase in Net OPEB Asset	(111,747)	(82,670)	(63,987)
Increase (Decrease) in Accounts Payable	(1,049,241)	(12,058)	1,957
Decrease in Claims Payable	(3,512)	0	0
Decrease in Accrued			
Wages and Benefits	(27,772)	(20,504)	(15,653)
Decrease in Net Pension Liability	(362,753)	(224,231)	(197,207)
Decrease in Net OPEB Liability	(901,417)	(636,025)	(508,828)
Increase in Deferred Inflows of Resources	288,702	231,156	170,304
Increase (Decrease) in Compensated Absences	11,798	(7,262)	(3,876)
Total Adjustments	<u>(1,555,441)</u>	<u>377,365</u>	<u>160,648</u>
Net Cash Provided (Used) by Operating Activities	<u>\$132,361</u>	<u>\$1,173,747</u>	<u>(\$911,549)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2021, the Sewer Fund had outstanding liabilities of \$733,928 for the purchase of certain capital assets and liabilities of \$2,924, \$824 and \$106,803, respectively,

for the purchase of certain capital assets.

The Water Fund received capital contributions from various other sources in the amount of \$160,187.

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

<u>Sanitation</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$158,027	\$1,570,014	\$94,240
22,914	2,250,652	1,995
506	(116,012)	135
33,474	393,813	17,846
0	35,839	(2,018)
(25,838)	(284,242)	(14,571)
579	(1,058,763)	6,016
0	(3,512)	0
(8,585)	(72,514)	(3,630)
(68,917)	(853,108)	(34,890)
(197,976)	(2,244,246)	(108,860)
73,089	763,251	42,273
362	1,022	(1,270)
<u>(170,392)</u>	<u>(1,187,820)</u>	<u>(96,974)</u>
<u>(\$12,365)</u>	<u>\$382,194</u>	<u>(\$2,734)</u>

***Statement of Net Position
Fiduciary Funds
December 31, 2021***

	<u>Custodial Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 5,855
Total Assets	<u>5,855</u>
Liabilities:	
Intergovernmental Payable	<u>5,855</u>
Total Liabilities	<u>\$ 5,855</u>

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

***Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2021***

	<u>Custodial Funds</u>
Additions:	
Contributions:	
Fines, Licenses and Permits for Distribution	<u>1,047,991</u>
Total Additions	<u>1,047,991</u>
Deductions:	
Distributions to Other Governments	<u>1,047,991</u>
Total Deductions	<u>1,047,991</u>
Net Change in Fiduciary Net Position	0
Net Position at Beginning of Year	<u>0</u>
Net Position End of Year	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2021 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

1. Joint Ventures with Equity Interest

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Ventures with Equity Interest (Continued)

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

2. Joint Ventures without Equity Interest

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

3. Jointly Governed Organization:

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

B. Basis of Presentation - Fund Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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.

Aquatic Center Fund - To account for financial resources used for the construction of the Aquatic Center.

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, 2021***

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

These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City’s only fiduciary fund is a custodial fund. This fund is used to account for the collection and distribution of municipal court fines and forfeitures.

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, 2021***

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, 2021***

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, 2021, but which are not intended to finance 2021 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 6 “Taxes”.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. For the City, deferred outflows related to pension/OPEB are explained in notes 11 and 12.

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, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 11 and 12)

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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, 2021***

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 2021.

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 2021, 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, 2021***

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, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

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

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

	<u>Net Change In Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$41,168
Increase (Decrease):	
Accrued Revenues at December 31, 2021 received during 2022	(816,759)
Accrued Revenues at December 31, 2020 received during 2021	705,268
Accrued Expenditures at December 31, 2021 paid during 2022	200,021
Accrued Expenditures at December 31, 2020 paid during 2021	(312,842)
2020 Adjustment to Fair Value	327,649
2021 Adjustment to Fair Value	(27,131)
Outstanding Encumbrances	(96,005)
Budget Basis	<u>\$21,369</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

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

H. Investments

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

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

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

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

J. Capital Assets and Depreciation

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

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

1. Property, Plant and Equipment - Governmental Activities

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

2. Property, Plant and Equipment – Business Type Activities

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

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
Long-Term Note	Water 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
WSLRA Loans	Water Fund
Payable to Joint Venture	Electric Fund
Pension Liability/OPEB Liability	General Fund Electric Fund Water Fund Sewer Fund Sanitation Fund Central Garage Rotary Fund
Compensated Absences	General Fund Street Construction, Maintenance, and Repair Fund Recreation Fund Electric Fund Water Fund Sewer Fund Sanitation Fund Central Garage Rotary Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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, 2021***

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/Other Postemployment Benefits (OPEB)

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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 2021.

T. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.”

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. The implementation of this statement had no effect on beginning of year net position/fund balance.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficit - The fund deficit at December 31, 2021 of \$2,800 in the Fire Facility Training Grant Fund (capital project fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis and the posting of an interfund loan payable. The deficit does not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

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CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Special Assessment Bond Retirement Fund	Capital Improvement Fund	Aquatic Center Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Supplies Inventory	\$7,613	\$0	\$0	\$0	\$323,209	\$330,822
Unclaimed Monies	7,986	0	0	0	0	7,986
Total Nonspendable	15,599	0	0	0	323,209	338,808
Restricted:						
Special Assessment Debt Service Payments	0	609,288	0	0	0	609,288
Street Construction and Maintenance	0	0	0	0	779,951	779,951
State Highway Improvements	0	0	0	0	65,071	65,071
Motor Vehicle License Tax	0	0	0	0	513,374	513,374
Cemetery	0	0	0	0	70,020	70,020
Police Pension	0	0	0	0	12,050	12,050
Fire Pension	0	0	0	0	40,693	40,693
Hotel/Motel	0	0	0	0	28,511	28,511
Fire Equipment	0	0	0	0	456,396	456,396
Fire Claims Loss	0	0	0	0	94,772	94,772
CDBG Grant	0	0	0	0	34,079	34,079
Indigent Drivers Alcohol Treatment	0	0	0	0	70,913	70,913
Law Enforcement and Education	0	0	0	0	2,776	2,776
Law Enforcement	0	0	0	0	1,177	1,177
Court Computerization	0	0	0	0	192,493	192,493
Mandatory Drug Fine	0	0	0	0	17,775	17,775
Municipal Probation Service	0	0	0	0	135,916	135,916
Aquatic Center	0	0	0	302,231	0	302,231
American Rescue Plan Act	0	0	0	0	165,750	165,750
Probation Officer Grant	0	0	0	0	16,507	16,507
Court Improvement	0	0	0	0	217,465	217,465
Handicap Parking	0	0	0	0	1,100	1,100
Certified Police Training	0	0	0	0	19,004	19,004
Indigent Drivers Interlock/Alcohol	0	0	0	0	69,521	69,521
Justice Reinvestment Grant	0	0	0	0	9,284	9,284
Total Restricted	0	609,288	0	302,231	3,014,598	3,926,117
Committed:						
Special Events	190	0	0	0	0	190
Economic Development	986	0	0	0	0	986
Employee Benefits	6,603	0	0	0	0	6,603
EMS Transport Service	0	0	0	0	416,901	416,901
Recreation	0	0	0	0	563,146	563,146
Shelter House Facility Repair	0	0	0	0	4,188	4,188
Capital Improvement	0	0	712,314	0	0	712,314
CIP	0	0	0	0	72,437	72,437
Total Committed	7,779	0	712,314	0	1,056,672	1,776,765
Assigned:						
Encumbrances for Purchase Orders	94,575	0	0	0	0	94,575
Debt Service	0	0	0	0	9,394	9,394
Total Assigned	94,575	0	0	0	9,394	103,969
Unassigned						
	3,111,642	0	0	0	(2,800)	3,108,842
Total Fund Balances	\$3,229,595	\$609,288	\$712,314	\$302,231	\$4,401,073	\$9,254,501

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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

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

A. Deposits

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

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

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was \$1,092,824, including \$2,500 of cash on hand, and the bank balance was \$1,423,233. Federal depository insurance covered \$378,198 of the bank balance and \$1,045,035 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

B. Investments

The City's investments at December 31, 2021 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years)		
				less than 1	1-3	3-5
U.S. Treasury Notes	\$4,995,482	AAA ¹ / Aaa ²	Level 1	\$0	\$4,995,482	\$0
Freddie MAC	862,151	AAA ¹ / Aaa ²	Level 2	0	616,458	245,693
FFCB	2,177,541	AAA ¹ / Aaa ²	Level 2	0	1,136,861	1,040,680
FHLB	2,005,262	AAA ¹ / Aaa ²	Level 2	0	0	2,005,262
FNMA	2,505,343	AAA ¹ / Aaa ²	Level 2	0	674,799	1,830,544
STAR Ohio	5,753,406	AAA ¹ m	N/A	5,753,406	0	0
Negotiable CD's	12,582,825	N/A	Level 1	6,261,370	6,321,455	0
Total Investments	<u>\$30,882,010</u>			<u>\$12,014,776</u>	<u>\$13,745,055</u>	<u>\$5,122,179</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 U.S. Treasury Notes, Freddie MAC, FFCB, FHLB and FNMA were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. While the City has no formal investment policy, the City addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio. The negotiable certificates of deposit were not rated.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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

B. Investments (Continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments in U.S. Treasury Notes, Freddie MAC, FFCB, FHLB and FNMA in the amounts of \$4,995,482, \$862,151, \$2,177,541, \$2,005,262, and \$2,505,343 respectively are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent in the City’s name. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee. At year end, the City’s investment in negotiable certificates of deposit of \$12,582,825 was fully insured by FDIC.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. The City has invested 16% in U.S. Treasury Notes, 3% in Freddie MAC, 7% in FFCB, 7% in FHLB, 8% in FNMA, 41% in negotiable certificates of deposit and 18% in STAR Ohio.

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2021 were levied after October 1, 2020 on assessed values as of January 1, 2020, 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 2019 and the equalization adjustment was completed in 2017. 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, 2021***

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

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

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

The full tax rate for the City's operations for the year ended December 31, 2021 was \$4.80 per \$1,000 of assessed value. The assessed value upon which the 2020 receipts were based was \$171,106,790. This amount constitutes \$169,683,360 in real property assessed value and \$1,423,430 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 .48% (4.80 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 70% 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, 2021**

NOTE 7 – TAX ABATEMENT DISCLOSURES

As of December 31, 2021, the City of Napoleon provides tax incentives under a Community Reinvestment Area Program (CRA).

Real Estate Tax Abatements

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

Income Tax Abatement Programs

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

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2021.

Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2021 In Actual Dollars)
<i>Napoleon I, LLC (2010 - 2022) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2021	\$14,940
<i>Koester Land Acquisitions, LLC (2011 - 2023) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2021	13,279
<i>JAC Products Inc. (2018 - 2024) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2021	95,884
Total	\$124,103

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 8 - RECEIVABLES

Receivables at December 31, 2021 consisted of taxes, interest, accounts receivable, special assessments and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes and the stable condition of State programs.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2021:

Transfers In:	Transfers Out:				Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Electric Fund	
General Fund	\$0	\$0	\$77,094	\$0	\$77,094
Capital Improvement Fund	1,529,848	0	0	836,442	2,366,290
Nonmajor Governmental Funds	696,689	112,820	33,676	0	843,185
Water Fund	0	0	0	14,462	14,462
Sewer Fund	0	0	0	218,508	218,508
Total	<u>\$2,226,537</u>	<u>\$112,820</u>	<u>\$110,770</u>	<u>\$1,069,412</u>	<u>\$3,519,539</u>

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Certain capital assets were misclassified in the prior period. Beginning balances have been corrected to reflect proper classification. Summary by category of changes in governmental activities capital assets at December 31, 2021:

<i>Historical Cost:</i>	Reassigned December 31, 2020	Additions	Deletions	December 31, 2021
Class	2020	2020	2020	2021
<i>Capital assets not being depreciated:</i>				
Land	\$10,055,971	\$0	\$0	\$10,055,971
Construction in Progress	6,147,056	0	0	6,147,056
Subtotal	16,203,027	0	0	16,203,027
<i>Capital assets being depreciated:</i>				
Improvements	8,397,966	1,342,865	0	9,740,831
Buildings	3,814,174	0	0	3,814,174
Machinery and Equipment	6,951,089	307,967	(46,560)	7,212,496
Infrastructure	34,220,913	3,630,683	(26,509)	37,825,087
Subtotal	53,384,142	5,281,515	(73,069)	58,592,588
Total Cost	\$69,587,169	\$5,281,515	(\$73,069)	\$74,795,615
<i>Accumulated Depreciation:</i>				
Class	December 31, 2020	Additions	Deletions	December 31, 2021
Improvements	(\$1,851,048)	(\$381,094)	\$0	(\$2,232,142)
Buildings	(2,753,228)	(27,134)	0	(2,780,362)
Machinery and Equipment	(4,013,864)	(316,607)	46,560	(4,283,911)
Infrastructure	(18,815,717)	(634,439)	26,509	(19,423,647)
Total Depreciation	(\$27,433,857)	(\$1,359,274) *	\$73,069	(\$28,720,062)
<i>Net Value:</i>	\$42,153,312			\$46,075,553

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$142,126
Public Health and Welfare Services	3,440
Leisure Time Activities	55,517
Transportation	1,078,385
General Government	77,811
Total Depreciation Expense	<u>\$1,357,279</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 10 - CAPITAL ASSETS (continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2021:

<i>Historical Cost:</i>				
Class	December 31, 2019	Additions	Deletions	December 31, 2020
<i>Capital assets not being depreciated:</i>				
Land	\$289,525	\$0	(\$44,000)	\$245,525
Construction in Progress	4,262,817	0	0	4,262,817
Subtotal	4,552,342	0	(44,000)	4,508,342
<i>Capital assets being depreciated:</i>				
Buildings	26,644,240	0	0	26,644,240
Improvements	51,672,550	148,081	(4,250,014)	47,570,617
Machinery and Equipment	7,082,998	552,000	(132,642)	7,502,356
Subtotal	85,399,788	700,081	(4,382,656)	81,717,213
Total Cost	\$89,952,130	\$700,081	(\$4,426,656)	\$86,225,555
 <i>Accumulated Depreciation:</i>				
Class	December 31, 2019	Additions	Deletions	December 31, 2020
Buildings	(\$7,299,778)	(\$1,006,633)	\$0	(\$8,306,411)
Improvements	(21,576,872)	(1,040,068)	1,858,653	(20,758,287)
Machinery and Equipment	(4,541,620)	(203,951)	111,128	(4,634,443)
Total Depreciation	(\$33,418,270)	(\$2,250,652)	\$1,969,781	(\$33,699,141)
<i>Net Value:</i>	\$56,533,860			\$52,526,414

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. For additional information, see the Plan Statement in the OPERS Annual Comprehensive Financial Report.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	<u>State and Local</u>	<u>Law Enforcement</u>
2021 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	*
2021 Actual Contribution Rates		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$656,537 for 2021.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
2021 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$360,034 for 2021.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$5,008,003	\$4,481,424	\$9,489,427
Proportion of the Net Pension Liability-2021	0.033820%	0.065738%	
Proportion of the Net Pension Liability-2020	<u>0.033839%</u>	<u>0.063651%</u>	
Percentage Change	<u>(0.000019%)</u>	<u>0.002087%</u>	
Pension Expense	(\$94,503)	\$267,167	\$172,664

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$0	\$75,160	\$75,160
Differences between expected and actual experience	0	187,337	187,337
Change in proportionate share	0	151,085	151,085
City contributions subsequent to the measurement date	656,537	360,034	1,016,571
Total Deferred Outflows of Resources	<u>\$656,537</u>	<u>\$773,616</u>	<u>\$1,430,153</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,951,967	\$217,375	\$2,169,342
Differences between expected and actual experience	209,489	174,583	384,072
Change in proportionate share	43,240	135,174	178,414
Total Deferred Inflows of Resources	<u>\$2,204,696</u>	<u>\$527,132</u>	<u>\$2,731,828</u>

\$1,016,571 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2022	(\$867,254)	(\$52,234)	(\$919,488)
2023	(275,540)	90,557	(184,983)
2024	(795,869)	(176,400)	(972,269)
2025	(266,033)	2,810	(263,223)
2026	0	21,717	21,717
Total	<u>(\$2,204,696)</u>	<u>(\$113,550)</u>	<u>(\$2,318,246)</u>

Actuarial Assumptions - OPERS

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2020 and December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>December 31, 2020</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	0.5 percent simple through 2021. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age
	<u>December 31, 2019</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	1.4 percent simple through 2020. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$9,552,797	\$5,008,003	\$1,229,019

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, compared with January 1, 2019, are presented below.

	<u>January 1, 2020</u>	<u>January 1, 2019</u>
Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

For the January 1, 2020 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For the January 1, 2020 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016. The prior experience study was completed December 31, 2011.

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2020 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

* levered 2x

Note: Assumptions are geometric

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2020, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2019 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$6,238,718	\$4,481,424	\$3,010,749

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2021.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. 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 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent 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, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also 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 contractually required contribution to OP&F was \$8,755 for 2021.

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (Asset)	(\$603,472)	\$696,504	\$93,032
Proportion of the Net OPEB Liability (Asset)-2021	0.033873%	0.065738%	
Proportion of the Net OPEB Liability-2020	<u>0.033834%</u>	<u>0.063651%</u>	
Percentage Change	<u>0.0000390%</u>	<u>0.002087%</u>	
OPEB Expense	(\$3,724,377)	\$56,879	(\$3,667,498)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$296,676	\$384,782	\$681,458
Change in proportionate share	0	44,357	44,357
City contributions subsequent to the measurement date	0	8,755	8,755
Total Deferred Outflows of Resources	<u>\$296,676</u>	<u>\$437,894</u>	<u>\$734,570</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$321,426	\$25,882	\$347,308
Differences between expected and actual experience	544,633	114,887	659,520
Changes in assumptions	977,809	111,035	1,088,844
Change in proportionate share	4,877	65,732	70,609
Total Deferred Inflows of Resources	<u>\$1,848,745</u>	<u>\$317,536</u>	<u>\$2,166,281</u>

\$8,755 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2022	(\$812,665)	\$20,901	(\$791,764)
2023	(561,850)	27,027	(534,823)
2024	(139,677)	17,368	(122,309)
2025	(37,877)	19,711	(18,166)
2026	0	12,115	12,115
2027	0	10,260	10,260
2028	0	4,221	4,221
Total	<u>(\$1,552,069)</u>	<u>\$111,603</u>	<u>(\$1,440,466)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent initial, 3.5 percent ultimate in 2035
Prior Measurement date	10.5 percent initial, 3.5 percent ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$150,057)	(\$603,472)	(\$976,220)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$618,182)	(\$603,472)	(\$587,019)

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	2.96 percent	3.56 percent
Cost of Living Adjustments	2.2 percent simple	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016. The prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

* levered 2x

Note: Assumptions are geometric

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$868,503	\$696,504	\$554,628

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 13 – COMPENSATED ABSENCES

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

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

At December 31, 2021, the City's accumulated, unpaid compensated absences amounted to \$1,186,144, of which \$724,410 is recorded as a liability of the Governmental Activities and \$461,734 is recorded as a liability of the Business-Type Activities.

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2021 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2020	Additions	(Reductions)	Balance December 31, 2021	Amount Due Within One Year
Business-Type Activities:								
General Obligation Note:								
2020	2.00%	Water Plant Renovation and Improvements	2021	\$2,352,000	\$0	(\$2,352,000)	\$0	\$0
Revenue Bonds:								
2010	4.60%	Sewer - Sewer System Improvement (Refunding 1998)	2040	752,600	0	(752,600)	0	0
2010	4.60%	Sewer - Woodlawn Avenue Reconstruction	2040	667,400	0	(667,400)	0	0
2010	7.50%	Sewer - West Washington Avenue Reconstruction	2040	2,070,000	0	(2,070,000)	0	0
2012	4.00%	Water - Clairmont Avenue Project	2042	156,400	0	(156,400)	0	0
2012	4.00%	Sewer - Haley I & I Reduction Project	2042	763,600	0	(763,600)	0	0
2020	2.00%	Water - Water System Improvement (Refunding 2004 - 2010)	2040	2,545,000	0	(295,000)	2,250,000	290,000
		Premium		85,445	0	(4,273)	81,172	0
2021	3.00%	Water Improvement Bonds	2040	0	2,360,000	(105,000)	2,255,000	100,000
		Premium		0	55,748	(2,788)	52,960	0
2021	5.00%	Sewer - Sewer System Improvement (Refunding 2010 - 2012)	2041	0	4,070,000	(170,000)	3,900,000	170,000
		Premium		0	133,021	(6,046)	126,975	0
Total Revenue Bonds				7,040,445	6,618,769	(4,993,107)	8,666,107	560,000
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		198,439	0	0	198,439	0
Total OSWRC Loans				246,499	0	0	246,499	0
Ohio Public Works Commission Loan (OPWC):								
2008		Woodlawn Avenue Improvements	2029	225,000	0	(50,000)	175,000	25,000
Ohio Water Development Authority Loans (OWDA):								
2005	4.490%	OWDA - Water - NP Waterline Improvements	2025	92,196	0	(18,926)	73,270	19,786
2005	4.490%	OWDA - Sewer - E. Maumee Sewer Tap	2025	167,768	0	(44,212)	123,556	93,475
2005	4.490%	OWDA - Sewer - NP Sewerline Improvements	2025	267,802	0	(45,203)	222,599	45,204
2019	1.000%	OWDA - Sewer - Williams Pump Station Improvements	2040	1,322,056	78,705	(107,841)	1,292,920	0
2020	0.000%	OWDA - Sewer - WWTP Improvements Phase I	2026	823,104	1,207,063	0	2,030,167	0
2020	0.000%	OWDA - Sewer - VanHyning Pumping Station Replacement	2025	76,000	0	(24,000)	52,000	0
Total Ohio Water Development Authority Loans				2,748,926	1,285,768	(240,182)	3,794,512	158,465
Water Pollution Control Loan Fund Loans (WPCLF):								
2008		EQ Basin Storm Water Retention	2030	4,012,935	0	(383,521)	3,629,414	383,521
WSRLA Loan:								
2017	0.000%	Water Plant Reconstruction	2048	15,503,850	0	(679,347)	14,824,503	0
Compensated Absences				460,712	461,734	(460,712)	461,734	183,256
Net Pension Liability				3,211,965	0	(853,108)	2,358,857	0
Net OPEB Liability				2,244,246	0	(2,244,246)	0	0
Total Business-Type Long-Term Debt				<u>\$38,046,578</u>	<u>\$8,366,271</u>	<u>(\$12,256,223)</u>	<u>\$34,156,626</u>	<u>\$1,310,242</u>

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 14 - LONG-TERM DEBT (Continued)

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2020	Additions	(Reductions)	Balance December 31, 2021	Amount Due Within One Year
Governmental Activities:								
Bond Anticipation Note:								
2020	2.00%	Municipal Swimming Pool	2021	\$3,500,000	\$0	(\$3,500,000)	\$0	\$0
General Obligation Bonds:								
2005	3.00% - 5.00%	Northcrest Drive	2025	130,000	0	(25,000)	105,000	25,000
2005	3.00% - 5.00%	SR 424 Resurfacing	2025	100,000	0	(20,000)	80,000	20,000
2010	4.50%	Courthouse Renovations	2025	295,000	0	(55,000)	240,000	55,000
2021	3.00%	Municipal Pool Premium	2040	0	4,040,000	(180,000)	3,860,000	170,000
				0	95,223	(4,761)	90,462	0
Total General Obligation Bonds				525,000	4,135,223	(284,761)	4,375,462	270,000
Compensated Absences				585,394	724,410	(585,394)	724,410	350,052
Net Pension Liability				7,764,416	0	(633,846)	7,130,570	0
Net OPEB Liability				3,057,838	0	(2,361,334)	696,504	0
Total Governmental Activities Long-Term Debt				\$15,432,648	\$4,859,633	(\$7,365,335)	\$12,926,946	\$620,052

The fund balance of \$609,288 in the Special Assessment Bond Retirement Fund at December 31, 2021 is restricted for the retirement of outstanding special assessment debt. 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 \$383,521 during 2021 to a year end balance of \$3,629,414.

Ohio Water Development Authority Loans - The City entered into two loan agreements with Ohio Water Development Authority (OWDA) in 2005. 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 City entered into a loan agreement with OWDA in 2019. This was for the Sewer Pump improvements at the Williams Station (loan number 8541). The City also entered into two loan agreements with OWDA in 2020 to finance the VanHyiung Pumping Station Replacement and for Phase I improvements to the waste water treatment plant. 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, 2021***

NOTE 14 - LONG-TERM DEBT (Continued)

Refunding Bonds, Series 2021 - On January 7, 2021, the City refunded \$4,253,600 of outstanding sewer improvement bonds (the “2010 and 2012 Bonds”) with an interest rate ranging from 1.0% - 5.0% with \$4,070,000 of refunding bonds issued in January 2021. The entire principal amount of the 2010 and 2012 bonds was paid off during 2021. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a net present value savings to the City of \$1,557,497.

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 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>
2022	45,000
2023	45,000
2024	45,000
2025	50,000

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 14 - LONG-TERM DEBT (Continued)

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

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.

2021 Revenue Bonds - During 2021, the City issued \$2,360,000 worth of Water Mortgage Revenue bonds for work done on the City's water lines. These bonds have an interest rate of 1.0% - 3.0%. These bonds are scheduled to mature in 2040 and will be retired from the City's Water Fund through user charges.

Ohio Public Works Commission Loans - The City entered into a loan agreement with Ohio Public Works Commission (OPWC) on January 16, 2008, in the amount of \$500,000, to finance the Woodlawn Avenue Improvement Project. This OPWC loan carries 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.

2021 General Obligation Bond - During 2021, the City issued a \$4,040,000 General Obligation Bond for work done on the City's municipal pool. This bond had an interest rate of 1.0% - 4.0% and is scheduled to mature in 2040.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 14 - LONG-TERM DEBT (Continued)

A. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2021 follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		OWDA Loans		OPWC Loans		WPCLF Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$270,000	\$94,352	\$560,000	\$149,429	\$113,261	\$18,435	\$25,000	\$0	\$383,521	\$31,445
2023	280,000	75,722	580,000	132,129	118,403	13,331	25,000	0	395,172	27,523
2024	285,000	60,734	600,000	114,229	123,780	7,996	25,000	0	399,133	23,561
2025	305,000	47,790	530,000	94,577	63,981	2,668	25,000	0	403,135	19,559
2026	195,000	36,990	550,000	77,329	0	0	25,000	0	1,653,358	37,417
2027-2031	1,000,000	155,400	2,165,000	310,013	0	0	50,000	0	395,095	3,149
2032-2036	1,055,000	103,185	1,820,000	207,795	0	0	0	0	0	0
2037-2041	895,000	33,735	1,555,000	72,492	0	0	0	0	0	0
2042-2045	0	0	45,000	900	0	0	0	0	0	0
Totals	\$4,285,000	\$607,908	\$8,405,000	\$1,158,893	\$419,425	\$42,430	\$175,000	\$0	\$3,629,414	\$142,654

OWDA loan numbers 8541, 9341 and 8585 payable in the amounts of \$1,292,920, \$2,030,167 and \$52,000 respectively, are not included in the above maturity tables. The construction has started, but we do not have final amortization schedules from OWDA.

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, 2021***

NOTE 15 - RISK MANAGEMENT

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

A. PEP Property and Casualty Pool

The PEP Property and Casualty Pool provides boiler and machinery, automobile liability, automobile physical damage, general liability, crime and property, and public officials insurance coverage up to specifics limits. There are currently 553 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 2020, the City paid \$178,500 for property and casualty coverage from 12/01/20 – 11/30/2021 and during 2021, paid \$211,944 for property and casualty coverage from 12/01/21 – 11/30/2022.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2021, 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, 2020 and 2019 (the latest information available):

	<u>2020</u>	<u>2019</u>
Assets	\$ 57,336,499	\$ 54,973,597
Liabilities	<u>(16,156,805)</u>	(16,440,940)
Net Position – Unrestricted	\$ 41,179,694	\$ 38,532,657

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 15 - RISK MANAGEMENT (Continued)

A. PEP Property and Casualty Pool (Continued)

	<u>2020</u>	<u>2019</u>
Number of Members	570	553
Unpaid Claims to be Billed in the Future	\$13.5 million	\$13.7 million

The Pool's membership increased from 553 members in 2019 to 570 members in 2020.

The Pool uses reinsurance and excess risk sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which, like PEP, is administered by York Risk Pooling Services, Inc. (York). APEEP provides the Pool with an excess risk sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2019 the Pool retained \$500,000 for casualty claims and \$250,000 for property claims). The Board of Directors and York periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 15 - RISK MANAGEMENT (Continued)

B. BORMA Health Benefits Pool

The BORMA Health Benefits Pool is for employee benefits and includes Life Insurance, Accidental Death and Dismemberment Insurance, Health Insurance and Prescription Drug Insurance. Each pool member has its own respective plan and coverage it has elected to provide for its employees. Premiums paid into the pool by each member are based on the level of coverage within each respective plan. In 2020, the pool included the following Ohio Cities and Villages as members: Archbold, Bowling Green, Bucyrus, Carey, Defiance, Fayette, Fremont, Hunting Valley, Hicksville, Napoleon, Oberlin, Oregon and Sandusky County Health Department. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2020, the pool had total reported assets of \$9,584,263. Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 15 - RISK MANAGEMENT (Continued)

B. BORMA Health Benefits Pool (Continued)

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

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

C. ORWA Workers Compensation Pool and Unemployment Benefits

The City participates in the State of Ohio's Bureau of Workers Compensation Group Rating Program as a member of the ORWA Workers Compensation Group Rated Pool. The ORWA pool is one of many organized group rated pools, authorized by the State of Ohio, providing lowered Workers Compensation Insurance Premiums to groups of like entities. Benefits received by injured workers are established and controlled by the State of Ohio Bureau of Workers Compensation. The City pays the State Workers Compensation a premium based upon a rate per \$100 of payroll paid in the prior year, plus administrative costs. The annual rate is a computed factor (%) using the past five (5) years of loss history for both the City and the other members of the group in the ORWA pool. During 2021, the City paid \$87,507 for Workers Compensation premiums. It should be noted that premiums are based on the prior fiscal year's (2015) gross payroll. Starting in 2017, Workers' Compensation changed from a perspective billing to a prospective billing basis. Premium payment is trued up in the next fiscal year.

D. State Unemployment Benefits

The City pays Unemployment Benefits Claims as they occur directly to the Ohio Department of Job and Family Services of the State of Ohio. Political Subdivisions in Ohio are not required to pay the unemployment tax. During 2021, the City paid \$0 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, 2021***

NOTE 16 - JOINT VENTURES

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

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

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. 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 (\$1,050) at December 31, 2021. 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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CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 16 - JOINT VENTURES (Continued)

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

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2021 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, 2021***

NOTE 16 - JOINT VENTURES (Continued)

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

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

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

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

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2021 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, 2021***

NOTE 16 - JOINT VENTURES (Continued)

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

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

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$219,610 at December 31, 2021. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 16 - JOINT VENTURES (Continued)

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

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

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

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$165,111 at December 31, 2021. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 16 - JOINT VENTURES (Continued)

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

The ten participating subdivisions and their respective ownership shares at December 31, 2021 are:

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 16 - JOINT VENTURES (Continued)

D. Prairie State Energy Campus (68 Members)

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

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “*Initial Prairie State Bonds*”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of December 31, 2021, AMP had \$1,413,165,000 aggregate principal amount of Prairie State Bonds outstanding.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract with 68 Members (the “*Prairie State Participants*”). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract. The capacity factor for the Prairie State Energy Campus for the fiscal year ending December 31, 2021 was 81.4%.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 16 - JOINT VENTURES (Continued)

E. AMP Fremont Energy Center (AFEC)

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

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

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2021, \$405,280,000 aggregate principal amount of AFEC Bonds was outstanding.

In April 2021, AMP executed a Gas Supply Contract (the “Gas Supply Contract”) with Tennergy Corporation (“Tennergy”) under the terms of which Tennergy will provide a portion of the natural gas made available to Tennergy under the terms of a Prepaid Natural Gas Sales Agreement (“Prepaid Natural Gas Sales Agreement”) between Tennergy and a subsidiary of Morgan Stanley. Under the Gas Supply Contract, AMP receives the benefit of a discount from market index gas priced.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 16 - JOINT VENTURES (Continued)

F. Combined Hydroelectric Projects (79 Members)

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

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the “*Combined Hydroelectric Bonds*”), in an original aggregate principal amount of \$2,354,485,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2021, \$2,119,182,647 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$23.1 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

In August 2017, AMP filed a lawsuit against Voith Hydro, Inc. (“*Voith*”), the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project (as hereinafter defined). See “LITIGATION – RELATING TO THE COMBINED HYDROELECTRIC PROJECTS AND MELDAHL PROJECT” herein.

As part of the initial disclosures, AMP listed 70 potential witnesses and \$90 million in gross damages, while Voith listed over 100 potential witnesses and \$65 million in gross damages. A scheduling order has been established which provides for an October 31, 2022 trial date.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 16 - JOINT VENTURES (Continued)

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

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

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds (“*Meldahl Bonds*”) in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2021, \$655,050,000 aggregate principal amount of the Meldahl Bonds and approximately \$2.3 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Meldahl Bonds.

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

H. Napoleon Solar (3 Members)

AMP owns the Napoleon Solar Project, a 3.54 MW solar installation, located in Napoleon, Ohio. The Napoleon Solar Project entered commercial operation in August 2012. The output of the Napoleon Solar Project is sold pursuant to the terms of a take-or-pay power sales contract with three of AMP’s Members. The cost of the Napoleon Solar Project was financed with the proceeds of a draw on the Line of Credit. As of December 31, 2021, \$3,642,991 on AMP’s Line of Credit was allocable to the financing or refinancing of costs related to the Napoleon Solar Project.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 16 - JOINT VENTURES (Continued)

I. Greenup Hydroelectric Project (47 Members)

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the “AMP Interest”) in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “Greenup Bonds”) and, with a portion of the proceeds thereof, acquired the AMP Interest. The Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2021, \$120,600,000 aggregate principal amount of the Greenup Bonds was outstanding and approximately \$0.55 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit were outstanding under the indenture securing the Greenup Bonds.

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

J. Community Improvement Corporation (CIC)

The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. The CIC is governed by a Board of 10 Trustees. Five of these trustees are residents of the City of Napoleon and the remaining five are residents of Henry County. The City's degree of control over the Board is limited to its representation on the Board. The City has no equity interest in the CIC. The City paid \$39,000 to the CIC during 2021. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 17 - CONTINGENCIES

A. American Municipal Power Generating Station Project (AMPGS)

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

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

Since March 31, 2014 the City has made payments of \$850,620 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the City's allocation of additional costs incurred by the project is \$25,570 and interest expense incurred on AMP's line-of-credit of \$4,288, resulting in a net impaired cost estimate at December 31, 2021 of \$229.

The City does have a potential PHFU Liability of \$610,940 resulting in a net total potential liability of \$614,681, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

B. Litigation

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 17 - CONTINGENCIES (Continued)

C. Asset Retirement Obligations

GASB Statement No. 83 “*Certain Asset Retirement Obligations*” establishes criteria for determining the recognition of a liability for an Asset Retirement Obligation (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Recognition of the ARO occurs when the liability is both incurred and reasonably estimable. An ARO is incurred based on external laws, regulations, or contracts.

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment facilities and the permit would specify the procedures required to dispose of all or part of the sewage treatment plant. At this time, the City does not have an approved permit from the Ohio EPA to dispose of all or part of their sewage treatment plants. Due to the lack of specific legal requirements for retiring the sewage treatment plants, the City has determined that the amount of the Asset Retirement Obligation cannot be reasonably estimated.

NOTE 18 – SIGNIFICANT COMMITMENTS

There were significant encumbrances outstanding at year-end in the American Rescue Plan Act Fund (special revenue fund) and the Capital Improvement Fund (capital projects fund) in the amounts of \$190,147 and \$240,891. These amounts are reported as part of the restricted and committed fund balances respectively.

NOTE 19 – CORONAVIRUS (COVID-19)

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

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

Ohio Public Employees Retirement System

Year	2014	2015	2016
City's proportion of the net pension liability	0.036165%	0.036165%	0.035699%
City's proportionate share of the net pension liability	\$4,263,382	\$4,361,903	\$6,183,555
City's covered payroll	\$3,460,008	\$4,450,275	\$4,795,008
City's proportionate share of the net pension liability as a percentage of its covered payroll	123.22%	98.01%	128.96%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

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

Ohio Police and Fire Pension Fund

Year	2014	2015	2016
City's proportion of the net pension liability	0.0728821%	0.0728821%	0.070684%
City's proportionate share of the net pension liability	\$3,549,587	\$3,775,597	\$4,547,148
City's covered payroll	\$1,190,129	\$1,497,328	\$1,509,393
City's proportionate share of the net pension liability as a percentage of its covered payroll	298.25%	252.16%	301.26%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

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

Notes: The City implemented GASB Statement 68 in 2015.

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

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

See accompanying notes to required supplementary information

CITY OF NAPOLEON, OHIO

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
0.034863%	0.036763%	0.034758%	0.033839%	0.033820%
\$7,916,741	\$5,767,324	\$9,519,511	\$6,688,505	\$5,008,003
\$4,506,742	\$4,748,600	\$4,694,650	\$4,761,086	\$4,769,814
175.66%	121.45%	202.77%	140.48%	104.99%
77.25%	84.66%	74.70%	82.17%	86.88%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
0.064993%	0.066267%	0.064170%	0.063651%	0.065738%
\$4,116,571	\$4,067,121	\$5,237,967	\$4,287,876	\$4,481,424
\$1,468,432	\$1,524,027	\$1,527,850	\$1,629,373	\$1,379,061
280.34%	266.87%	342.83%	263.16%	324.96%
68.36%	70.91%	63.07%	69.89%	70.65%

CITY OF NAPOLEON, OHIO

***Schedule of City Pension Contributions
Last Nine Years***

Ohio Public Employees Retirement System

Fiscal Year	2013	2014	2015
Contractually required contribution	\$449,801	\$534,033	\$575,401
Contributions in relation to the contractually required contribution	449,801	534,033	575,401
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$3,460,008	\$4,450,275	\$4,795,008
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%

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

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	\$203,274	\$304,856	\$303,237
Contributions in relation to the contractually required contribution	203,274	304,856	303,237
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$1,190,129	\$1,497,328	\$1,509,393
Contributions as a percentage of covered payroll	17.08%	20.36%	20.09%

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

Notes: The City implemented GASB Statement 68 in 2015.

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

See accompanying notes to required supplementary information

CITY OF NAPOLEON, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$540,809	\$631,563	\$657,251	\$666,552	\$667,774	\$672,782
<u>540,809</u>	<u>631,563</u>	<u>657,251</u>	<u>666,552</u>	<u>667,774</u>	<u>672,782</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,506,742	\$4,748,600	\$4,694,650	\$4,761,086	\$4,769,814	\$4,805,586
12.00%	13.00%	14.00%	14.00%	14.00%	14.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$295,008	\$306,177	\$306,945	\$327,341	\$293,740	\$360,034
<u>295,008</u>	<u>306,177</u>	<u>306,945</u>	<u>327,341</u>	<u>293,740</u>	<u>360,034</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,468,432	\$1,524,027	\$1,527,850	\$1,629,373	\$1,379,061	\$1,690,300
20.09%	20.09%	20.09%	20.09%	21.30%	21.30%

***Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
Last Five Years***

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.033745%	0.035762%	0.033927%
City's proportionate share of the net OPEB liability (asset)	\$3,408,342	\$3,883,467	\$4,423,283
City's covered payroll	\$4,506,742	\$4,748,600	\$4,694,650
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	75.63%	81.78%	94.22%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	54.50%	54.14%	46.33%

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

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability	0.064993%	0.066267%	0.064170%
City's proportionate share of the net OPEB liability	\$3,085,056	\$3,754,610	\$584,364
City's covered payroll	\$1,468,432	\$1,524,027	\$1,527,850
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	210.09%	246.36%	38.25%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2016 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability.

See accompanying notes to required supplementary information

CITY OF NAPOLEON, OHIO

<u>2020</u>	<u>2021</u>
0.033834%	0.033873%
\$4,673,357	(\$603,472)
\$4,761,086	\$4,769,814
98.16%	(12.65%)
47.80%	115.57%

<u>2020</u>	<u>2021</u>
0.063651%	0.065738%
\$628,727	\$696,504
\$1,629,373	\$1,379,061
38.59%	50.51%
47.08%	45.42%

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Nine Years***

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	\$34,600	\$89,006	\$95,900
Contributions in relation to the contractually required contribution	<u>34,600</u>	<u>89,006</u>	<u>95,900</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$3,460,008	\$4,450,275	\$4,795,008
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

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

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	\$5,951	\$7,487	\$7,547
Contributions in relation to the contractually required contribution	<u>5,951</u>	<u>7,487</u>	<u>7,547</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,190,129	\$1,497,328	\$1,509,393
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2013 is not available.

See accompanying notes to required supplementary information

CITY OF NAPOLEON, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$90,135	\$47,486	\$0	\$0	\$0	\$0
<u>90,135</u>	<u>47,486</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,506,742	\$4,748,600	\$4,694,650	\$4,761,086	\$4,769,814	\$4,805,586
2.00%	1.00%	0.00%	0.00%	0.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$7,342	\$7,441	\$7,448	\$7,746	\$7,237	\$8,755
<u>7,342</u>	<u>7,441</u>	<u>7,448</u>	<u>7,746</u>	<u>7,237</u>	<u>8,755</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,468,432	\$1,524,027	\$1,527,850	\$1,629,373	\$1,379,061	\$1,690,300
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

***Notes to the Supplementary Required Information
For the Year Ended December 31, 2021***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2021.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality Table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2021.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

***Notes to the Supplementary Required Information
For the Year Ended December 31, 2021***

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND (Continued)

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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***Notes to the Supplementary Required Information
For the Year Ended December 31, 2021***

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021.

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

***Notes to the Supplementary Required Information
For the Year Ended December 31, 2021***

NET OPEB LIABILITY (ASSET) (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND (Continued)

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.

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*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Motor Vehicle License Tax Fund

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

EMS Transport Service Fund

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

Recreation Fund

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

Shelter House Facility Repair Fund

To account for the maintenance and repair of public shelter house facilities.

Hotel/Motel Tax Fund

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

Fire Loss Claims Fund

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

Community Development Block Grant (CDBG) Income Fund

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

Indigent Drivers Alcohol Treatment Fund

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

(Continued)

Special Revenue Funds (Continued)

Law Enforcement and Education Fund

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

Court Computerization Fund

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

Law Enforcement Trust Fund

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

Mandatory Drug Fine Fund

To account for mandatory fines collected for drug related offenses.

Fire Equipment Fund

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

Municipal Probation Service Fund

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

Probation Officer Grant Fund

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

Court Improvement Fund

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

Handicap Parking Fines Fund

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

Police Pension Fund

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

Fire Pension Fund

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

(Continued)

Special Revenue Funds (Continued)

Cemetery Fund

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

Justice Reinvestment Incentive Grant Fund

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

Certified Police Training Fund

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

Indigent Drivers Interlock/Alcohol Fund

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

Local Coronavirus Relief Fund

This fund is used to account for Coronavirus Relief funds received through passage of the CARES Act. These funds can be used for necessary expenditures incurred due to the Covid-19 public health emergency. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

American Rescue Plan Act Fund

This fund is used to account for Coronavirus State and Local Fiscal Recovery funds received as part of the American Rescue Plan Act.

Debt Service Fund

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

General Bond Retirement Fund

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

(Continued)

Capital Projects Funds

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

Fire Facility Training Grant Fund

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

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, 2021**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 4,170,103	\$ 9,394	\$ 72,437	\$ 4,251,934
Receivables:				
Taxes	157,896	0	0	157,896
Accounts	449,052	0	0	449,052
Intergovernmental	437,363	0	0	437,363
Interest	3,500	0	0	3,500
Loans	137,395	0	0	137,395
Inventory of Supplies, at Cost	323,209	0	0	323,209
Total Assets	\$ 5,678,518	\$ 9,394	\$ 72,437	\$ 5,760,349
Liabilities:				
Accounts Payable	\$ 248,064	\$ 0	\$ 0	\$ 248,064
Accrued Wages and Benefits Payable	46,482	0	0	46,482
Interfund Loans Payable	0	0	2,800	2,800
Unearned Revenue	122,692	0	0	122,692
Total Liabilities	417,238	0	2,800	420,038
Deferred Inflows of Resources:				
Unavailable Amounts	785,242	0	0	785,242
Property Tax for Next Fiscal Year	153,996	0	0	153,996
Total Deferred Inflows of Resources	939,238	0	0	939,238
Fund Balances:				
Nonspendable	323,209	0	0	323,209
Restricted	2,961,855	0	0	2,961,855
Committed	984,235	0	72,437	1,056,672
Assigned	0	9,394	0	9,394
Unassigned	52,743	0	(2,800)	49,943
Total Fund Balances	4,322,042	9,394	69,637	4,401,073
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,678,518	\$ 9,394	\$ 72,437	\$ 5,760,349

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2021***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$ 139,422	\$ 0	\$ 0	\$ 139,422
Intergovernmental Revenues	1,263,744	0	0	1,263,744
Charges for Services	854,121	0	0	854,121
Investment Earnings	19,014	0	0	19,014
Fines and Forfeitures	150,117	0	0	150,117
All Other Revenue	125,692	0	0	125,692
Total Revenue	2,552,110	0	0	2,552,110
Expenditures:				
Current:				
Security of Persons and Property	701,017	0	0	701,017
Leisure Time Activities	986,655	0	0	986,655
Community Environment	49,315	0	0	49,315
Transportation	523,594	0	0	523,594
General Government	238,620	0	0	238,620
Capital Outlay	8,942	0	0	8,942
Debt Service:				
Principal Retirement	55,000	45,000	0	100,000
Interest and Fiscal Charges	11,800	57,341	0	69,141
Total Expenditures	2,574,943	102,341	0	2,677,284
Excess (Deficiency) of Revenues Over Expenditures	(22,833)	(102,341)	0	(125,174)
Other Financing Sources (Uses):				
Transfers In	786,685	56,500	0	843,185
Transfers Out	(110,770)	0	0	(110,770)
Total Other Financing Sources (Uses)	675,915	56,500	0	732,415
Net Change In Fund Balance	653,082	(45,841)	0	607,241
Fund Balances at Beginning of Year	3,703,188	55,235	69,637	3,828,060
Increase Decrease in Inventory Reserve	(34,228)	0	0	(34,228)
Fund Balances End of Year	\$ 4,322,042	\$ 9,394	\$ 69,637	\$ 4,401,073

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021**

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Assets:				
Cash and Cash Equivalents	\$ 808,961	\$ 57,868	\$ 501,953	\$ 333,445
Receivables:				
Taxes	0	0	0	0
Accounts	3,838	0	0	415,952
Intergovernmental	266,472	21,609	34,263	0
Interest	875	63	543	0
Loans	0	0	0	0
Inventory of Supplies, at Cost	313,219	0	0	0
Total Assets	\$ 1,393,365	\$ 79,540	\$ 536,759	\$ 749,397
Liabilities:				
Accounts Payable	\$ 114,595	\$ 0	\$ 0	\$ 4,017
Accrued Wages and Benefits Payable	7,077	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	121,672	0	0	4,017
Deferred Inflows of Resources:				
Unavailable Amounts	178,523	14,469	23,385	328,479
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	178,523	14,469	23,385	328,479
Fund Balances:				
Nonspendable	313,219	0	0	0
Restricted	779,951	65,071	513,374	0
Committed	0	0	0	416,901
Total Fund Balances	1,093,170	65,071	513,374	416,901
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,393,365	\$ 79,540	\$ 536,759	\$ 749,397

CITY OF NAPOLEON, OHIO

Recreation	Shelter House Facility Repair	Hotel/Motel Tax	Fire Loss Claims	CDBG Income	Indigent Drivers Alcohol Treatment
\$ 583,913	\$ 4,188	\$ 0	\$ 94,772	\$ 34,079	\$ 70,913
0	0	0	0	0	0
698	0	28,511	0	0	0
0	0	0	0	0	0
632	5	0	0	0	77
0	0	0	0	137,395	0
9,990	0	0	0	0	0
<u>\$ 595,233</u>	<u>\$ 4,193</u>	<u>\$ 28,511</u>	<u>\$ 94,772</u>	<u>\$ 171,474</u>	<u>\$ 70,990</u>
\$ 11,602	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
9,863	0	0	0	0	0
0	0	0	0	0	0
<u>21,465</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
632	5	0	0	137,395	77
0	0	0	0	0	0
<u>632</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>137,395</u>	<u>77</u>
9,990	0	0	0	0	0
0	0	28,511	94,772	34,079	70,913
563,146	4,188	0	0	0	0
<u>573,136</u>	<u>4,188</u>	<u>28,511</u>	<u>94,772</u>	<u>34,079</u>	<u>70,913</u>
<u>\$ 595,233</u>	<u>\$ 4,193</u>	<u>\$ 28,511</u>	<u>\$ 94,772</u>	<u>\$ 171,474</u>	<u>\$ 70,990</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021**

	Law Enforcement and Education	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine
Assets:				
Cash and Cash Equivalents	\$ 2,726	\$ 192,493	\$ 1,177	\$ 17,775
Receivables:				
Taxes	0	0	0	0
Accounts	50	0	0	0
Intergovernmental	0	0	0	0
Interest	3	205	0	19
Loans	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	\$ 2,779	\$ 192,698	\$ 1,177	\$ 17,794
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	0	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	3	205	0	19
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	3	205	0	19
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	2,776	192,493	1,177	17,775
Committed	0	0	0	0
Total Fund Balances	2,776	192,493	1,177	17,775
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,779	\$ 192,698	\$ 1,177	\$ 17,794

CITY OF NAPOLEON, OHIO

<u>Fire Equipment</u>	<u>Municipal Probation Service</u>	<u>Probation Officer Grant</u>	<u>Court Improvement</u>	<u>Handicap Parking Fines</u>	<u>Police Pension</u>
\$ 456,396	\$ 135,916	\$ 4,246	\$ 217,462	\$ 1,100	\$ 29,169
0	0	0	0	0	105,264
0	0	0	3	0	0
0	0	73,949	0	0	6,024
494	145	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 456,890</u>	<u>\$ 136,061</u>	<u>\$ 78,195</u>	<u>\$ 217,465</u>	<u>\$ 1,100</u>	<u>\$ 140,457</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	73	0	0	17,302
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>73</u>	<u>0</u>	<u>0</u>	<u>17,302</u>
494	145	61,615	0	0	8,441
0	0	0	0	0	102,664
<u>494</u>	<u>145</u>	<u>61,615</u>	<u>0</u>	<u>0</u>	<u>111,105</u>
0	0	0	0	0	0
456,396	135,916	16,507	217,465	1,100	12,050
0	0	0	0	0	0
<u>456,396</u>	<u>135,916</u>	<u>16,507</u>	<u>217,465</u>	<u>1,100</u>	<u>12,050</u>
<u>\$ 456,890</u>	<u>\$ 136,061</u>	<u>\$ 78,195</u>	<u>\$ 217,465</u>	<u>\$ 1,100</u>	<u>\$ 140,457</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021**

	Fire Pension	Cemetery	Justice Reinvestment Incentive Grant	Certified Police Training
Assets:				
Cash and Cash Equivalents	\$ 52,584	\$ 70,020	\$ 4,181	\$ 19,004
Receivables:				
Taxes	52,632	0	0	0
Accounts	0	0	0	0
Intergovernmental	3,012	0	32,034	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	\$ 108,228	\$ 70,020	\$ 36,215	\$ 19,004
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 51	\$ 0
Accrued Wages and Benefits Payable	11,982	0	185	0
Unearned Revenue	0	0	0	0
Total Liabilities	11,982	0	236	0
Deferred Inflows of Resources:				
Unavailable Amounts	4,221	0	26,695	0
Property Tax for Next Fiscal Year	51,332	0	0	0
Total Deferred Inflows of Resources	55,553	0	26,695	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	40,693	70,020	9,284	19,004
Committed	0	0	0	0
Total Fund Balances	40,693	70,020	9,284	19,004
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 108,228	\$ 70,020	\$ 36,215	\$ 19,004

CITY OF NAPOLEON, OHIO

<u>Indigent Drivers Interlock/Alcohol</u>	<u>American Rescue Plan</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 69,521	\$ 406,241	\$ 4,170,103
0	0	157,896
0	0	449,052
0	0	437,363
0	439	3,500
0	0	137,395
0	0	323,209
<u>\$ 69,521</u>	<u>\$ 406,680</u>	<u>\$ 5,678,518</u>
\$ 0	\$ 117,799	\$ 248,064
0	0	46,482
0	122,692	122,692
<u>0</u>	<u>240,491</u>	<u>417,238</u>
0	439	785,242
0	0	153,996
<u>0</u>	<u>439</u>	<u>939,238</u>
0	0	323,209
69,521	165,750	3,014,598
0	0	984,235
<u>69,521</u>	<u>165,750</u>	<u>4,322,042</u>
<u>\$ 69,521</u>	<u>\$ 406,680</u>	<u>\$ 5,678,518</u>

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	564,770	45,793	114,274	0
Charges for Services	15,099	0	0	478,112
Investment Earnings	4,307	321	2,783	0
Fines and Forfeitures	0	0	0	398
All Other Revenue	11,234	0	0	0
Total Revenue	595,410	46,114	117,057	478,510
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	348,968
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	480,026	26,283	17,255	0
General Government	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	480,026	26,283	17,255	348,968
Excess (Deficiency) of Revenues Over Expenditures	115,384	19,831	99,802	129,542
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	(31,680)
Total Other Financing Sources (Uses)	0	0	0	(31,680)
Net Change In Fund Balance	115,384	19,831	99,802	97,862
Fund Balances at Beginning of Year	1,010,404	45,240	413,572	319,039
Decrease in Inventory Reserve	(32,618)	0	0	0
Fund Balances End of Year	\$ 1,093,170	\$ 65,071	\$ 513,374	\$ 416,901

CITY OF NAPOLEON, OHIO

Recreation	Shelter House Facility Repair	Hotel/Motel Tax	Fire Loss Claims	CDBG Income	Indigent Drivers Alcohol Treatment
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	128,161	0	14,593	0
353,249	2,781	0	0	0	0
3,574	18	0	0	0	458
0	0	0	0	0	1,326
50,321	0	0	63,772	0	0
<u>407,144</u>	<u>2,799</u>	<u>128,161</u>	<u>63,772</u>	<u>14,593</u>	<u>1,784</u>
0	0	0	0	0	3,286
986,655	0	0	0	0	0
0	0	0	0	44,690	0
0	0	0	0	0	0
0	0	65,424	31,000	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>986,655</u>	<u>0</u>	<u>65,424</u>	<u>31,000</u>	<u>44,690</u>	<u>3,286</u>
(579,511)	2,799	62,737	32,772	(30,097)	(1,502)
696,689	0	0	0	0	0
0	0	(65,424)	0	0	0
<u>696,689</u>	<u>0</u>	<u>(65,424)</u>	<u>0</u>	<u>0</u>	<u>0</u>
117,178	2,799	(2,687)	32,772	(30,097)	(1,502)
457,568	1,389	31,198	62,000	64,176	72,415
(1,610)	0	0	0	0	0
<u>\$ 573,136</u>	<u>\$ 4,188</u>	<u>\$ 28,511</u>	<u>\$ 94,772</u>	<u>\$ 34,079</u>	<u>\$ 70,913</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, 2021**

	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	17	1,122	7	1,866
Fines and Forfeitures	590	42,197	0	0
All Other Revenue	0	0	0	0
Total Revenue	607	43,319	7	1,866
Expenditures:				
Current:				
Security of Persons and Property	777	17,434	0	75
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	777	17,434	0	75
Excess (Deficiency) of Revenues Over Expenditures	(170)	25,885	7	1,791
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change In Fund Balance	(170)	25,885	7	1,791
Fund Balances at Beginning of Year	2,946	166,608	1,170	15,984
Decrease in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 2,776	\$ 192,493	\$ 1,177	\$ 17,775

CITY OF NAPOLEON, OHIO

<u>Fire Equipment</u>	<u>Municipal Probation Service</u>	<u>Probation Officer Grant</u>	<u>Court Improvement</u>	<u>Handicap Parking Fines</u>	<u>Police Pension</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 92,948
0	0	49,303	0	0	12,227
0	0	0	0	0	0
2,846	860	0	0	0	0
0	27,998	0	71,722	0	0
0	0	0	0	0	0
<u>2,846</u>	<u>28,858</u>	<u>49,303</u>	<u>71,722</u>	<u>0</u>	<u>105,175</u>
140,012	22,463	45,463	0	0	76,547
0	0	0	0	0	0
0	0	0	0	0	0
0	30	0	0	0	0
0	0	0	0	0	0
0	8,942	0	0	0	0
0	0	0	55,000	0	0
0	0	0	11,800	0	0
<u>140,012</u>	<u>31,435</u>	<u>45,463</u>	<u>66,800</u>	<u>0</u>	<u>76,547</u>
(137,166)	(2,577)	3,840	4,922	0	28,628
88,000	1,996	0	0	0	0
0	0	(1,996)	0	0	0
<u>88,000</u>	<u>1,996</u>	<u>(1,996)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(49,166)	(581)	1,844	4,922	0	28,628
505,562	136,497	14,663	212,543	1,100	(16,578)
0	0	0	0	0	0
<u>\$ 456,396</u>	<u>\$ 135,916</u>	<u>\$ 16,507</u>	<u>\$ 217,465</u>	<u>\$ 1,100</u>	<u>\$ 12,050</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, 2021**

	Fire Pension	Cemetery	Justice Reinvestment Incentive Grant	Certified Police Training
Revenues:				
Property Taxes	\$ 46,474	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	6,113	0	21,356	0
Charges for Services	0	4,880	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
Total Revenue	52,587	4,880	21,356	0
Expenditures:				
Current:				
Security of Persons and Property	1,795	0	26,467	0
Leisure Time Activities	0	0	0	0
Community Environment	0	4,625	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	1,795	4,625	26,467	0
Excess (Deficiency) of Revenues Over Expenditures	50,792	255	(5,111)	0
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	(11,670)	0
Total Other Financing Sources (Uses)	0	0	(11,670)	0
Net Change In Fund Balance	50,792	255	(16,781)	0
Fund Balances at Beginning of Year	(10,099)	69,765	26,065	19,004
Decrease in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 40,693	\$ 70,020	\$ 9,284	\$ 19,004

CITY OF NAPOLEON, OHIO

Indigent Drivers Interlock/Alcohol	Local Coronavirus Relief	American Rescue Plan	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 139,422
0	0	307,154	1,263,744
0	0	0	854,121
0	43	792	19,014
5,886	0	0	150,117
0	365	0	125,692
<u>5,886</u>	<u>408</u>	<u>307,946</u>	<u>2,552,110</u>
1,770	15,960	0	701,017
0	0	0	986,655
0	0	0	49,315
0	0	0	523,594
0	0	142,196	238,620
0	0	0	8,942
0	0	0	55,000
0	0	0	11,800
<u>1,770</u>	<u>15,960</u>	<u>142,196</u>	<u>2,574,943</u>
4,116	(15,552)	165,750	(22,833)
0	0	0	786,685
0	0	0	(110,770)
<u>0</u>	<u>0</u>	<u>0</u>	<u>675,915</u>
4,116	(15,552)	165,750	653,082
65,405	15,552	0	3,703,188
0	0	0	(34,228)
<u>\$ 69,521</u>	<u>\$ 0</u>	<u>\$ 165,750</u>	<u>\$ 4,322,042</u>

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2021**

	Fire Facility Training Grant	CIP Funding Reserve	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 0	\$ 72,437	\$ 72,437
Total Assets	<u>\$ 0</u>	<u>\$ 72,437</u>	<u>\$ 72,437</u>
Liabilities:			
Interfund Loans Payable	2,800	0	2,800
Total Liabilities	<u>2,800</u>	<u>0</u>	<u>2,800</u>
Fund Balances:			
Committed	0	72,437	72,437
Unassigned	(2,800)	0	(2,800)
Total Fund Balances	<u>(2,800)</u>	<u>72,437</u>	<u>69,637</u>
Total Liabilities and Funds Balances	<u>\$ 0</u>	<u>\$ 72,437</u>	<u>\$ 72,437</u>

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021***

	Fire Facility Training Grant	CIP Funding Reserve	Total Nonmajor Capital Project Funds
Revenues:			
Total Revenue	\$ 0	\$ 0	\$ 0
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances (Deficits) at Beginning of Year	(2,800)	72,437	69,637
Fund Balances (Deficits) End of Year	<u>\$ (2,800)</u>	<u>\$ 72,437</u>	<u>\$ 69,637</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 262,980	\$ 309,608	\$ 309,808	\$ 200
Municipal Income Taxes	4,075,000	4,962,784	4,962,784	0
Other Local Taxes	500,000	489,124	489,124	0
Intergovernmental Revenues	237,190	237,190	306,788	69,598
Charges for Services	363,700	605,186	459,479	(145,707)
Licenses and Permits	67,000	67,000	83,493	16,493
Investment Earnings	68,000	68,000	68,798	798
Fines and Forfeitures	156,200	156,200	151,410	(4,790)
All Other Revenues	182,730	182,730	187,781	5,051
Total Revenues	5,912,800	7,077,822	7,019,465	(58,357)
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	1,983,474	2,026,860	1,995,721	31,139
Materials and Supplies	81,895	85,949	70,114	15,835
Contractual Services	202,909	202,201	168,462	33,739
Other Expenditures	9,025	7,442	3,969	3,473
Capital Outlay	5,500	7,400	7,276	124
Total Police	2,282,803	2,329,852	2,245,542	84,310
Fire:				
Personal Services	1,114,574	1,192,937	1,146,121	46,816
Materials and Supplies	54,337	66,172	52,778	13,394
Contractual Services	131,306	126,356	98,301	28,055
Capital Outlay	0	1,500	1,500	0
Total Fire	1,300,217	1,386,965	1,298,700	88,265
Police Code Enforcement:				
Personal Services	35,361	39,234	38,669	565
Materials and Supplies	2,100	2,100	1,943	157
Contractual Services	6,800	6,800	3,707	3,093
Other Expenditures	500	500	0	500
Total Police Code Enforcement	44,761	48,634	44,319	4,315
Total Security of Persons and Property	3,627,781	3,765,451	3,588,561	176,890

(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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health and Welfare Services:				
Cemetery:				
Personal Services	111,070	111,443	91,904	19,539
Materials and Supplies	12,550	12,900	8,630	4,270
Contractual Services	14,474	14,124	6,823	7,301
Total Public Health and Welfare Services	<u>138,094</u>	<u>138,467</u>	<u>107,357</u>	<u>31,110</u>
Community Environment:				
Economic Development:				
Contractual Services	39,000	39,000	39,000	0
Total Community Environment	<u>39,000</u>	<u>39,000</u>	<u>39,000</u>	<u>0</u>
General Government:				
City Council:				
Personal Services	2,580	3,311	3,110	201
Materials and Supplies	4,600	4,600	4,070	530
Contractual Services	471	274	233	41
Other Expenditures	995	995	864	131
Total City Council	<u>8,646</u>	<u>9,180</u>	<u>8,277</u>	<u>903</u>
Mayor:				
Personal Services	1,073	1,422	1,422	0
Materials and Supplies	800	679	501	178
Contractual Services	2,800	2,800	0	2,800
Other Expenditures	100	100	35	65
Total Mayor	<u>4,773</u>	<u>5,001</u>	<u>1,958</u>	<u>3,043</u>
City Manager - Administration:				
Personal Services	21,681	27,089	27,089	0
Materials and Supplies	148	62	62	0
Contractual Services	3,115	2,426	2,426	0
Other Expenditures	525	455	155	300
Total City Manager - Administration	<u>25,469</u>	<u>30,032</u>	<u>29,732</u>	<u>300</u>
City Manager - Human Resources:				
Personal Services	6,064	7,748	7,748	0
Materials and Supplies	84	145	145	0
Contractual Services	1,061	1,201	829	372
Other Expenditures	200	185	0	185
Total City Manager - Human Resources	<u>7,409</u>	<u>9,279</u>	<u>8,722</u>	<u>557</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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	14,797	19,064	19,064	0
Materials and Supplies	90	106	48	58
Contractual Services	2,346	1,405	1,405	0
Other Expenditures	5,625	5,462	4,875	587
Total Law Director	22,858	26,037	25,392	645
Finance - Administration:				
Personal Services	18,632	22,835	22,835	0
Materials and Supplies	2,772	2,162	2,162	0
Contractual Services	5,707	6,341	6,088	253
Other Expenditures	1,000	1,000	816	184
Total Finance - Administration	28,111	32,338	31,901	437
Finance - Utility Billing:				
Personal Services	8,439	11,183	11,183	0
Materials and Supplies	2,549	2,822	2,822	0
Contractual Services	3,163	3,004	3,004	0
Total Finance - Utility Billing	14,151	17,009	17,009	0
Finance - Income Tax Collection:				
Personal Services	141,002	101,849	91,767	10,082
Materials and Supplies	9,222	9,222	4,324	4,898
Contractual Services	26,039	20,039	15,403	4,636
Total Finance - Income Tax Collection	176,263	131,110	111,494	19,616
Information Systems:				
Personal Services	171,064	171,174	160,572	10,602
Materials and Supplies	15,680	15,680	10,291	5,389
Contractual Services	50,604	50,779	46,184	4,595
Total Finance - Information Systems	237,348	237,633	217,047	20,586
City Engineer:				
Personal Services	14,768	12,266	12,266	0
Materials and Supplies	423	497	367	130
Contractual Services	2,774	8,620	8,557	63
Other Expenditures	1,000	703	501	202
Total City Engineer	18,965	22,086	21,691	395

(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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	515,865	532,965	510,567	22,398
Materials and Supplies	34,050	34,526	30,631	3,895
Contractual Services	68,842	79,741	64,543	15,198
Other Expenditures	230	230	92	138
Total Municipal Court	<u>618,987</u>	<u>647,462</u>	<u>605,833</u>	<u>41,629</u>
Service - Buildings, Property and Equipment:				
Personal Services	5,452	6,958	6,958	0
Materials and Supplies	806	512	512	0
Contractual Services	218	157	130	27
Other Expenditures	100	100	0	100
Total Service - Buildings, Property and Equipment	<u>6,576</u>	<u>7,727</u>	<u>7,600</u>	<u>127</u>
Miscellaneous:				
Materials and Supplies	451	882	756	126
Contractual Services	9,357	12,106	11,714	392
Other Expenditures	14,834	16,667	16,667	0
Total Miscellaneous	<u>24,642</u>	<u>29,655</u>	<u>29,137</u>	<u>518</u>
Total General Government	<u>1,194,198</u>	<u>1,204,549</u>	<u>1,115,793</u>	<u>88,756</u>
Total Expenditures	<u>4,999,073</u>	<u>5,147,467</u>	<u>4,850,711</u>	<u>296,756</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	913,727	1,930,355	2,168,754	238,399
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	2,058	(2,942)
Transfers In	438,150	438,150	77,094	(361,056)
Transfers Out	(1,799,578)	(2,226,537)	(2,226,537)	0
Total Other Financing Sources (Uses)	<u>(1,356,428)</u>	<u>(1,783,387)</u>	<u>(2,147,385)</u>	<u>(363,998)</u>
Net Change In Fund Balance	(442,701)	146,968	21,369	(125,599)
Fund Balance at Beginning of Year	2,405,610	2,405,610	2,405,610	0
Prior Year Encumbrances	55,129	55,129	55,129	0
Fund Balance at End of Year	<u>\$ 2,018,038</u>	<u>\$ 2,607,707</u>	<u>\$ 2,482,108</u>	<u>\$ (125,599)</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 4,200	\$ 4,200	\$ 3,872	\$ (328)
Special Assessments	0	0	467	467
Total Revenues	4,200	4,200	4,339	139
Expenditures:				
General Government:				
Contractual Services	1,000	1,000	35	965
Total Expenditures	1,000	1,000	35	965
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,200	3,200	4,304	1,104
Fund Balance at Beginning of Year	604,984	604,984	604,984	0
Fund Balance at End of Year	\$ 608,184	\$ 608,184	\$ 609,288	\$ 1,104

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, 2021***

CAPITAL IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 205,371	\$ 177,302	\$ 162,883	\$ (14,419)
All Other Revenues	325,000	0	0	0
Total Revenues	<u>530,371</u>	<u>177,302</u>	<u>162,883</u>	<u>(14,419)</u>
Expenditures:				
Capital Outlay:				
City Manager	75,000	75,000	74,999	1
Law Director	2,000	2,000	0	2,000
Central Information System	6,900	8,100	4,088	4,012
Engineering	55,237	55,237	42,100	13,137
Municipal Court	6,730	62,376	53,870	8,506
Police	207,280	214,280	208,580	5,700
Fire	32,596	42,871	39,031	3,840
Parks and Recreation	32,000	32,000	6,291	25,709
Cemetery	11,000	11,000	8,000	3,000
Street Maintenance	2,397,659	2,337,693	1,847,528	490,165
Total Expenditures	<u>2,826,402</u>	<u>2,840,557</u>	<u>2,284,487</u>	<u>556,070</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,296,031)	(2,663,255)	(2,121,604)	541,651
Other Financing Sources (Uses):				
Transfers In	1,232,911	2,069,353	2,366,290	296,937
Transfers Out	(112,820)	(112,820)	(112,820)	0
Total Other Financing Sources (Uses)	<u>1,120,091</u>	<u>1,956,533</u>	<u>2,253,470</u>	<u>296,937</u>
Net Change In Fund Balance	(1,175,940)	(706,722)	131,866	838,588
Fund Balance at Beginning of Year	330,307	330,307	330,307	0
Prior Year Encumbrances	88,536	88,536	88,536	0
Fund Balance at End of Year	<u>\$ (757,097)</u>	<u>\$ (287,879)</u>	<u>\$ 550,709</u>	<u>\$ 838,588</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, 2021**

AQUATIC CENTER FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 272,954	\$ 275,383	\$ 288,996	\$ 13,613
Intergovernmental Revenues	0	10,237	7,835	(2,402)
Investment Earnings	3,000	3,000	8,392	5,392
All Other Revenues	0	0	36,858	36,858
Total Revenues	<u>275,954</u>	<u>288,620</u>	<u>342,081</u>	<u>53,461</u>
Expenditures:				
Leisure Time Activities:				
Pool Operations:				
Contractual Services	30,335	174,193	161,090	13,103
Capital Outlay	2,428,529	2,591,731	2,587,081	4,650
Total Leisure Time Activities	<u>2,458,864</u>	<u>2,765,924</u>	<u>2,748,171</u>	<u>17,753</u>
Debt Service:				
Principal Retirement	0	3,680,000	3,680,000	0
Interest and Fiscal Charges	0	93,276	93,276	0
Total Expenditures	<u>2,458,864</u>	<u>6,539,200</u>	<u>6,521,447</u>	<u>17,753</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,182,910)	(6,250,580)	(6,179,366)	71,214
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	4,100,000	4,040,000	(60,000)
Premium on Debt Issued	0	88,684	95,223	6,539
Total Other Financing Sources (Uses)	<u>0</u>	<u>4,188,684</u>	<u>4,135,223</u>	<u>(53,461)</u>
Net Change In Fund Balance	(2,182,910)	(2,061,896)	(2,044,143)	17,753
Fund Balance at Beginning of Year	91,295	91,295	91,295	0
Prior Year Encumbrances	2,254,346	2,254,346	2,254,346	0
Fund Balance at End of Year	<u>\$ 162,731</u>	<u>\$ 283,745</u>	<u>\$ 301,498</u>	<u>\$ 17,753</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, 2021***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 525,000	\$ 558,880	\$ 558,882	\$ 2
Charges for Services	2,500	15,523	15,523	0
Investment Earnings	3,200	4,307	4,307	0
All Other Revenues	6,060	6,160	6,165	5
Total Revenues	536,760	584,870	584,877	7
Expenditures:				
Transportation:				
Street Maintenance:				
Personal Services	229,219	215,797	213,059	2,738
Materials and Supplies	116,610	115,835	76,527	39,308
Contractual Services	55,990	63,014	27,574	35,440
Other Expenditures	31,310	32,085	21,951	10,134
Capital Outlay	100	100	0	100
Total Street Maintenance	433,229	426,831	339,111	87,720
Ice and Snow Removal:				
Personal Services	32,000	32,000	19,169	12,831
Materials and Supplies	80,073	80,073	34,245	45,828
Contractual Services	18,500	18,500	8,630	9,870
Other Expenditures	7,000	7,000	1,331	5,669
Total Ice and Snow Removal	137,573	137,573	63,375	74,198
Storm Drainage:				
Personal Services	11,000	11,000	2,530	8,470
Materials and Supplies	5,000	5,000	0	5,000
Contractual Services	3,000	3,000	3,000	0
Other Expenditures	500	500	0	500
Total Storm Drainage	19,500	19,500	5,530	13,970
Total Transportation	590,302	583,904	408,016	175,888
Total Expenditures	590,302	583,904	408,016	175,888
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(53,542)	966	176,861	175,895
Fund Balance at Beginning of Year	603,717	603,717	603,717	0
Prior Year Encumbrances	2,523	2,523	2,523	0
Fund Balance at End of Year	\$ 552,698	\$ 607,206	\$ 783,101	\$ 175,895

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, 2021***

STATE HIGHWAY IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 39,000	\$ 45,314	\$ 45,314	\$ 0
Investment Earnings	200	322	322	0
Total Revenues	<u>39,200</u>	<u>45,636</u>	<u>45,636</u>	<u>0</u>
Expenditures:				
Transportation:				
Materials and Supplies	6,200	6,200	2,934	3,266
Contractual Services	25,200	25,200	23,349	1,851
Total Expenditures	<u>31,400</u>	<u>31,400</u>	<u>26,283</u>	<u>5,117</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,800	14,236	19,353	5,117
Fund Balance at Beginning of Year	<u>38,515</u>	<u>38,515</u>	<u>38,515</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 46,315</u>	<u>\$ 52,751</u>	<u>\$ 57,868</u>	<u>\$ 5,117</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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 109,000	\$ 114,525	\$ 114,281	\$ (244)
Investment Earnings	2,300	2,398	2,783	385
Total Revenues	111,300	116,923	117,064	141
Expenditures:				
Transportation:				
Materials and Supplies	101,000	101,000	42,589	58,411
Contractual Services	145,000	145,000	120,000	25,000
Total Expenditures	246,000	246,000	162,589	83,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	(134,700)	(129,077)	(45,525)	83,552
Fund Balance at Beginning of Year	402,144	402,144	402,144	0
Fund Balance at End of Year	\$ 267,444	\$ 273,067	\$ 356,619	\$ 83,552

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, 2021***

EMS TRANSPORT SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 5,000	\$ 5,000	\$ 0	\$ (5,000)
Charges for Services	397,000	451,707	458,505	6,798
Fines and Forfeitures	0	0	398	398
Total Revenues	<u>402,000</u>	<u>456,707</u>	<u>458,903</u>	<u>2,196</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	47,349	47,349	39,146	8,203
Contractual Services	142,959	142,959	122,447	20,512
Other Expenditures	205,000	205,000	205,000	0
Capital Outlay	6,814	6,814	4,956	1,858
Total Expenditures	<u>402,122</u>	<u>402,122</u>	<u>371,549</u>	<u>30,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(122)	54,585	87,354	32,769
Other Financing Sources (Uses):				
Transfers Out	(31,680)	(31,680)	(31,680)	0
Total Other Financing Sources (Uses)	<u>(31,680)</u>	<u>(31,680)</u>	<u>(31,680)</u>	<u>0</u>
Net Change In Fund Balance	(31,802)	22,905	55,674	32,769
Fund Balance at Beginning of Year	269,738	269,738	269,738	0
Prior Year Encumbrances	922	922	922	0
Fund Balance at End of Year	<u>\$ 238,858</u>	<u>\$ 293,565</u>	<u>\$ 326,334</u>	<u>\$ 32,769</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, 2021***

RECREATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 220,969	\$ 352,823	\$ 352,671	\$ (152)
Investment Earnings	2,850	2,850	3,574	724
All Other Revenues	40,200	47,100	50,201	3,101
Total Revenues	<u>264,019</u>	<u>402,773</u>	<u>406,446</u>	<u>3,673</u>
Expenditures:				
Leisure Time Activities:				
Administration:				
Personal Services	112,027	111,555	110,176	1,379
Materials and Supplies	1,200	1,200	401	799
Contractual Services	3,610	3,676	2,830	846
Other Expenditures	2,000	2,000	0	2,000
Total Administration	<u>118,837</u>	<u>118,431</u>	<u>113,407</u>	<u>5,024</u>
Golf Course Operations:				
Personal Services	165,714	159,928	158,958	970
Materials and Supplies	80,927	81,512	71,644	9,868
Contractual Services	20,794	28,064	22,688	5,376
Other Expenditures	180	180	0	180
Capital Outlay	41,500	37,550	36,449	1,101
Total Golf Course Operations	<u>309,115</u>	<u>307,234</u>	<u>289,739</u>	<u>17,495</u>
Pool Operations:				
Personal Services	46,980	108,272	106,923	1,349
Materials and Supplies	34,500	41,400	31,770	9,630
Contractual Services	27,378	26,582	21,104	5,478
Capital Outlay	43,000	37,088	27,936	9,152
Total Pool Operations	<u>151,858</u>	<u>213,342</u>	<u>187,733</u>	<u>25,609</u>
Parks and Programs:				
Personal Services	291,997	305,362	289,766	15,596
Materials and Supplies	100,800	101,656	82,661	18,995
Contractual Services	57,522	63,734	49,991	13,743
Total Parks and Programs	<u>450,319</u>	<u>470,752</u>	<u>422,418</u>	<u>48,334</u>
Total Leisure Time Activities	<u>1,030,129</u>	<u>1,109,759</u>	<u>1,013,297</u>	<u>96,462</u>
Total Expenditures	<u>1,030,129</u>	<u>1,109,759</u>	<u>1,013,297</u>	<u>96,462</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(766,110)	(706,986)	(606,851)	100,135

(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, 2021***

	RECREATION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Other Financing Sources (Uses):				
Transfers In	566,667	696,667	696,689	22
Total Other Financing Sources (Uses)	566,667	696,667	696,689	22
Net Change In Fund Balance	(199,443)	(10,319)	89,838	100,157
Fund Balance at Beginning of Year	469,642	469,642	469,642	0
Prior Year Encumbrances	6,458	6,458	6,458	0
Fund Balance at End of Year	<u>\$ 276,657</u>	<u>\$ 465,781</u>	<u>\$ 565,938</u>	<u>\$ 100,157</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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 0	\$ 2,500	\$ 2,781	\$ 281
Investment Earnings	0	5	18	13
Total Revenues	0	2,505	2,799	294
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	2,505	2,799	294
Fund Balance at Beginning of Year	1,389	1,389	1,389	0
Fund Balance at End of Year	<u>\$ 1,389</u>	<u>\$ 3,894</u>	<u>\$ 4,188</u>	<u>\$ 294</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, 2021***

HOTEL/MOTEL TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 100,000	\$ 130,857	\$ 130,848	\$ (9)
Total Revenues	<u>100,000</u>	<u>130,857</u>	<u>130,848</u>	<u>(9)</u>
Expenditures:				
General Government:				
Contractual Services	50,000	65,424	65,424	0
Total Expenditures	<u>50,000</u>	<u>65,424</u>	<u>65,424</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	65,433	65,424	(9)
Other Financing Sources (Uses):				
Transfers Out	(50,000)	(65,424)	(65,424)	0
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(65,424)</u>	<u>(65,424)</u>	<u>0</u>
Net Change In Fund Balance	0	9	0	(9)
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><u>\$ 0</u></u>	<u><u>\$ 9</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (9)</u></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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 63,771	\$ 63,772	\$ 1
Total Revenues	<u>0</u>	<u>63,771</u>	<u>63,772</u>	<u>1</u>
Expenditures:				
General Government:				
Other Expenditures	<u>76,000</u>	<u>76,000</u>	<u>45,000</u>	<u>31,000</u>
Total Expenditures	<u>76,000</u>	<u>76,000</u>	<u>45,000</u>	<u>31,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,000)	(12,229)	18,772	31,001
Fund Balance at Beginning of Year	<u>76,000</u>	<u>76,000</u>	<u>76,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 63,771</u>	<u>\$ 94,772</u>	<u>\$ 31,001</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, 2021***

CDBG INCOME FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 22,893	\$ 22,893
Total Revenues	<u>0</u>	<u>0</u>	<u>22,893</u>	<u>22,893</u>
Expenditures:				
Community Environment:				
Contractual Services	25,000	44,690	44,690	0
Total Expenditures	<u>25,000</u>	<u>44,690</u>	<u>44,690</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	(44,690)	(21,797)	22,893
Fund Balance at Beginning of Year	55,876	55,876	55,876	0
Fund Balance at End of Year	<u>\$ 30,876</u>	<u>\$ 11,186</u>	<u>\$ 34,079</u>	<u>\$ 22,893</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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 550	\$ 550	\$ 458	\$ (92)
Fines and Forfeitures	2,000	2,000	1,308	(692)
Total Revenues	<u>2,550</u>	<u>2,550</u>	<u>1,766</u>	<u>(784)</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	25,000	25,000	5,590	19,410
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>5,590</u>	<u>19,410</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,450)	(22,450)	(3,824)	18,626
Fund Balance at Beginning of Year	<u>74,624</u>	<u>74,624</u>	<u>74,624</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 52,174</u>	<u>\$ 52,174</u>	<u>\$ 70,800</u>	<u>\$ 18,626</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, 2021***

LAW ENFORCEMENT AND EDUCATION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 25	\$ 25	\$ 17	\$ (8)
Fines and Forfeitures	800	800	540	(260)
Total Revenues	<u>825</u>	<u>825</u>	<u>557</u>	<u>(268)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	0	0	(635)	635
Contractual Services	2,265	2,665	1,856	809
Capital Outlay	500	500	0	500
Total Expenditures	<u>2,765</u>	<u>3,165</u>	<u>1,221</u>	<u>1,944</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,940)	(2,340)	(664)	1,676
Fund Balance at Beginning of Year	2,825	2,825	2,825	0
Prior Year Encumbrances	265	265	265	0
Fund Balance at End of Year	<u>\$ 1,150</u>	<u>\$ 750</u>	<u>\$ 2,426</u>	<u>\$ 1,676</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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,100	\$ 1,100	\$ 1,122	\$ 22
Fines and Forfeitures	28,000	42,394	42,404	10
Total Revenues	29,100	43,494	43,526	32
Expenditures:				
Security of Persons and Property:				
Contractual Services	7,960	7,960	7,063	897
Other Expenditures	10,000	10,008	10,008	0
Capital Outlay	5,000	5,000	363	4,637
Total Expenditures	22,960	22,968	17,434	5,534
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,140	20,526	26,092	5,566
Fund Balance at Beginning of Year	163,639	163,639	163,639	0
Fund Balance at End of Year	\$ 169,779	\$ 184,165	\$ 189,731	\$ 5,566

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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 7	\$ 7	\$ 7	\$ 0
Total Revenues	<u>7</u>	<u>7</u>	<u>7</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	500	500	0	500
Capital Outlay	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(993)	(993)	7	1,000
Fund Balance at Beginning of Year	<u>1,170</u>	<u>1,170</u>	<u>1,170</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 177</u>	<u>\$ 177</u>	<u>\$ 1,177</u>	<u>\$ 1,000</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, 2021***

MANDATORY DRUG FINE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 125	\$ 125	\$ 1,866	\$ 1,741
Fines and Forfeitures	1,000	1,000	0	(1,000)
Total Revenues	<u>1,125</u>	<u>1,125</u>	<u>1,866</u>	<u>741</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	3,000	0	3,000
Other Expenditures	1,000	1,000	75	925
Capital Outlay	2,000	2,000	0	2,000
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>75</u>	<u>5,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,875)	(4,875)	1,791	6,666
Fund Balance at Beginning of Year	15,984	15,984	15,984	0
Fund Balance at End of Year	<u>\$ 11,109</u>	<u>\$ 11,109</u>	<u>\$ 17,775</u>	<u>\$ 6,666</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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 3,000	\$ 3,000	\$ 2,846	\$ (154)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>2,846</u>	<u>(154)</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	<u>196,610</u>	<u>196,610</u>	<u>158,424</u>	<u>38,186</u>
Total Expenditures	<u>196,610</u>	<u>196,610</u>	<u>158,424</u>	<u>38,186</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(193,610)	(193,610)	(155,578)	38,032
Other Financing Sources (Uses):				
Transfers In	<u>88,000</u>	<u>88,000</u>	<u>88,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>88,000</u>	<u>88,000</u>	<u>88,000</u>	<u>0</u>
Net Change In Fund Balance	(105,610)	(105,610)	(67,578)	38,032
Fund Balance at Beginning of Year	366,464	366,464	366,464	0
Prior Year Encumbrances	<u>147,510</u>	<u>147,510</u>	<u>147,510</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 408,364</u>	<u>\$ 408,364</u>	<u>\$ 446,396</u>	<u>\$ 38,032</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, 2021***

MUNICIPAL PROBATION SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 860	\$ (140)
Fines and Forfeitures	23,000	27,325	27,589	264
Total Revenues	<u>24,000</u>	<u>28,325</u>	<u>28,449</u>	<u>124</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	28,111	28,111	25,463	2,648
Contractual Services	500	500	0	500
Other Expenditures	500	500	30	470
Capital Outlay	14,192	14,192	8,942	5,250
Total Expenditures	<u>43,303</u>	<u>43,303</u>	<u>34,435</u>	<u>8,868</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(19,303)	(14,978)	(5,986)	8,992
Other Financing Sources (Uses):				
Transfers In	0	1,995	1,996	1
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,995</u>	<u>1,996</u>	<u>1</u>
Net Change In Fund Balance	(19,303)	(12,983)	(3,990)	8,993
Fund Balance at Beginning of Year	134,416	134,416	134,416	0
Prior Year Encumbrances	3,192	3,192	3,192	0
Fund Balance at End of Year	<u>\$ 118,305</u>	<u>\$ 124,625</u>	<u>\$ 133,618</u>	<u>\$ 8,993</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, 2021***

PROBATION OFFICER GRANT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 49,289	\$ 49,289	\$ 49,292	\$ 3
Total Revenues	49,289	49,289	49,292	3
Expenditures:				
Security of Persons and Property:				
Personal Services	0	49,856	48,334	1,522
Total Expenditures	0	49,856	48,334	1,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,289	(567)	958	1,525
Other Financing Sources (Uses):				
Transfers Out	0	(1,996)	(1,996)	0
Total Other Financing Sources (Uses)	0	(1,996)	(1,996)	0
Net Change In Fund Balance	49,289	(2,563)	(1,038)	1,525
Fund Balance at Beginning of Year	5,284	5,284	5,284	0
Fund Balance at End of Year	\$ 54,573	\$ 2,721	\$ 4,246	\$ 1,525

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, 2021***

COURT IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 60,000	\$ 71,817	\$ 71,818	\$ 1
Total Revenues	<u>60,000</u>	<u>71,817</u>	<u>71,818</u>	<u>1</u>
Expenditures:				
Security of Persons and Property:				
Debt Service:				
Principal Retirement	55,000	55,000	55,000	0
Interest and Fiscal Charges	<u>11,800</u>	<u>11,800</u>	<u>11,800</u>	<u>0</u>
Total Expenditures	<u>66,800</u>	<u>66,800</u>	<u>66,800</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(6,800)	5,017	5,018	1
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	(6,800)	5,017	5,018	1
Fund Balance at Beginning of Year	<u>207,650</u>	<u>207,650</u>	<u>207,650</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 200,850</u>	<u>\$ 212,667</u>	<u>\$ 212,668</u>	<u>\$ 1</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	1,100	1,100	1,100	0
Fund Balance at End of Year	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 77,739	\$ 77,739	\$ 92,942	\$ 15,203
Intergovernmental Revenues	12,457	12,457	12,227	(230)
Total Revenues	<u>90,196</u>	<u>90,196</u>	<u>105,169</u>	<u>14,973</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	90,196	90,196	76,000	14,196
Total Expenditures	<u>90,196</u>	<u>90,196</u>	<u>76,000</u>	<u>14,196</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	29,169	29,169
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>\$ 29,169</u>	<u>\$ 29,169</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, 2021***

	FIRE PENSION FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 39,464	\$ 39,464	\$ 46,471	\$ 7,007
Intergovernmental Revenues	5,633	5,633	6,113	480
Total Revenues	<u>45,097</u>	<u>45,097</u>	<u>52,584</u>	<u>7,487</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	45,097	45,097	0	45,097
Total Expenditures	<u>45,097</u>	<u>45,097</u>	<u>0</u>	<u>45,097</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	52,584	52,584
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>\$ 52,584</u>	<u>\$ 52,584</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, 2021***

	CEMETERY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 4,000	\$ 4,000	\$ 4,880	\$ 880
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>4,880</u>	<u>880</u>
Expenditures:				
Community Environment:				
Materials and Supplies	<u>6,000</u>	<u>6,000</u>	<u>4,625</u>	<u>1,375</u>
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>4,625</u>	<u>1,375</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	(2,000)	255	2,255
Fund Balance at Beginning of Year	<u>69,765</u>	<u>69,765</u>	<u>69,765</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 67,765</u>	<u>\$ 67,765</u>	<u>\$ 70,020</u>	<u>\$ 2,255</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, 2021**

JUSTICE REINVESTMENT INCENTIVE GRANT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 21,356	\$ 21,356	\$ 21,356	\$ 0
Total Revenues	<u>21,356</u>	<u>21,356</u>	<u>21,356</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	18,010	12,707	12,708	(1)
Materials and Supplies	0	2,133	2,039	94
Contractual Services	438	7,886	5,657	2,229
Other Expenditures	0	2,466	2,466	0
Capital Outlay	0	3,413	3,412	1
Total Expenditures	<u>18,448</u>	<u>28,605</u>	<u>26,282</u>	<u>2,323</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	2,908	(7,249)	(4,926)	2,323
Other Financing Sources (Uses):				
Transfers Out	0	(11,670)	(11,670)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(11,670)</u>	<u>(11,670)</u>	<u>0</u>
Net Change In Fund Balance	2,908	(18,919)	(16,596)	2,323
Fund Balance at Beginning of Year	<u>20,777</u>	<u>20,777</u>	<u>20,777</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 23,685</u>	<u>\$ 1,858</u>	<u>\$ 4,181</u>	<u>\$ 2,323</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, 2021***

CERTIFIED POLICE TRAINING FUND				
	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	5,000	5,000	0	5,000
Contractual Services	500	500	0	500
Total Expenditures	5,500	5,500	0	5,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,500)	(5,500)	0	5,500
Fund Balance at Beginning of Year	19,004	19,004	19,004	0
Fund Balance at End of Year	\$ 13,504	\$ 13,504	\$ 19,004	\$ 5,500

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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 6,500	\$ 6,500	\$ 6,004	\$ (496)
Total Revenues	<u>6,500</u>	<u>6,500</u>	<u>6,004</u>	<u>(496)</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>5,000</u>	<u>5,000</u>	<u>1,770</u>	<u>3,230</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,770</u>	<u>3,230</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,500	1,500	4,234	2,734
Fund Balance at Beginning of Year	<u>65,007</u>	<u>65,007</u>	<u>65,007</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 66,507</u>	<u>\$ 66,507</u>	<u>\$ 69,241</u>	<u>\$ 2,734</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, 2021***

LOCAL CORONAVIRUS RELIEF FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 2,746	\$ 0	\$ (2,746)
Investment Earnings	0	0	43	43
All Other Revenues	0	0	365	365
Total Revenues	<u>0</u>	<u>2,746</u>	<u>408</u>	<u>(2,338)</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	0	27,553	25,215	2,338
Total Expenditures	<u>0</u>	<u>27,553</u>	<u>25,215</u>	<u>2,338</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(24,807)	(24,807)	0
Fund Balance at Beginning of Year	85	85	85	0
Prior Year Encumbrances	24,722	24,722	24,722	0
Fund Balance at End of Year	<u>\$ 24,807</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, 2021***

AMERICAN RESCUE PLAN ACT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 429,846	\$ 429,846	\$ 0
Investment Earnings	0	0	792	792
Total Revenues	<u>0</u>	<u>429,846</u>	<u>430,638</u>	<u>792</u>
Expenditures:				
General Government:				
Capital Outlay	0	269,000	214,544	54,456
Total Expenditures	<u>0</u>	<u>269,000</u>	<u>214,544</u>	<u>54,456</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	160,846	216,094	55,248
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 160,846</u>	<u>\$ 216,094</u>	<u>\$ 55,248</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, 2021***

	GENERAL BOND RETIREMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	45,000	45,000	45,000	0
Interest and Fiscal Charges	57,342	57,341	57,341	0
Total Expenditures	102,342	102,341	102,341	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,342)	(102,341)	(102,341)	0
Other Financing Sources (Uses):				
Transfers In	56,500	56,500	56,500	0
Total Other Financing Sources (Uses)	56,500	56,500	56,500	0
Net Change In Fund Balance	(45,842)	(45,841)	(45,841)	0
Fund Balance at Beginning of Year	55,235	55,235	55,235	0
Fund Balance at End of Year	\$ 9,393	\$ 9,394	\$ 9,394	\$ 0

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, 2021**

	CIP FUNDING RESERVE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	72,437	72,437	72,437	0
Fund Balance at End of Year	<u>\$ 72,437</u>	<u>\$ 72,437</u>	<u>\$ 72,437</u>	<u>\$ 0</u>

STATISTICAL SECTION



STATISTICAL TABLES

This part of the City’s annual comprehensive 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 annual comprehensive financial reports for the relevant year.	

City of Napoleon, Ohio

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

	2012	2013	2014
Governmental Activities:			
Net Investment in Capital Assets	\$29,930,771	\$32,448,052	\$31,960,590
Restricted	2,461,068	2,768,235	2,990,372
Unrestricted (Deficit)	2,684,562	3,533,369	3,332,982
Total Governmental Activities Net Position	<u>\$35,076,401</u>	<u>\$38,749,656</u>	<u>\$38,283,944</u>
Business-type Activities:			
Net Investment in Capital Assets	\$22,297,444	\$20,699,687	\$20,700,229
Unrestricted	16,236,989	19,237,386	19,439,411
Total Business-type Activities Net Position	<u>\$38,534,433</u>	<u>\$39,937,073</u>	<u>\$40,139,640</u>
Primary Government:			
Net Investment in Capital Assets	\$52,228,215	\$53,147,739	\$52,660,819
Restricted	2,461,068	2,768,235	2,990,372
Unrestricted	18,921,551	22,770,755	22,772,393
Total Primary Government Net Position	<u>\$73,610,834</u>	<u>\$78,686,729</u>	<u>\$78,423,584</u>

Source: Finance Director's Office

City of Napoleon, Ohio

2015	2016	2017	2018	2019	2020	2021
\$33,433,083	\$34,214,705	\$35,367,308	\$37,840,220	\$38,273,373	\$40,207,246	\$41,700,091
2,806,677	2,858,956	2,935,327	3,177,822	3,172,484	5,721,764	4,386,895
(1,392,832)	(1,146,059)	(1,616,213)	(8,420,054)	(6,217,292)	(7,937,540)	(3,186,538)
<u>\$34,846,928</u>	<u>\$35,927,602</u>	<u>\$36,686,422</u>	<u>\$32,597,988</u>	<u>\$35,228,565</u>	<u>\$37,991,470</u>	<u>\$42,900,448</u>
\$22,542,372	\$23,498,665	\$25,425,370	\$26,268,146	\$25,176,518	\$25,983,867	\$21,190,379
18,129,077	19,777,496	18,808,213	17,042,982	16,241,395	15,841,205	23,805,267
<u>\$40,671,449</u>	<u>\$43,276,161</u>	<u>\$44,233,583</u>	<u>\$43,311,128</u>	<u>\$41,417,913</u>	<u>\$41,825,072</u>	<u>\$44,995,646</u>
\$55,975,455	\$57,713,370	\$60,792,678	\$64,108,366	\$63,449,891	\$66,191,113	\$62,890,470
2,806,677	2,858,956	2,935,327	3,177,822	3,172,484	5,721,764	4,386,895
16,736,245	18,631,437	17,192,000	8,622,928	10,024,103	7,903,665	20,618,729
<u>\$75,518,377</u>	<u>\$79,203,763</u>	<u>\$80,920,005</u>	<u>\$75,909,116</u>	<u>\$76,646,478</u>	<u>\$79,816,542</u>	<u>\$87,896,094</u>

City of Napoleon, Ohio

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

	2012	2013	2014	2015
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,461,564	\$3,509,977	\$3,897,632	\$3,654,789
Public Health and Welfare Services	109,157	119,347	121,621	130,226
Leisure Time Activities	920,814	837,829	979,834	885,152
Community Environment	381,223	889,241	152,816	133,083
Transportation	1,316,777	1,081,351	1,646,040	1,508,973
General Government	1,329,567	1,037,778	1,089,719	895,716
Interest and Fiscal Charges	63,709	67,818	71,185	49,078
<i>Total Governmental Activities Expenses</i>	<u>7,582,811</u>	<u>7,543,341</u>	<u>7,958,847</u>	<u>7,257,017</u>
Business-type Activities:				
Electric	14,533,499	15,784,619	16,111,027	14,525,667
Water	2,621,913	2,471,001	2,725,757	2,483,792
Sewer	2,663,795	3,175,055	3,114,530	3,298,500
Sanitation	793,380	718,019	742,677	756,482
<i>Total Business-type Activities Expenses</i>	<u>20,612,587</u>	<u>22,148,694</u>	<u>22,693,991</u>	<u>21,064,441</u>
<i>Total Primary Government Expenses</i>	<u><u>\$28,195,398</u></u>	<u><u>\$29,692,035</u></u>	<u><u>\$30,652,838</u></u>	<u><u>\$28,321,458</u></u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,032,637	\$1,204,603	\$1,103,728	\$1,062,603
Public Health and Welfare Services	16,388	18,877	18,668	22,665
Leisure Time Activities	215,192	275,990	278,108	240,539
Community Environment	4,798	4,742	6,288	5,280
Transportation	11,267	13,878	8,997	14,115
General Government	103,218	100,503	42,022	21,996
Operating Grants and Contributions	830,875	1,517,992	950,214	586,830
Capital Grants and Contributions	111,784	66,201	76,151	931,660
<i>Total Governmental Activities Program Revenues</i>	<u>2,326,159</u>	<u>3,202,786</u>	<u>2,484,176</u>	<u>2,885,688</u>

City of Napoleon, Ohio

2016	2017	2018	2019	2020	2021
\$3,546,651	\$4,052,817	\$4,181,547	\$1,528,894	\$3,972,294	\$4,072,196
107,520	121,144	166,772	163,755	93,016	75,470
896,040	1,037,985	1,069,024	1,213,411	1,618,929	3,215,616
1,057,736	543,782	53,119	44,359	80,173	88,315
225,516	721,483	1,065,866	1,649,584	720,992	1,475,757
1,108,794	1,118,076	2,079,503	1,074,671	1,246,393	452,869
64,017	43,997	59,666	52,836	98,944	103,000
<u>7,006,274</u>	<u>7,639,284</u>	<u>8,675,497</u>	<u>5,727,510</u>	<u>7,830,741</u>	<u>9,483,223</u>
15,578,395	16,376,184	17,946,062	18,812,383	17,546,472	15,002,149
2,820,862	3,165,477	3,425,305	3,592,861	3,597,475	3,237,649
3,322,734	3,601,304	3,711,983	3,394,400	4,684,426	6,325,475
829,618	848,385	837,422	934,836	934,847	722,412
<u>22,551,609</u>	<u>23,991,350</u>	<u>25,920,772</u>	<u>26,734,480</u>	<u>26,763,220</u>	<u>25,287,685</u>
<u>\$29,557,883</u>	<u>\$31,630,634</u>	<u>\$34,596,269</u>	<u>\$32,461,990</u>	<u>\$34,593,961</u>	<u>\$34,770,908</u>
\$1,045,704	\$1,135,063	\$1,189,906	\$1,068,296	\$1,238,565	\$1,243,403
14,655	16,752	21,152	18,105	19,515	23,500
260,055	243,119	252,546	240,154	266,306	513,539
3,270	4,222	5,092	4,260	7,890	4,880
7,486	6,783	11,188	5,924	10,000	21,188
51,590	138,934	97,747	77,391	30,955	89,605
621,783	697,848	664,597	785,332	1,606,197	902,153
802,876	237,473	2,156,969	160,476	752,003	3,872,102
<u>2,807,419</u>	<u>2,480,194</u>	<u>4,399,197</u>	<u>2,359,938</u>	<u>3,931,431</u>	<u>6,670,370</u>

(Continued)

City of Napoleon, Ohio

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

	2012	2013	2014	2015
Business-type Activities:				
Charges for Services				
Electric	15,189,640	15,693,889	15,391,341	14,970,816
Water	3,154,088	2,862,800	3,218,817	3,309,819
Sewer	3,445,027	3,340,375	3,343,019	3,904,365
Sanitation	858,402	867,760	867,626	860,787
Capital Grants and Contributions	412,650	3,455,321	0	167,351
<i>Total Business-type Activities Program Revenues</i>	<u>23,059,807</u>	<u>26,220,145</u>	<u>22,820,803</u>	<u>23,213,138</u>
<i>Total Primary Government Program Revenues</i>	<u>25,385,966</u>	<u>29,422,931</u>	<u>25,304,979</u>	<u>26,098,826</u>
Net (Expense)/Revenue				
Governmental Activities	(5,256,652)	(4,340,555)	(5,474,671)	(4,371,329)
Business-type Activities	2,447,220	4,071,451	126,812	2,148,697
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$2,809,432)</u>	<u>(\$269,104)</u>	<u>(\$5,347,859)</u>	<u>(\$2,222,632)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	\$369,498	\$368,837	\$371,815	\$365,123
Municipal Income Taxes	3,265,008	3,588,267	3,821,982	4,097,468
Other Local Taxes (kWh Tax)	524,942	524,529	512,414	520,952
Grants and Entitlements not Restricted to Specific Programs	509,026	448,430	50,375	798,480
Investment Earnings	67,633	49,515	40,475	8,164
Miscellaneous	165,688	277,279	211,898	397,832
Transfers	(113,475)	2,756,953	0	116,754
<i>Total Governmental Activities</i>	<u>4,788,320</u>	<u>8,013,810</u>	<u>5,008,959</u>	<u>6,304,773</u>
Business-type Activities:				
Investment Earnings	158,704	88,142	75,755	103,486
Transfers	113,475	(2,756,953)	0	(116,754)
<i>Total Business-type Activities</i>	<u>272,179</u>	<u>(2,668,811)</u>	<u>75,755</u>	<u>(13,268)</u>
<i>Total Primary Government</i>	<u>\$5,060,499</u>	<u>\$5,344,999</u>	<u>\$5,084,714</u>	<u>\$6,291,505</u>
Change in Net Position				
Governmental Activities	(\$468,332)	\$3,673,255	(\$465,712)	\$1,933,444
Business-type Activities	2,719,399	1,402,640	202,567	2,135,429
<i>Total Primary Government Change in Net Position</i>	<u>\$2,251,067</u>	<u>\$5,075,895</u>	<u>(\$263,145)</u>	<u>\$4,068,873</u>

Source: Finance Director's Office

City of Napoleon, Ohio

2016	2017	2018	2019	2020	2021
16,250,617	15,591,655	17,557,232	16,889,912	16,667,338	19,373,830
3,233,144	3,390,516	3,590,647	2,819,295	4,073,887	3,988,547
4,054,675	4,036,930	3,932,884	4,049,241	3,703,599	4,555,774
874,071	892,891	879,260	836,225	891,572	894,677
624,929	839,103	324,231	70,219	1,684,785	387,441
<u>25,037,436</u>	<u>24,751,095</u>	<u>26,284,254</u>	<u>24,664,892</u>	<u>27,021,181</u>	<u>29,200,269</u>
<u>27,844,855</u>	<u>27,231,289</u>	<u>30,683,451</u>	<u>27,024,830</u>	<u>30,952,612</u>	<u>35,870,639</u>
(4,198,855)	(5,159,090)	(4,276,300)	(3,367,572)	(3,899,310)	(2,812,853)
2,485,827	759,745	363,482	(2,069,588)	257,961	3,912,584
<u>(\$1,713,028)</u>	<u>(\$4,399,345)</u>	<u>(\$3,912,818)</u>	<u>(\$5,437,160)</u>	<u>(\$3,641,349)</u>	<u>\$1,099,731</u>
\$358,670	\$350,199	\$385,234	\$389,773	\$674,149	\$717,005
4,120,044	4,212,894	3,272,728	4,017,857	4,289,399	4,904,826
515,950	483,133	497,718	477,525	470,521	489,124
5,422	340,970	335,637	384,626	215,104	716,775
99,506	64,846	93,922	560,642	371,297	(201,552)
79,387	465,868	343,819	140,351	647,995	259,211
100,550	0	0	27,375	(6,250)	836,442
<u>5,279,529</u>	<u>5,917,910</u>	<u>4,929,058</u>	<u>5,998,149</u>	<u>6,662,215</u>	<u>7,721,831</u>
219,435	197,677	331,845	203,748	142,948	94,432
(100,550)	0	0	(27,375)	6,250	(836,442)
<u>118,885</u>	<u>197,677</u>	<u>331,845</u>	<u>176,373</u>	<u>149,198</u>	<u>(742,010)</u>
<u>\$5,398,414</u>	<u>\$6,115,587</u>	<u>\$5,260,903</u>	<u>\$6,174,522</u>	<u>\$6,811,413</u>	<u>\$6,979,821</u>
\$1,080,674	\$758,820	\$652,758	\$2,630,577	\$2,762,905	\$4,908,978
2,604,712	957,422	695,327	(1,893,215)	407,159	3,170,574
<u>\$3,685,386</u>	<u>\$1,716,242</u>	<u>\$1,348,085</u>	<u>\$737,362</u>	<u>\$3,170,064</u>	<u>\$8,079,552</u>

City of Napoleon, Ohio

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$7,456	\$7,706	\$9,120	\$9,409
Committed	67,783	19,966	11,772	13,022
Assigned	67,913	871,172	777,758	838,819
Unassigned	<u>1,714,410</u>	<u>1,030,178</u>	<u>1,162,723</u>	<u>1,265,731</u>
<i>Total General Fund</i>	<u>1,857,562</u>	<u>1,929,022</u>	<u>1,961,373</u>	<u>2,126,981</u>
All Other Governmental Funds				
Nonspendable	\$195,635	\$177,587	\$170,935	\$229,196
Restricted	2,269,103	2,391,541	2,434,009	2,279,047
Committed	800,226	1,439,374	1,555,291	1,912,226
Assigned	22,214	27,767	9,554	28,749
Unassigned	<u>(73,767)</u>	<u>(29,206)</u>	<u>(27,902)</u>	<u>(28,492)</u>
<i>Total All Other Governmental Funds</i>	<u>3,213,411</u>	<u>4,007,063</u>	<u>4,141,887</u>	<u>4,420,726</u>
<i>Total Governmental Funds</i>	<u><u>\$5,070,973</u></u>	<u><u>\$5,936,085</u></u>	<u><u>\$6,103,260</u></u>	<u><u>\$6,547,707</u></u>

Source: Finance Director's Office

City of Napoleon, Ohio

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$44,283	\$47,322	\$16,404	\$57,417	\$18,334	\$15,599
11,196	32,808	54,198	41,611	21,938	7,779
590,274	498,796	1,054,526	691,949	46,906	94,575
<u>1,301,015</u>	<u>1,405,609</u>	<u>655,332</u>	<u>1,648,729</u>	<u>3,104,136</u>	<u>3,111,642</u>
<u>1,946,768</u>	<u>1,984,535</u>	<u>1,780,460</u>	<u>2,439,706</u>	<u>3,191,314</u>	<u>3,229,595</u>
\$252,736	\$330,192	\$344,474	\$280,242	\$357,437	\$323,209
2,442,470	2,580,649	2,798,732	3,029,161	5,422,310	3,926,117
2,586,537	2,522,755	1,612,463	1,487,789	1,236,769	1,768,986
13,650	36,757	34,596	21,995	55,235	9,394
<u>(29,300)</u>	<u>(40,465)</u>	<u>(47,434)</u>	<u>(133,606)</u>	<u>(29,477)</u>	<u>(2,800)</u>
<u>5,266,093</u>	<u>5,429,888</u>	<u>4,742,831</u>	<u>4,685,581</u>	<u>7,042,274</u>	<u>6,024,906</u>
<u>\$7,212,861</u>	<u>\$7,414,423</u>	<u>\$6,523,291</u>	<u>\$7,125,287</u>	<u>\$10,233,588</u>	<u>\$9,254,501</u>

City of Napoleon, Ohio

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

	2012	2013	2014	2015
Revenues:				
Taxes	\$4,170,959	\$4,458,946	\$4,660,798	\$4,969,922
Intergovernmental Revenues	1,426,432	1,719,738	1,248,507	2,272,156
Charges for Services	805,926	1,012,086	819,227	869,489
Licenses and Permits	76,513	73,435	70,252	70,735
Investment Earnings	68,959	54,013	34,162	11,047
Special Assessments	84,532	49,694	28,815	37,142
Fines and Forfeitures	331,022	369,351	354,229	306,292
All Other Revenue	453,642	365,253	464,363	339,064
Total Revenue	7,417,985	8,102,516	7,680,353	8,875,847
Expenditures:				
Current:				
Security of Persons and Property	3,216,671	3,293,773	3,559,821	3,426,149
Public Health and Welfare Services	98,178	105,132	107,365	111,598
Leisure Time Activities	809,897	722,535	717,360	792,662
Community Environment	378,447	885,933	151,254	132,277
Transportation	530,317	503,534	554,015	671,335
General Government	1,009,104	897,863	936,313	852,115
Capital Outlay	1,095,962	471,986	1,177,632	2,271,611
Debt Service:				
Principal Retirement	138,951	129,951	119,151	124,151
Interest and Fiscal Charges	64,594	70,247	71,499	49,428
Total Expenditures	7,342,121	7,080,954	7,394,410	8,431,326
Excess (Deficiency) of Revenues Over Expenditures	75,864	1,021,562	285,943	444,521

City of Napoleon, Ohio

2016	2017	2018	2019	2020	2021
\$4,998,063	\$5,045,738	\$4,131,094	\$4,869,080	\$5,394,521	\$6,095,962
1,283,816	1,223,001	3,107,470	1,204,837	1,917,555	1,774,292
865,305	997,003	952,986	985,505	1,041,551	1,418,304
75,027	70,563	71,387	75,182	95,475	65,926
89,533	61,866	88,365	561,244	376,904	(200,465)
33,107	11,526	22,995	8,787	2,493	467
363,060	332,305	327,219	277,376	244,488	301,672
343,855	429,527	477,490	280,640	1,122,416	352,081
<u>8,051,766</u>	<u>8,171,529</u>	<u>9,179,006</u>	<u>8,262,651</u>	<u>10,195,403</u>	<u>9,808,239</u>
3,271,532	3,664,792	3,510,952	3,708,022	4,318,562	4,222,031
100,039	104,137	108,592	108,888	108,905	106,266
808,066	858,514	879,372	940,402	2,275,228	3,599,187
192,306	137,222	45,707	44,359	80,173	88,315
498,095	507,430	498,793	523,974	393,793	523,594
1,030,993	795,734	1,332,128	474,245	934,074	1,103,138
1,337,778	1,683,118	3,439,910	1,585,880	2,188,179	2,138,986
124,351	119,349	107,200	87,200	92,354	3,780,000
64,423	44,456	59,971	53,159	39,979	162,417
<u>7,427,583</u>	<u>7,914,752</u>	<u>9,982,625</u>	<u>7,526,129</u>	<u>10,431,247</u>	<u>15,723,934</u>
624,183	256,777	(803,619)	736,522	(235,844)	(5,915,695)

(Continued)

City of Napoleon, Ohio

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

	2012	2013	2014	2015
Other Financing Sources (Uses):				
Sale of Capital Assets	19,300	38,700	17,289	20,954
General Obligation Notes Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Bonds	0	0	0	0
Transfers In	1,923,114	1,878,718	2,137,016	2,185,044
Transfers Out	(2,167,589)	(2,056,218)	(2,266,206)	(2,264,290)
Other Financing Sources - Capital Leases	28,818	0	0	0
Total Other Financing Sources (Uses)	<u>(196,357)</u>	<u>(138,800)</u>	<u>(111,901)</u>	<u>(58,292)</u>
Net Change in Fund Balance	<u>(\$120,493)</u>	<u>\$882,762</u>	<u>\$174,042</u>	<u>\$386,229</u>
 Debt Service as a Percentage of Noncapital Expenditures	 3.27%	 3.31%	 3.16%	 2.95%

Source: Finance Director's Office

City of Napoleon, Ohio

2016	2017	2018	2019	2020	2021
33,755	50,395	103,355	59,041	861	2,058
0	0	0	0	3,500,000	0
0	0	0	0	0	4,040,000
0	0	0	0	0	95,223
2,457,040	2,442,394	2,952,732	2,256,321	2,069,206	3,286,569
(2,508,340)	(2,628,344)	(3,127,062)	(2,427,701)	(2,262,567)	(2,450,127)
0	0	0	0	0	0
<u>(17,545)</u>	<u>(135,555)</u>	<u>(70,975)</u>	<u>(112,339)</u>	<u>3,307,500</u>	<u>4,973,723</u>
<u>\$606,638</u>	<u>\$121,222</u>	<u>(\$874,594)</u>	<u>\$624,183</u>	<u>\$3,071,656</u>	<u>(\$941,972)</u>
4.02%	3.06%	2.81%	2.39%	2.26%	29.02%

City of Napoleon, Ohio

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income	\$308,842,682	\$321,298,252	\$340,074,000	\$339,299,820
Total Tax Collected	\$3,653,543	\$3,766,944	\$4,002,571	\$4,233,916
Income Tax Receipts				
Withholding	2,819,529	2,815,263	2,885,428	3,021,851
Percentage	77.17%	74.74%	72.09%	71.37%
Corporate	343,738	426,751	561,348	608,345
Percentage	9.41%	11.32%	14.02%	14.37%
Individuals	490,276	524,930	555,795	603,721
Percentage	13.42%	13.94%	13.89%	14.26%

Source: City Income Tax Department

City of Napoleon, Ohio

2016	2017	2018	2019	2020	2021
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$343,994,115	\$353,979,920	\$355,437,871	\$386,721,369	\$381,699,363	\$377,048,463
\$4,906,698	\$4,616,746	\$4,300,691	\$4,516,394	\$4,589,475	\$5,223,095
3,372,317	3,162,578	3,242,460	3,337,832	3,579,093	3,826,675
68.73%	68.50%	75.39%	73.90%	77.98%	73.26%
807,938	727,125	390,875	460,411	331,043	656,574
16.47%	15.75%	9.09%	10.19%	7.21%	12.57%
726,443	727,043	667,357	718,152	679,339	739,846
14.80%	15.75%	15.52%	15.91%	14.81%	14.17%



City of Napoleon, Ohio

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2021

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,819	40.08%	\$11,520,524	6.09%
20,000 - 49,999	1,330	29.31%	44,510,718	23.54%
50,000 - 74,999	491	10.82%	28,938,600	15.30%
75,000 - 99,999	477	10.51%	39,499,400	20.89%
Over 100,000	421	9.28%	64,654,880	34.18%
Total	4,538	100.00%	\$189,124,122	100.00%

Calendar Year 2012

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,285	51.22%	\$14,805,847	10.11%
20,000 - 49,999	1,118	25.06%	36,705,798	25.06%
50,000 - 74,999	517	11.59%	31,656,331	21.61%
75,000 - 99,999	256	5.74%	21,856,022	14.92%
Over 100,000	285	6.39%	41,434,847	28.30%
Total	4,461	100.00%	\$146,458,845	100.00%

Source: Finance Director's Office

City of Napoleon, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2012	2013	2014
Governmental Activities ⁽¹⁾			
General Obligation Bonds Payable	\$1,180,000	\$1,105,000	\$1,030,000
Special Assessment Bonds Payable	186,954	144,354	112,554
Long-Term Notes Payable	0	0	0
Ohio Public Works Commission Loan Payable	61,753	49,402	37,051
Business-type Activities ⁽¹⁾			
Ohio Water Development Authority Loans Payable	1,365,382	1,257,105	1,142,870
Ohio Public Works Commission Loans Payable	425,791	397,106	368,421
Ohio Water and Sewer Rotary Commission Loans Payable	310,945	307,669	300,832
Water Pollution Control Loan Fund Loans Payable	6,966,622	6,593,088	6,235,432
Water Supply Revolving Loan Payable	0	0	0
Long-Term Notes Payable	0	2,500,000	2,500,000
General Obligation Bonds Payable	1,470,000	1,325,000	1,180,000
Special Assessment Bond Payable	63,046	56,646	49,446
Revenue Bonds Payable	10,545,000	10,070,000	9,585,000
Total Primary Government	<u>\$22,575,493</u>	<u>\$23,805,370</u>	<u>\$22,541,606</u>
Population ⁽²⁾			
City of Napoleon	8,702	8,782	9,000
Outstanding Debt Per Capita	\$2,594	\$2,711	\$2,505
Income ⁽³⁾			
Personal (in thousands)	308,843	321,298	340,074
Percentage of Personal Income	7.31%	7.41%	6.63%

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

2015	2016	2017	2018	2019	2020	2021
\$950,000	\$870,000	\$785,000	\$700,000	\$615,000	\$525,000	\$4,285,000
80,754	48,754	26,754	4,554	2,354	0	0
0	0	0	0	0	3,500,000	0
24,700	12,349	0	0	0	0	0
1,022,324	916,078	825,367	811,926	703,383	2,748,926	3,794,512
339,736	311,051	282,366	253,681	225,000	225,000	175,000
300,832	300,832	300,832	300,832	263,116	246,499	246,499
5,874,191	5,509,329	5,140,810	4,768,596	4,392,650	4,012,935	3,629,414
0	0	9,247,156	15,715,701	15,956,748	15,503,850	14,824,503
2,500,000	3,900,000	3,900,000	2,500,000	2,352,000	2,352,000	0
1,025,000	865,000	695,000	520,000	335,000	0	0
42,246	34,246	26,246	17,446	8,646	0	0
9,085,000	8,575,000	8,035,000	7,470,000	7,155,000	7,040,445	8,666,107
<u>\$21,244,783</u>	<u>\$21,342,639</u>	<u>\$29,264,531</u>	<u>\$33,062,736</u>	<u>\$32,008,897</u>	<u>\$36,154,655</u>	<u>\$35,621,035</u>
8,940	8,851	8,659	8,299	8,249	8,207	8,107
\$2,376	\$2,411	\$3,380	\$3,984	\$3,880	\$4,405	\$4,394
339,300	343,994	353,980	355,438	386,721	381,699	377,048
6.26%	6.20%	8.27%	9.30%	8.28%	9.47%	9.45%

City of Napoleon, Ohio

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2012	2013	2014	2015
Population ⁽¹⁾	8,702	8,782	9,000	8,940
Assessed Value ⁽²⁾	\$144,228,260	\$144,710,680	\$140,680,550	\$140,849,400
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$2,650,000	\$2,430,000	\$2,210,000	\$1,975,000
Resources Available to Pay Principal ⁽⁴⁾	\$22,214	\$27,767	\$9,554	\$28,749
Net General Bonded Debt	\$2,627,786	\$2,402,233	\$2,200,446	\$1,946,251
Ratio of Net Bonded Debt to Assessed Value	1.82%	1.66%	1.56%	1.38%
Net Bonded Debt per Capita	\$301.97	\$273.54	\$244.49	\$217.70

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

2016	2017	2018	2019	2020	2021
8,851	8,659	8,299	8,249	8,207	8,107
\$140,501,870	\$151,096,730	\$150,298,770	\$150,765,380	\$169,600,090	\$172,645,510
\$1,735,000	\$1,480,000	\$1,220,000	\$950,000	\$525,000	\$4,285,000
\$13,650	\$36,757	\$34,596	\$21,995	\$55,235	\$9,394
\$1,721,350	\$1,443,243	\$1,185,404	\$928,005	\$469,765	\$4,275,606
1.23%	0.96%	0.79%	0.62%	0.28%	2.48%
\$194.48	\$166.68	\$142.84	\$112.50	\$57.24	\$527.40



City of Napoleon, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2021*

<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	\$4,285,000	100.00%	\$4,285,000
Overlapping:			
Napoleon City School District	28,580,000	35.93%	10,268,794
Liberty Center School District	17,400,000	2.32%	403,680
Four County Career Center	2,200,000	3.80%	83,600
		Subtotal	<u>10,756,074</u>
		Total	<u><u>\$15,041,074</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	2012	2013	2014	2015
Total Debt				
Net Assessed Valuation	\$144,228,260	\$144,710,680	\$140,680,550	\$140,849,400
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	15,143,967	15,194,621	14,771,458	14,789,187
City Debt Outstanding (2)	1,180,000	1,105,000	1,030,000	950,000
Less: Applicable Debt Service Fund Amounts	(22,214)	(27,767)	(9,554)	(28,749)
Net Indebtedness Subject to Limitation	<u>1,157,786</u>	<u>1,077,233</u>	<u>1,020,446</u>	<u>921,251</u>
Overall Legal Debt Margin	<u>\$13,986,181</u>	<u>\$14,117,388</u>	<u>\$13,751,012</u>	<u>\$13,867,936</u>
Unvoted Debt				
Net Assessed Valuation	\$144,228,260	\$144,710,680	\$140,680,550	\$140,849,400
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	7,932,554	7,959,087	7,737,430	7,746,717
City Debt Outstanding (2)	1,180,000	1,105,000	1,030,000	950,000
Less: Applicable Debt Service Fund Amounts	(22,214)	(27,767)	(9,554)	(28,749)
Net Indebtedness Subject to Limitation	<u>1,157,786</u>	<u>1,077,233</u>	<u>1,020,446</u>	<u>921,251</u>
Overall Legal Debt Margin	<u>\$6,774,768</u>	<u>\$6,881,854</u>	<u>\$6,716,984</u>	<u>\$6,825,466</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

2016	2017	2018	2019	2020	2021
\$140,501,870	\$151,096,730	\$150,298,770	\$150,765,380	\$169,600,090	\$172,645,510
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
14,752,696	15,865,157	15,781,371	15,830,365	17,808,009	18,127,779
870,000	785,000	700,000	615,000	525,000	4,285,000
(13,650)	(36,757)	(34,596)	(21,995)	(55,235)	(9,394)
856,350	748,243	665,404	593,005	469,765	4,275,606
\$13,896,346	\$15,116,914	\$15,115,967	\$15,237,360	\$17,338,244	\$13,852,173
\$140,501,870	\$151,096,730	\$150,298,770	\$150,765,380	\$169,600,090	\$172,645,510
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
7,727,603	8,310,320	8,266,432	8,292,096	9,328,005	9,495,503
870,000	785,000	700,000	615,000	525,000	4,285,000
(13,650)	(36,757)	(34,596)	(21,995)	(55,235)	(9,394)
856,350	748,243	665,404	593,005	469,765	4,275,606
\$6,871,253	\$7,562,077	\$7,601,028	\$7,699,091	\$8,858,240	\$5,219,897

City of Napoleon, Ohio

Pledged Revenue Coverage Last Ten Years

	2012	2013	2014	2015
Sewer System Bonds (1 a)				
Gross Revenues (2)	\$3,513,056	\$3,373,988	\$3,412,809	\$3,936,723
Direct Operating Expenses (3)	1,886,347	2,159,341	2,118,671	2,309,699
Net Revenue Available for Debt Service	1,626,709	1,214,647	1,294,138	1,627,024
Annual Debt Service Requirement (4)	591,708	650,633	640,676	636,597
Coverage	2.75	1.87	2.02	2.56
Electric System Bonds (1 b)				
Gross Revenues (2)	\$15,361,398	\$15,603,439	\$15,991,230	\$14,965,308
Direct Operating Expenses (3)	14,001,754	15,220,282	15,555,991	13,960,055
Net Revenue Available for Debt Service	1,359,644	383,157	435,239	1,005,253
Annual Debt Service Requirement (4)	0	0	0	0
Coverage	N/A	N/A	N/A	N/A
Electric System Amp-Ohio (1 b)				
Gross Revenues (5)	\$15,299,299	\$15,571,064	\$15,961,782	\$14,927,117
Direct Operating Expenses (3)	14,001,754	15,220,282	15,555,991	13,960,055
Net Revenue Available for Debt Service	1,297,545	350,782	405,791	967,062
Annual Debt Service Requirement (4)	0	0	0	0
Coverage	N/A	N/A	N/A	N/A
Water System Bonds (1 c)				
Gross Revenues (2)	\$3,174,903	\$2,889,431	\$3,317,029	\$3,335,865
Direct Operating Expenses (3)	2,068,821	1,856,073	2,123,585	1,884,289
Net Revenue Available for Debt Service	1,106,082	1,033,358	1,193,444	1,451,576
Annual Debt Service Requirement (4)	525,902	544,556	529,806	538,471
Coverage	2.10	1.90	2.25	2.70

(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, in 2012 in the amount of \$913,000 and in 2021 in the amount of \$4,070,000.
- (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, in 2012 in the amount of \$187,000, in 2020 in the amount of \$2,545,000 and 2021 in the amount of \$2,360,000.

(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

2016	2017	2018	2019	2020	2021
\$4,159,750	\$4,102,182	\$4,103,091	\$4,128,417	\$4,210,583	\$4,589,284
2,295,638	2,596,558	2,597,562	2,471,357	3,739,254	4,925,856
1,864,112	1,505,624	1,505,529	1,657,060	471,329	(336,572)
636,732	644,217	641,274	372,130	371,711	253,318
2.93	2.34	2.35	4.45	1.27	(1.33)
\$16,208,908	\$15,561,372	\$17,626,832	\$16,846,017	\$16,715,984	\$16,628,793
14,997,692	15,782,123	17,379,408	18,213,457	16,994,153	14,432,560
1,211,216	(220,751)	247,424	(1,367,440)	(278,169)	2,196,233
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A
\$16,153,201	\$15,499,543	\$17,539,066	\$16,793,537	\$16,677,532	\$16,599,805
14,997,692	15,782,123	17,379,408	18,213,457	16,994,153	14,432,560
1,155,509	(282,580)	159,658	(1,419,920)	(316,621)	2,167,245
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A
\$3,278,782	\$3,441,821	\$3,638,507	\$3,805,918	\$4,107,007	\$4,031,016
2,212,787	2,436,100	2,755,307	2,718,266	2,834,700	2,167,499
1,065,995	1,005,721	883,200	1,087,652	1,272,307	1,863,517
528,884	537,699	542,279	541,221	331,328	476,114
2.02	1.87	1.63	2.01	3.84	3.91

City of Napoleon, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2012	2013	2014	2015
Population ⁽¹⁾				
City of Napoleon	8,702	8,782	9,000	8,940
Henry County	28,064	28,045	28,092	27,937
Income ⁽²⁾				
Total Personal (in thousands)	308,843	321,298	340,074	339,300
Per Capita	35,491	36,586	37,786	37,953
Unemployment Rate ⁽³⁾				
Federal	7.8%	6.7%	5.6%	5.0%
State	6.7%	7.1%	5.1%	4.8%
Henry County	7.5%	7.2%	5.5%	5.5%
Civilian Work Force Estimates ⁽³⁾				
State	5,729,000	5,758,000	5,726,000	5,694,000
Henry County	15,000	15,300	13,700	13,500

Sources:

- (1) US Bureau of Census of Population
- (2) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics

City of Napoleon, Ohio

2016	2017	2018	2019	2020	2021
8,851	8,659	8,299	8,249	8,207	8,107
27,816	27,629	27,185	27,006	26,921	26,836
343,994	353,980	355,438	386,721	381,699	377,048
38,865	40,880	42,829	46,881	46,509	46,509
4.7%	4.1%	3.9%	3.5%	3.9%	3.7%
5.0%	4.9%	4.6%	4.1%	5.5%	3.4%
5.5%	5.1%	5.8%	4.6%	5.6%	2.8%
5,687,000	5,782,000	5,758,000	5,811,750	5,634,700	5,136,800
13,500	13,500	13,100	13,265	12,679	9,921



City of Napoleon, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2021		
		Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	444	1	4.41%
Henry County	County Government	367	2	3.65%
Henry County Hospital Inc	Health Care	360	3	3.58%
Campbel Soup Supply Co LLC*	Soup Manufacturer	383	4	3.81%
Wal-Mart Stores	Retail	323	5	3.21%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	252	6	2.51%
JAC	Automobile Parts Manufacturer	555	7	5.52%
City of Napoleon	Local Government	222	8	2.21%
Defiance Stamping	Automobile Parts Manufacturer	100	9	0.99%
Automatic Feed	Steel Handling Equipment	84	10	0.84%
Total		<u>3,090</u>		
Total Employment within the City		<u>10,057</u>		

Employer	Nature of Business	2012		
		Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	481	1	4.69%
Henry County Auditors	County Government	382	2	3.72%
Campbel Soup Supply Co LLC	Soup Manufacturer	359	3	3.50%
Wal-Mart Stores	Retail	351	4	3.42%
Henry County Hospital Inc	Health Care	298	5	2.91%
The Lutheran Home	Long-term Health Care	237	6	2.31%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	236	7	2.30%
City of Napoleon	Local Government	214	8	2.09%
Cloverleaf Cold Storage	Food Storage	175	9	1.71%
Automatic Feed Company	Steel Handling Equipment	82	10	0.80%
Total		<u>2,815</u>		
Total Employment within the City		<u>10,256</u>		

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

City of Napoleon, Ohio

Full Time Equivalent Employees by Function Last Ten Years

	2012	2013	2014	2015
Governmental Activities				
General Government				
Finance	10.00	9.00	9.00	9.00
Legal/Court	9.00	10.00	10.00	9.00
Administration	10.00	10.00	10.00	10.00
Maintenance	3.00	3.00	3.00	3.00
Security of Persons and Property				
Police	22.00	21.00	22.00	21.00
Fire	8.00	9.00	9.00	9.00
Transportation				
Street	4.00	3.00	3.00	3.00
Leisure Time Activities				
Recreation/Seniors	5.00	5.00	5.00	5.00
Community Environment				
Service - Cemetery	1.00	1.00	1.00	1.00
Business-Type Activities				
Utilities - Electric	13.00	14.00	14.00	14.00
Water	8.00	9.00	9.00	9.00
Sewer	7.00	7.00	7.00	7.00
Solid Waste	3.00	3.00	3.00	2.00
<i>Total Employees</i>	<u>103.00</u>	<u>104.00</u>	<u>105.00</u>	<u>102.00</u>

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

Source: Finance Director's Office

City of Napoleon, Ohio

2016	2017	2018	2019	2020	2021
9.00	9.00	9.00	8.00	6.00	6.00
9.00	10.00	10.00	11.50	11.00	9.50
10.00	9.00	11.00	13.00	13.50	13.50
3.00	3.00	3.00	3.00	3.00	3.00
23.00	20.00	19.00	22.00	22.00	22.00
9.00	10.00	8.00	24.00	24.50	22.00
3.00	3.00	2.00	2.00	2.00	3.00
5.00	5.00	5.00	7.50	4.50	10.50
1.00	1.00	1.00	1.00	2.00	2.00
14.00	14.00	14.00	14.00	12.00	12.00
10.00	11.00	10.00	11.50	11.00	11.00
7.00	8.00	8.00	8.00	8.50	8.50
3.00	3.00	2.00	4.00	4.00	3.00
<u>106.00</u>	<u>106.00</u>	<u>102.00</u>	<u>129.50</u>	<u>124.00</u>	<u>126.00</u>

City of Napoleon, Ohio

Operating Indicators by Function Last Ten Years

	2012	2013	2014	2015
Governmental Activities				
General Government				
Licenses and Permits				
Number of Building Permits	117	99	87	181
Number of Commercial Permits	14	13	17	7
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	596	1,070	741	741
Number of Parking Tickets	28	16	83	83
Number of Law Violations:				
Criminal/Juvenile Citations	1,392	832	713	713
Fire				
Number of Fire Calls Answered	220	246	237	227
Number of EMS Runs	1,149	1,135	1,147	1,237
Number of Inspections	96	97	36	188
Transportation				
Street				
Facilities and Services: Miles of Streets	72	72	72	72
Business-Type Activities				
Water				
Number of Service Connections	4,114	3,663	3,663	3,663
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	4	4,360	3,553	3,553
Daily Average Sewage Treatment (gallons)	1.8M	1.8M	1.8M	1.8M
Maximum Daily Capacity of Treatment (gallons)	4.5M	4.5M	4.5M	4.5M

Source: Finance Director's Office

City of Napoleon, Ohio

2016	2017	2018	2019	2020	2021
139	186	171	164	180	192
13	31	60	73	62	54
565	427	456	411	232	388
59	53	28	22	8	62
827	1,054	927	855	712	670
170	167	210	237	296	362
1,339	1,428	1,370	1,409	1,449	1,574
107	270	463	204	87	145
72	72	72	72	72	72
3,663	3,895	3,895	3,900	3,920	3,960
1.3M	1.3M	1.3M	1.14M	1.14M	1.13M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M
3,553	3,683	3,683	3,678	3,715	3,740
1.8M	1.8M	1.8M	2.0M	1.64M	1.77M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M

City of Napoleon, Ohio

Capital Asset Statistics by Function Last Ten Years

	2012	2013	2014	2015	2016
Governmental Activities					
General Government					
Area (square miles)	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	7	7	7	7	7
Fire					
Stations	1	1	1	1	1
Vehicles	11	11	11	11	11
Transportation					
Street					
Vehicles	10	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	1	1	1	1	1
Baseball/Softball Diamonds	7	7	7	7	7
Golf Courses	1	1	1	1	1
Business-Type Activities					
Utilities					
Water					
Waterlines (Miles)	63	63	63	63	63
Number of Purification Plants	2	2	2	2	2
Number of Hydrants	653	653	653	653	653
Number of Water Towers	2	2	2	2	2
Sewer					
Sewerlines (Miles)	47	47	47	47	47
Number of Treatment Plants	1	1	1	1	1
Storm Water Drainage					
Miles of Storm Sewers	37	37	37	37	37

Source: Finance Director's Office

City of Napoleon, Ohio

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
7	7	7	7	7
1	1	1	1	1
8	8	9	9	9
1	1	1	1	1
11	10	10	10	10
9	9	9	9	9
225	225	225	225	225
9	9	9	9	9
1	1	1	1	1
1	1	1	1	1
7	7	7	7	7
1	1	1	1	1
63	63	63	63	63
2	1	1	1	1
658	658	646	646	646
2	2	2	2	2
47	47	47	47	47
1	1	1	1	1
37	37	37	37	37

