THE CITY OF NAPOLEON, OHIO

HENRY COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014


Napoleon
Heartland Values, Flowing Opportunities

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Prepared by the Finance Department

Gregory J. Heath
Director of Finance


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HENRY COUNTY, OHIO

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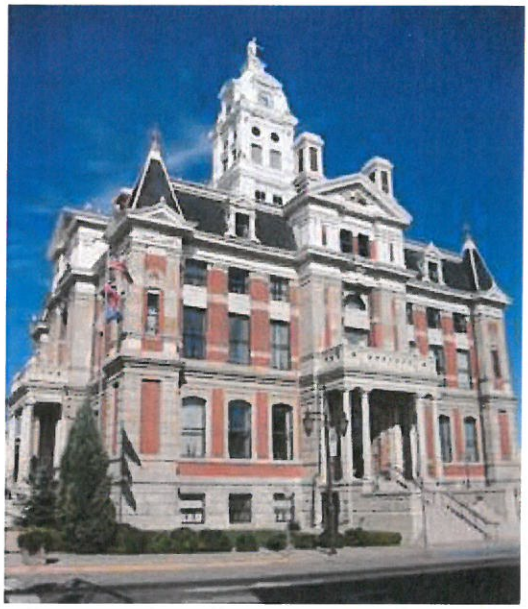
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INTRODUCTORY SECTION

HENRY COUNTY COURTHOUSE
LOCATED WITHIN THE CITY OF NAPOLEON, OHIO




Napoleon
Heartland Values, Flowing Opportunities

CITY OF NAPOLEON, OHIO

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May 27, 2015

Introduction

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

We are pleased to present the Nineteenth (19th) ***Comprehensive Annual Financial Report*** (CAFR) of the City of Napoleon, Ohio (City), for the year ended December 31, 2014. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Generally Accepted Auditing Standards (GAAS). GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A) to accompany the basic financial statements. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Report

State law, along with *Administrative Rules* of the Auditor of State, requires all City governments to publish an Annual Report within 150 days of the close of each fiscal year. This report must present a complete set of financial statements presented in conformity with GAAP. This Annual Report was filed with the Auditor of State on or before May 31, 2015. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAAS. Pursuant to these requirements, we hereby issue the CAFR of the City for the fiscal year ended December 31, 2014.

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

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

The City's financial statements have been audited by an Independent Public Accountant (IPA), James G Zupka, CPA, Inc., of Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. The IPA issued an unmodified opinion that the basic financial statements are presented fairly in conformity with GAAP, in all material respects, representing the financial position of the City as of December 31, 2014. The report from the IPA is presented as the first component of the financial section of this report.

PROFILE OF THE CITY OF NAPOLEON

Early History

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

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

The City of Napoleon

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

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

Form of Government

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

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

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

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

Municipal Services

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

The City operates four (4) enterprise activities: 1) water treatment and distribution; 2) sewer wastewater treatment and collection, including the storm water system (A storm water abatement charge is included within the sewer enterprise fund, and storm water revenues are used for the separation of the storm water systems from the sanitary sewer systems.); 3) electric distribution for residential, commercial and industrial customers; and 4) residential solid waste collection and disposal, including a curbside recycling program, a yard waste transfer station site, a mosquito control program, storm debris removal and seasonal bulk pickups.

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

The City is 1 of 132 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 (JV2, JV5 and JV6) all managed by AMP; in addition, the City is contractually obligated for costs related to various "Take-or-Pay" power contracts. This includes the AMPGS project, a proposed coal-fired generating facility that was terminated by AMP participants following unexpected increases in the target price from the contractor. The AMPGS project was originally intended to replace the decommissioned Gorsuch Station generating plant a coal-fired facility originally constructed in the 1950s. In 2013, the City posted an $820,911 liability on incurred stranded costs to the AMPGS project. As of December 31, 2014, the estimated outstanding AMPGS liability for the City totals $14,074. This amount is posted as a 2014 payable. More recent "Take-or-Pay" contracts include the Prairie State project (advanced coal facility); the Fremont Energy project (natural gas combined cycle); the Napoleon Solar project (a solar panel energy field); and

combined hydroelectric projects (Cannelton, Smithland and Willow Island) and the Meldahl Greenup Hydroelectric project (all run of the river hydroelectric power projects). Detailed descriptions of the City's obligation to joint ventures and other contracted power contracts are listed in the Notes to the Financial Statements under Joint Ventures. Currently the City has a closed electric system and does not offer outside power sources to its customers from other power providers.

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

The Reporting Entity

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

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

Budgetary and Accounting Controls

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

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

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

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

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

Budgetary Controls

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

Personal Services:	**Other Expenditures:**
• Salary and Wages	• Contractual Services
• Fringe Benefits	• Materials and Supplies
	• Capital Outlays
	• Transfers (Within Funds)
	• Debt Service – Principal & Interest

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

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

The local economy has shown signs of continued growth in 2014, following both State of Ohio and National general economic trends. The pace of growth in 2014 for Napoleon continued to be slow as compared to other areas of the State of Ohio and the Nation. In certain sectors, especially manufacturing, prior economic retraction has stabilized with certain local area activity continuing to trend higher.

Comparing municipal income taxes for 2014 to 2013; overall combined total income tax collections was up by +6.26%; withholdings, business profit taxes and Individual taxes all trended higher in 2014. Actual income tax revenues collected in 2014 at the one and a half (1.5%) percent rate was $4,002,571, up +$235,627 in 2014 over 2013 of $3,766,944. In 2015, the taxable income through April, 2015, is continuing to trend higher compared to the same period for 2014. Income tax receipts, including withholdings, have the potential to be negatively impacted, with possible reduced taxable income, from business implementation of various state and federal mandates imposed on the City to exclude tax deferral plans from its allowable taxation base. Future taxable income tax growth may be restricted or reduced with employer implementation of various approved tax deferred 125 type plans; and, by other potential State imposed unilateral mandates placed on income tax revenues that may negatively impact this source. Currently, State Law limits the City tax on withholdings to be applied against Box "5" of the W-2 that represents Medicare wages and not Gross wages. In 2014, the City's allowed credit (also known as the reduced income tax credit) for taxes paid to other Cities remained at 100%.

In May, 2009, the Citizens of Napoleon voted on and approved an additional permanent income tax of 0.3% for General Operations and Capital Improvements of the City, with a July 1, 2009 effective date.

When added to the prior 1.0% Council approved rate, plus the 0.2% voted Recreation Levy, this increased the income tax rate to a total of 1.5%. In May, 2010, the Citizens of Napoleon voted on and approved a permanent income tax renewal of the Recreation Levy of 0.2%, leaving the net rate at 1.5%. The total income tax rate of 1.5% is now permanent and is currently not subject to periodic voted renewals.

Local housing growth and general home values continued to be generally flat in 2014 in the City. Local area new housing starts did see some increased activity, and the turn-over of pre-existing homes picked up slightly in 2014. With improvement in the local economy, and continued lowered mortgage rates and incentive programs offered through the State and Federal Governments, it is hoped housing activity will increase in 2015. Actual data on local home foreclosures is not known, estimated to be about same as State averages. Building Permits for residential in 2014 was 86 with a value of $1,497,436 as compared to 2013 of 99 with a value of $1,120,492; and, commercial improvements in 2014 was 17 with a value of $2,073,000 as compared to 2013 of 13 with a value of $$29,860,335. It is noted for 2013, $21,510,067 of the $29,860,335 represents the construction values of building a new consolidated public school campus by the Napoleon Area Schools. This new campus brings both the Middle School, and all Elementary Schools, into one central location in or close to the current High School.

With improvements to the local economy in various areas, the unemployment rate for Henry County was lower in 2014 at 5.6% as of December 31, 2014, versus 7.2% for December 31, 2013 (not seasonally adjusted). This rate has increased through March 31, 2015 to a reported 7.7%. Exact factors for this increase are not known at this time. At the end of 2014, the local area unemployment rate is higher as compared to the State of Ohio rate of 5.1% and the same to the National rate of 5.6%. While specific data is unavailable from the reporting sources for the City, it is estimated that the City's unemployment rate falls somewhere between the State of Ohio rate and the rate for Henry County. Using the rates through December 31, 2014, it is estimated the rate for the City would fall between 5.1% and 5.6%, about 5.4%.

The City did experience a loss in population from the 2000 to 2010 census, down 569 from the 2000 census number of 9,318 to the 2010 census number of 8,749. Henry County as a whole also lost population from the 2000 to 2010 census, down 1,095 from the 2000 census number of 29,310 to the 2010 census number of 28,215. Current estimates from the US Bureau of the Census for year ending 2013 show that Napoleon has increased population up to 9,000.

Business

The City has experienced both gain and loss from businesses located inside and outside the City limits in 2014. Some recent losses of manufacturing, retail or food businesses in 2014 located inside or close to the City include: Cigillusion Electronic Cigarette, Floral Art, Game Stop, Magic Hide A Way, Sweeney Fitness, Tastey Tamales, Universal Cooperatives and Wildcat Nutrition. B & B Molded Plastics, a structural foam and plastic molding company, recently announced their intention to move their operations to Defiance, Ohio. In 2013 and 2014, they are listed as a major employer (Inside City Limits) employing approximately 130 employees. Their anticipated move is sometime in calendar year 2015.

On the positive side, there were some new businesses added in 2014, these include: Cousino Harris Disaster Cleanup, Famed LLC (Ice House), Flatrock Brewing, Co., Fulton County Health Center, Just Stuff, Off the Top Barber Shop, Pedraza Trucking LLC, SBN II Reo LLC (Little Caesars Pizza), R & R Three, Inc., Seasons' Eatings, Suzie Q's, Sweets Just Sweets, Teaching & Mentoring Community and World Class Collision. In early 2015, Defiance Stamping, a metal fabrication company from Defiance, Ohio, decided to move their operations to Napoleon, Ohio.

When fully operational, they are anticipated to fall into the category of a major employer with an estimated 70 employees. It is anticipated they will be fully operational sometime in calendar year 2015.

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

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

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

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

Economic Development

During 2014, the City of Napoleon was able to maintain the growth and rejuvenation that came to fruition in 2013. Private investment continues to drive the resurgence to the downtown and surrounding area in order to maintain the buildings' façade and infrastructure that reflect the proud heritage of the City and its

residents. Overall, the downtown area has experienced positive change in the last few years and continued to do so in 2014.

The industrial sector of Napoleon remained relatively the same during 2014. Defiance Stamping Company is in the process of moving its operations from a neighboring county to within the City. Defiance Stamping now occupies and is operating out of the former Isofoton North America, Inc. building and expects to finalize its move into the building sometime in 2015. B & B Molded Plastics is anticipating moving out of the City to another surrounding county by end of 2015.

Outside the city limits, Campbell Soup Supply Company has continued to prosper. In late 2013, Keller Trucking and Packaging of Napoleon began construction on a 200,000 square foot facility just adjacent to Campbell Soup. That facility, completed in 2014, is currently being utilized by Keller Trucking and Packaging (Keller's) as a storage facility due to the increased demand from Campbell Soup Supply Company whom Keller's currently provides services to.

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

The following is provided by Monica S. Irelan, as to Major City Accomplishments, Potential Future Initiatives and Department Accomplishments.

Major City Accomplishments

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

- Completed major street and other infrastructure improvements.
- Updated water model and performed extensive field tests on the system.
- Changed direction from building a new Water Treatment Plant to rehabbing the current facility and keeping the plant as a City asset.
- Upgraded major equipment in many of the departments, including a new ambulance and mini excavator.
- Completed all remaining I/I Studies at various locations in the City to meet the EPA's LTCP.
- Relocated some of the 69 kV transmission lines to increase reliability and decrease repair times.
- Installed Unit #2 of Ultraviolet at Wastewater Facility increasing capacity from 10 MGD to 20 MGD. This project included upgrade of software and bulbs.
- Implemented updates to the Personnel Code, Employee Policy Manual, and Job Descriptions

Potential Future Initiatives

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

- Design and construct a rehabilitation of the Water Treatment Plant facility.
- Upgrade of water lines to improve water flow rates and reliability to all customers.
- Elimination of sanitary sewer and combined sewer overflows through the Wet Weather Plan compliance schedule via the Ohio EPA.
- On-going road improvements and other infrastructure street repairs
- Continue major equipment and utility infrastructure upgrades and replacements.
- Continued development of industrial and commercial sites for expanded and new industries.
- Create a Strategic Plan for Economic Development with City Council for the City.
- Update the Zoning Code and City Master Plan.

Department Accomplishments

Engineering Department found a bridge program that allows all bridge inspection to be done by the State of Ohio at no cost to the City saving approximately $5,000 annually. The department continues to apply for grant funding to assist in large projects, 40% of the South Side I/I Reduction Project, which started in December 2014, is being covered by grants. The Appian Avenue Improvement project, starting in April 2015, received $1.2 million in grant funding.

Operations Department Sewer crews have implemented a ten (10) year cycle perpetual cleaning program for the City's entire sewer system. This program will help with elimination of Sanitary Sewer Overflows (SSO), and limit Combined Sewer Overflows (CSO), by increasing flows and system reliability. The City is also doing an update on the Sewer System Operational Plan. This is a joint effort between consultants, Operations Department staff, and Wastewater Treatment staff.

Water Treatment employees are proud that they have met all of the Trihalomethanes (TTHM) requirements not exceeding the limit for two (2) consecutive years, and no violations since 2009.

Electric Department implemented an Outage Call Management System to track outages and reduce the time between reports and repair. A toll free number provides an automated response to record customer outages. The system will automatically call back the customer when repair is completed increasing effective customer service.

Building/Zoning Department held 12 nuisance hearings for long grass in 2014. The issued residential permit value increased in 2014 to $1,829,261 compared to 2013 of $1,120,492. This is a good indication that people are investing in their properties.

Fire Department received Assistance to Firefighters Grant which paid for new MSA air packs. The department also upgraded the defibrillators to Lifepack 15 series which will increase patient monitoring abilities.

Police Department continues to provide excellent service to the community through education, patrol, and community involvement. The department continues to retain a full-time dispatch center that provides 24/7 coverage for all emergency calls to the City, while providing backup to Henry County.

Parks and Recreation Department implemented efficiencies that allowed it to operate without a direct General Fund subsidy in 2014. The Golf Course finished the season with the best recorded revenue since 2008. The department also received a grant from Ohio Department of Natural Resources (ODNR) in the amount of $21,903, which will be used to put a new pocket park in the historic downtown in 2015.

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 full-time Human Resource Direction is drafting a training and education program to meet our priority of continuing education, safety (OSHA training), and skill training programs. The City continues the ongoing process of updating department policies and procedures for risk management to reflect changes to City code. The City's Healthcare Cost Committee meets quarterly to continue to evaluate the City's health and wellness programs and their related costs. All of these efforts help the City meet its Mission Statement which is:

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

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

Included in this report is an unmodified audit opinion rendered on the City's financial statements for the year ended December 31, 2014, issued by the IPA, James G Zupka, CPA, Inc., Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a CAFR, and to meet requirements of certain revenue trust agreements on enterprise revenue debt. In addition, an annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Awards

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

The City received a Certificate of Achievement for the fiscal year ended December 31, 2013. We believe this, our nineteenth (19^{th}) Comprehensive Annual Financial Report, meets the high standards set by the

GFOA for a Certificate of Achievement for Excellence in Financial Reporting, and so therefore the City is submitting it to GFOA for certification.

Public Disclosure

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

Acknowledgments

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

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. In turn this demonstrates the City's commitment to conform to reporting requirements established for municipal governments, and to maintain the sound financial position the City has enjoyed for many years. A final thank you goes to the Citizens of Napoleon, Ohio, who continue to support the many decisions made by the City in its financial operations.

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

Respectfully submitted,

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

Monica S. Irelan
City Manager
City of Napoleon, Ohio

List of Principal Officials
For the Year Ended December 31, 2014

Elected Officials

Name	Title	Term Expires	Years of Service at 12/31/14	Surety
Ronald A. Behm	Mayor	12/31/15	3	A
John A. Helberg	President of Council (In 2014)	12/31/15	14.5	A
Travis B. Sheaffer	President of Council (In 2015)	12/31/17	21	A
Jason P. Maassel	President Pro-Tem of Council	12/31/17	2.2	A
Jeffery W. Comadoll	Council Person	12/31/15	0.7	A
Jeffrey C. Marihugh	Council Person	12/31/17	1	A
Christopher R. Ridley	Council Person	12/31/15	3	A
Heather R. Wilson	Council Person	12/31/17	1	A
Amy C. Rosebrook	Municipal Court Judge	12/31/17	3.5	A

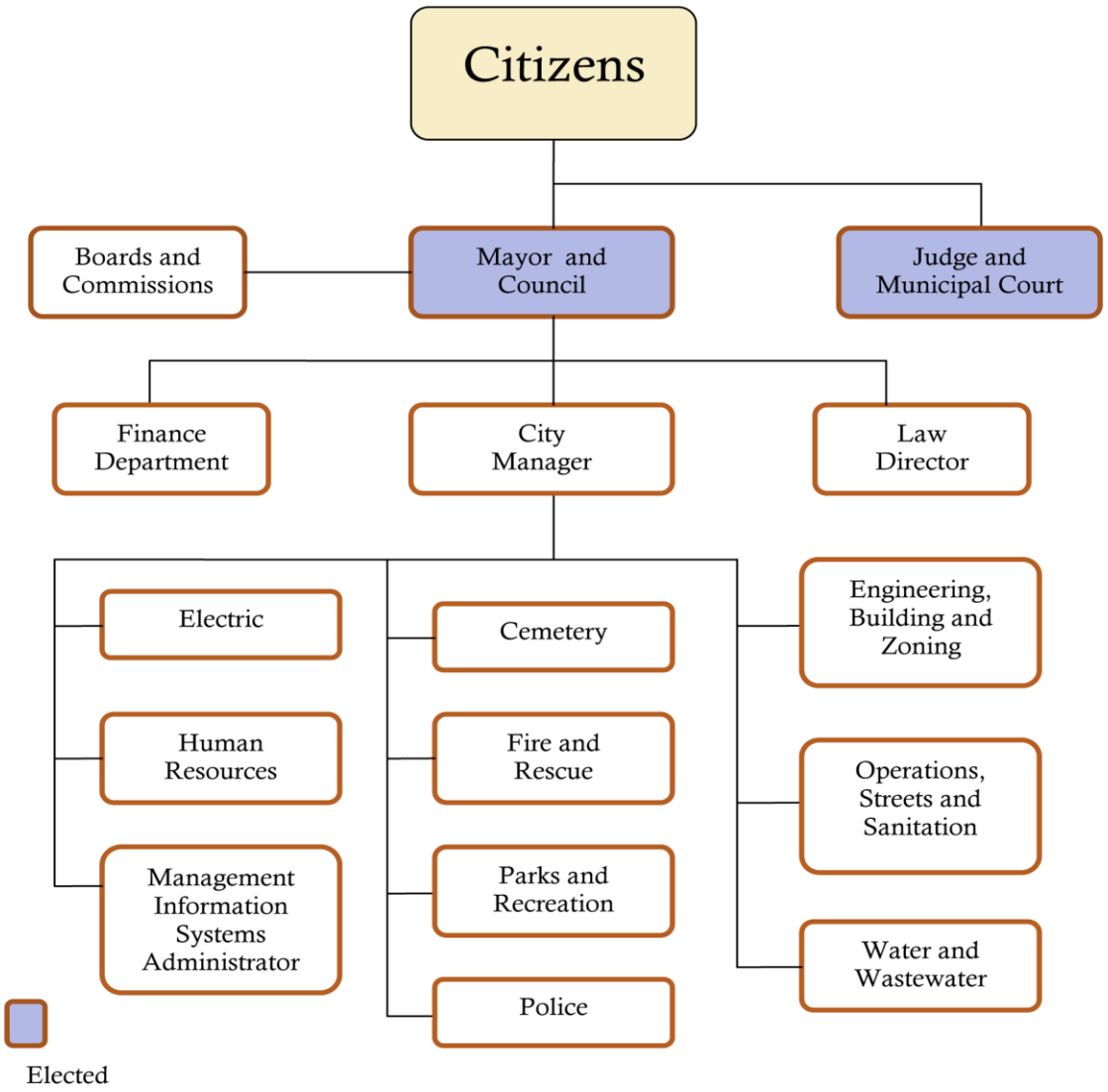
Appointed Officials

Name	Title	Term Expires	Years of Service	Surety
Monica S. Irelan	City Manager	Indefinite	0.6	A
Trevor Hayberger	Law Director	Indefinite	2.6	A
Gregory Heath	Director of Finance	Indefinite	20.1	A
Betty S. Marihugh	Clerk of Courts	Indefinite	30.5	A

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

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

City Organizational Chart
For the Year Ended December 31, 2014



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 Fund Review Committee	Maumee Valley Planning and Organizational Board	Audit Committee
		Henry County Metropolitan Housing Authority

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Napoleon

Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO


Napoleon
Heartland Values, Flowing Opportunities

FINANCIAL SECTION



Latty Dedication
PHOTO COURTESY OF HENRY COUNTY HISTORICAL SOCIETY



Historical Marker 180 Years
PHOTO COURTESY OF JULIE HEFFLINGER


Napoleon
Heartland Values, Flowing Opportunities

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

Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Napoleon, Ohio

The Honorable David Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Ohio, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2015, on our consideration of the City of Napoleon, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Napoleon, Ohio's internal control over financial reporting and compliance.

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

May 27, 2015


Napoleon
Heartland Values, Flowing Opportunities

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, 2014. 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 2014 are as follows:

- In total, net position decreased $263,145, from 2013. The net position of governmental activities decreased $465,712, from 2013; and the net position of business-type activities increased $202,567, from 2013. Please see additional Note on this item on the Changes in Net position Table listed later in the MD&A.

- Total revenues exceeded $30 million. $5.1 million was general revenues, or 17% of the total revenues; and $25.3 million was program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions, or 83% of the total revenues.

- The City had $7.9 million in program expenses related to governmental activities; only $2.5 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) of $5.1 million and excess cash reserves were adequate to provide for the balance on these programs.

- Among major funds, the general fund had $5.6 million in revenues, $3.8 million in expenditures (the expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities) and other financing sources and uses, netting to ($1.8) million. The general fund's fund balance increased $32,351.

- Net position for the proprietary funds increased by $216,896. The increase is a result of higher operating revenues in electric, water and sewer, with a slight decrease in sanitation; along with an increase in operating expenses for electric (primarily in the cost of purchased power) and sanitation, with a slight reduction of operating expenses in water and sewer. Net position includes capital contributions in the form of capital assets for all proprietary funds, with increases for electric, water, sewer and sanitation.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

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.

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$7,814,187	$8,046,545	$23,780,932	$24,500,560	$31,595,119	$32,547,105
Capital assets, Net	33,140,195	33,746,808	39,489,824	40,521,451	72,630,019	74,268,259
Total assets	40,954,382	41,793,353	63,270,756	65,022,011	104,225,138	106,815,364
Long-term debt outstanding	1,902,847	2,084,641	21,781,784	22,976,821	23,684,631	25,061,462
Other liabilities	359,618	539,396	1,349,332	2,108,117	1,708,950	2,647,513
Total liabilities	2,262,465	2,624,037	23,131,116	25,084,938	25,393,581	27,708,975
Property Tax Levy for Next Fiscal Year	407,973	419,660	0	0	407,973	419,660
Net position						
Net Investment in Capital Assets	31,960,590	32,448,052	20,700,229	20,699,687	52,660,819	53,147,739
Restricted	2,990,372	2,768,235	0	0	2,990,372	2,768,235
Unrestricted	3,332,982	3,533,369	19,439,411	19,237,386	22,772,393	22,770,755
Total net position	$38,283,944	$38,749,656	$40,139,640	$39,937,073	$78,423,584	$78,686,729

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Changes in Net position – The following table shows the changes in net position for the fiscal year 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for Services and Sales	$1,457,811	$1,618,593	$22,820,803	$22,764,824	$24,278,614	$24,383,417
Operating Grants and Contributions	950,214	1,517,992	0	0	950,214	1,517,992
Capital Grants and Contributions	76,151	66,201	0	3,455,321	76,151	3,521,522
General revenues:						
Property Taxes	371,815	368,837	0	0	371,815	368,837
Municipal Income Taxes	3,821,982	3,588,267	0	0	3,821,982	3,588,267
Other Local Taxes	512,414	524,529	0	0	512,414	524,529
Grants and Entitlements not Restricted to Specific Programs	50,375	448,430	0	0	50,375	448,430
Investment Earnings	40,475	49,515	75,755	88,142	116,230	137,657
Miscellaneous	211,898	277,279	0	0	211,898	277,279
Total revenues	7,493,135	8,459,643	22,896,558	26,308,287	30,389,693	34,767,930
Program Expenses:						
Security of Persons and Property	3,897,632	3,509,977	0	0	3,897,632	3,509,977
Public Health and Welfare Services	121,621	119,347	0	0	121,621	119,347
Leisure Time Activities	979,834	837,829	0	0	979,834	837,829
Community Environment	152,816	889,241	0	0	152,816	889,241
Transportation	1,646,040	1,081,351	0	0	1,646,040	1,081,351
General Government	1,089,719	1,037,778	0	0	1,089,719	1,037,778
Interest and Fiscal Charges	71,185	67,818	0	0	71,185	67,818
Electric (1)	0	0	16,111,027	15,784,619	16,111,027	15,784,619
Water	0	0	2,725,757	2,471,001	2,725,757	2,471,001
Sewer	0	0	3,114,530	3,175,055	3,114,530	3,175,055
Sanitation	0	0	742,677	718,019	742,677	718,019
Total expenses	7,958,847	7,543,341	22,693,991	22,148,694	30,652,838	29,692,035
Change in Net Position Before Transfers	(465,712)	916,302	202,567	4,159,593	(263,145)	5,075,895
Transfers (2)	0	2,756,953	0	(2,756,953)	0	0
Total Change in Net Position	(465,712)	3,673,255	202,567	1,402,640	(263,145)	5,075,895
Beginning Net Position	38,749,656	35,076,401	39,937,073	38,534,433	78,686,729	73,610,834
Ending Net Position	$38,283,944	$38,749,656	$40,139,640	$39,937,073	$78,423,584	$78,686,729

Note: (1) In Electric, program expenses for 2013 reflects a booked payable for $820,991, and for 2014 reflects a booked payable for $14,074. This is the City's contracted (take-or-pay) obligation on the AMPGS project stranded cost settlement. Please see NOTE 17 - CONTINGENCIES to the Basic Financial Statements for additional explanation and information.
(2) In 2013, net transfers were made from the proprietary funds to the general capital assets, for $2,756,953, was due to major project improvements on Scott Street.

Governmental Activities

Net position of the City's governmental activities shows a decrease of $465,712 in 2014 from 2013. In 2014, the City experienced a net decrease in total revenues for governmental activities from 2013, primarily in operating grants and contributions, grants and entitlements not restricted to specific programs and charges for services and sales. Program operating expenses were higher in 2014 as compared to 2013. Major grants, and their related expenses, decreased due to the completion in 2013 of the major improvement on the Scott Street project. Economic factors impacting general trends to revenues slightly improved in 2014 (reflected in the income tax collections); however, grants and entitlements not restricted to specific programs were down due to implementation of unilateral reductions to this source by the State of Ohio.

Voted property tax revenues in Ohio do not change solely as a result of inflation or deflation, but remain fixed to property value at passage of a New Levy for the period of the levy, or at Renewal of the levy. (Example: A 1.0 mill levy on a home valued at $100,000 is taxed at 35% of its value, or $35,000, and generates $35.00 annually in taxes; however, if the home is reappraised at $200,000, taxed value for the voted levy remains at $35,000, reducing the effective rate of the voted levy to 0.5 mills.) Only by passing a New Levy would the effective rate increase back to 1 mill. The City currently has no voted property tax levies; however, the City receives a 2.90 mill allocation from the un-voted inside 10 mill general property tax as allowed by Ohio Revised Code of the State of Ohio. The 2.90 mill allocation is not subject to the set valuation on voted levies, and will rise or fall yearly as property tax values change. Economic changes, starting in 2008 and continuing through 2014 in the housing sector, continues to impact home valuations into 2014. With stagnant or reduced valuations the corresponding collections of property tax collected on the un-voted 2.90 mill allocation for the City has been reduced from 2008, and remains flat over the past couple of years.

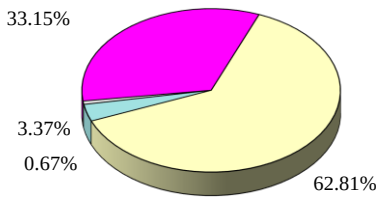
In addition, this source of revenue has been negatively impacted with unilateral changes made by the State of Ohio General Assembly; whom has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to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

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In 2014, the City had a permanent income tax rate of 1.5%. Prior to July 1, 2009, the rate was 1.2% (1% for General Operations and Capital Improvements, and 0.2% Recreation Levy). On May 5, 2009, the Citizens of Napoleon voted on and approved an additional permanent income tax of 0.3% for General Operations and Capital Improvements of the City, with a July 1, 2009 effective date. When added to the prior 1.2% rate, this increased the total income tax rate to 1.5%. Starting July 1, 2009, the rate adjusted up to 1.5% of all salaries, wages, commissions and other compensation earned from residents, and from nonresidents for work done or services performed or rendered in the City. In addition, on May 4, 2010, the Citizens of Napoleon voted on and approved a permanent income tax renewal of the Recreation Levy of 0.2%, with the net tax rate remaining at 1.5%. With this approval, the income tax rate of 1.5% was made permanent and is now not subject to periodic voted renewals. In 2014, the municipal income taxes reflect an increase in revenues of 6.5% over 2013. This is due to a more stable local economy.

Property taxes, income taxes and other local taxes made up 5%, 51% and 7% respectively of revenues for governmental activities for the City in fiscal year 2014. The City's reliance upon tax revenues is demonstrated by the following graph indicating 62.81% of total revenues from general tax revenues:

Revenue Sources	2014	Percent of Total
General Shared Revenues	$50,375	0.67%
Program Revenues	2,484,176	33.15%
General Tax Revenues	4,706,211	62.81%
General Other	252,373	3.37%
Total Revenue	$7,493,135	100.00%



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Business-Type Activities

In 2014, the total net position of all business-type activities increased by $202,567. The operating incomes for the business-type activities were $826,993 for water, $636,418 for sewer, and $131,426 for sanitation; the electric fund showed an operating loss of ($29,693). The electric fund loss is due to increased costs of purchased power. Included in the cost of purchased power for 2014 is a payment levelling plan (pre-paid power costs) to offset and buffer (level out) known future increases to power costs. These power cost increases will occur when certain AMP Hydro Projects, which the City has contracted to take a percentage of power, come on line in 2015. The City in 2013 booked an electric fund payable for $820,991, and in 2014 booked a payable for $14,074, both posted to contractual services for the City's contracted obligation on the AMPGS project stranded cost settlement. (See Note 17 to the Basic Financial Statements for additional explanation and information.) In total all business-type activities operating revenues in 2014 were under 2013 levels. This was primarily due to major contractual grants and contributions received 2013. Overall, billable dollars for electric, water, sewer and sanitation increased in 2014 from 2013.

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 $6,103,260, which is an increase of $167,175 from last year's balance of $5,936,085. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2014 and 2013:

	Fund Balance December 31, 2014	Fund Balance December 31, 2013	Increase (Decrease)
General	$1,961,373	$1,929,022	$32,351
Special Assessment Bond Retirement	570,022	572,514	(2,492)
Capital Improvement	838,532	943,365	(104,833)
Other Governmental	2,733,333	2,491,184	242,149
Total	$6,103,260	$5,936,085	$167,175

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

	2014 Revenues	2013 Revenues	Increase (Decrease)
Taxes (Income, Property and Other)	$4,543,964	$4,343,818	$200,146
Intergovernmental Revenue	247,984	358,077	(110,093)
Charges for Services	294,231	316,681	(22,450)
Licenses and Permits	70,252	73,435	(3,183)
Investment Earnings	23,670	39,898	(16,228)
Fines and Forfietures	195,945	213,251	(17,306)
Special Assessments	0	177	(177)
All Other Revenue	275,017	298,201	(23,184)
Total	$5,651,063	$5,643,538	$7,525

General Fund revenues in 2014 increased less than 1% compared to revenues in fiscal year 2013. The most significant factor contributing to this increase was in income taxes. Decreases occurred in all other categories of revenue. Intergovernmental revenues reflected the largest decrease. This is due to the unilateral cuts made by the State to the undivided local government fund and to other sources.

	2014 Expenditures	2013 Expenditures	Increase (Decrease)
Security of Persons and Property	$2,673,231	$2,707,826	($34,595)
Public Health and Welfare Services	107,365	105,132	2,233
Community Environment	146,366	165,081	(18,715)
General Government	883,554	852,917	30,637
Total	$3,810,516	$3,830,956	($20,440)

General Fund expenditures decreased slightly by $20,440 in 2014 from 2013. The largest decrease was $34,395 in Security or Persons and Property. This is mostly attributed to certain unfilled vacancies in 2014 in the Police and Fire Departments. General Government increased by $30,637. This is attributed to retirement payouts of certain administrative positions in 2014. 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 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.

In all funds, including business-type activities and governmental activities, individual salary and wages, retirement contributions, health and life insurance premiums, and other benefits for the City's employees increased in 2014 from 2013.

Other Funds - Fund balances in the Special Assessment Bond Retirement Fund and the Capital Improvement Fund decreased in 2014 from 2013. The Other Governmental Funds increased in 2014 from 2013.

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 2014 the City amended its General Fund budget, along with other funds, various times on an as needed basis.

In the General Fund, the final budget basis for revenue was $5.8 million, including other financing sources. This was a $516,613 increase over the original conservative budget estimates of $5.3 million. The General Fund had an adequate revenue stream and fund balance reserves to cover its expenditures in 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2014 the City had $72,630,019 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, $33,140,195 was related to governmental activities and $39,489,824 to the business-type activities. The following table shows fiscal year 2014 and 2013 balances:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Land	$11,560,792	$11,673,248	($112,456)
Construction in Progress	1,806,909	1,640,728	166,181
Improvements	2,367,577	2,287,847	79,730
Buildings	3,541,953	3,597,653	(55,700)
Machinery and Equipment	4,870,259	5,891,532	(1,021,273)
Infrastructure	29,640,125	29,295,866	344,259
Less: Accumulated Depreciation	(20,647,420)	(20,640,066)	(7,354)
Totals	$33,140,195	$33,746,808	($606,613)

	Business-Type Activities		Increase (Decrease)
	2014	2013	
Land	$289,525	$349,695	($60,170)
Construction in Progress	1,756,466	1,434,957	321,509
Buildings	9,330,578	9,332,922	(2,344)
Improvements	46,804,532	46,873,480	(68,948)
Machinery and Eqiupment	5,924,571	6,702,295	(777,724)
Less: Accumulated Depreciation	(24,615,848)	(24,171,898)	(443,950)
Totals	$39,489,824	$40,521,451	($1,031,627)

In the governmental activities, increases occurred in Construction in Progress, Improvements, Buildings and Infrastructure; decreases were in Land and Machinery and Equipment. Increases reflect major road upgrades and other infrastructure improvements.

In the business-type activities, increases occurred in Construction in Progress; decreases were in Land, Buildings, Improvements, and Machinery and Equipment. Increases reflect major electric, water and sewer project improvements. Many of the sewer project improvements are associated with continuing projects to meet the City's Long Term Control Plan with the Ohio and US EPA. Additional information on the City's capital assets can be found in Note 10.

Debt

At December 31, 2014, the City had $11.9 million in bonds outstanding, $774,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2014 and 2013:

	2014	2013
Governmental Activities:		
Special Assessment Bonds	$112,554	$144,354
General Obligation Bonds	1,030,000	1,105,000
OPWC Loans Payable	37,051	49,402
Compensated Absences	723,242	785,885
Total Governmental Activities	1,902,847	2,084,641
Business-Type Activities:		
General Obligation Bonds	$1,180,000	$1,325,000
Revenue Bonds	9,585,000	10,070,000
Special Assessment Bonds	49,446	56,646
Long-Term Notes	2,500,000	2,500,000
WPCLF Loans Payable	6,235,432	6,593,088
OWDA Loans Payable	1,142,870	1,257,105
OPWC Loans Payable	368,421	397,106
OSWRC Deferred Loan Payable	300,832	307,669
Payable to Joint Venture	23,664	94,974
Compensated Absences	396,119	375,233
Total Business-Type Activities	21,781,784	22,976,821
Totals	$23,684,631	$25,061,462

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, 2014, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

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

The City purposefully builds into its budgets conservative revenue estimates with offsetting reductions or limited increases in base operating costs. Budgetary revenue estimates for the General Fund, and other funds, typically projects no growth, or actual 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 2014 General Fund budgeted revenues were conservatively projected below the final actual revenues; and the budgeted expenditures were projected above the final actual expenditures. Comparing the General Fund 2014 original estimated revenues to the actual receipts received there was a 9.7% increase in actual receipts for the year. Comparing the General fund 2014 original budgeted expenditures to actual expenditures expended there was a 5.0% decrease in actual final expenditures to budget for the year. The purpose of the lower estimate to actual for revenues, and the higher estimate to actual for expenditures, is to assist in keeping year ending fund reserves at sustainable levels. This process helps to buffer any potential down turns, or slow growth periods, in local economic conditions.

The final approved 2014 budget for all funds included one (1) additional permanent full time position as compared to 2013. In addition, during the 2014 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.

City policy is to continue to pursue new potential revenue sources, while reviewing the possibility of increasing existing sources. A close monitoring of current and projected economic conditions is an ongoing process each year to determine if increased revenues, or reductions in expenditures, are necessary in order to maintain fiscal stability. Local economic conditions started to down turn in the third (3^{rd}) quarter of 2008 continuing through 2009. Economic conditions stabilized in late fourth (4^{th}) quarter of 2009 with slow growth and some recovery starting in 2010. This growth has been slow, but stable, through 2013. In 2014, economic conditions showed a slightly better improvement as reflected in income tax receipts. This improvement has not reached the economic levels of growth seen prior to 2007 and are still considered generally stable, but restrained, keeping a slow pattern of growth.

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

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

REQUESTS FOR INFORMATION

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

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


Napoleon
Heartland Values, Flowing Opportunities

Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 5,098,951	$ 17,671,765	$ 22,770,716
Receivables:			
Property Taxes	438,794	0	438,794
Municipal Income Taxes	1,016,658	0	1,016,658
Accounts	592,444	3,799,846	4,392,290
Intergovernmental	381,492	170,464	551,956
Interest	14,847	23,488	38,335
Special Assessments	92,966	253,707	346,673
Internal Balances	(1,718)	1,718	0
Inventory of Supplies at Cost	179,753	1,269,966	1,449,719
Capital Assets:			
Capital Assets Not Being Depreciated	13,367,701	2,045,991	15,413,692
Capital Assets Being Depreciated, Net	19,772,494	37,443,833	57,216,327
Investment in Joint Venture	0	589,978	589,978
Total Assets	40,954,382	63,270,756	104,225,138
Liabilities:			
Accounts Payable	65,993	1,137,169	1,203,162
Accrued Wages and Benefits	289,500	135,740	425,240
Claims Payable	0	14,074	14,074
Accrued Interest Payable	4,125	62,349	66,474
Long-Term Liabilities:			
Due Within One Year	404,947	3,823,248	4,228,195
Due in More Than One Year	1,497,900	17,958,536	19,456,436
Total Liabilities	2,262,465	23,131,116	25,393,581
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	407,973	0	407,973
Net Position:			
Net Investment in Capital Assets	31,960,590	20,700,229	52,660,819
Restricted For:			
Debt Service	659,413	0	659,413
Street Construction, Maintenance and Repair	825,105	0	825,105
Fire Equipment	518,346	0	518,346
Court Improvement	221,221	0	221,221
Other Purposes	766,287	0	766,287
Unrestricted	3,332,982	19,439,411	22,772,393
Total Net Position	$ 38,283,944	$ 40,139,640	$ 78,423,584

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2014

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	$ 3,897,632	$ 1,103,728	$ 58,744	$ 0
Public Health and Welfare Services	121,621	18,668	0	0
Leisure Time Activities	979,834	278,108	0	0
Community Environment	152,816	6,288	361,985	0
Transportation	1,646,040	8,997	529,485	76,151
General Government	1,089,719	42,022	0	0
Interest and Fiscal Charges	71,185	0	0	0
Total Governmental Activities	7,958,847	1,457,811	950,214	76,151
Business-Type Activities:				
Electric	16,111,027	15,391,341	0	0
Water	2,725,757	3,218,817	0	0
Sewer	3,114,530	3,343,019	0	0
Sanitation	742,677	867,626	0	0
Total Business-Type Activities	22,693,991	22,820,803	0	0
Totals	$ 30,652,838	$ 24,278,614	$ 950,214	$ 76,151

General Revenues:

Property Taxes

Municipal Income Taxes

Other Local Taxes (kWh Tax)

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (2,735,160)	$ 0	$ (2,735,160)
(102,953)	0	(102,953)
(701,726)	0	(701,726)
215,457	0	215,457
(1,031,407)	0	(1,031,407)
(1,047,697)	0	(1,047,697)
(71,185)	0	(71,185)
(5,474,671)	0	(5,474,671)
0	(719,686)	(719,686)
0	493,060	493,060
0	228,489	228,489
0	124,949	124,949
0	126,812	126,812
$ (5,474,671)	$ 126,812	$ (5,347,859)
371,815	0	371,815
3,821,982	0	3,821,982
512,414	0	512,414
50,375	0	50,375
40,475	75,755	116,230
211,898	0	211,898
5,008,959	75,755	5,084,714
(465,712)	202,567	(263,145)
38,749,656	39,937,073	78,686,729
$ 38,283,944	$ 40,139,640	$ 78,423,584

Balance Sheet
Governmental Funds
December 31, 2014

	General	Special Assessment Bond Retirement	Capital Improvement
Assets:			
Cash and Cash Equivalents	$ 1,196,879	$ 569,477	$ 843,545
Receivables:			
Property Taxes	302,514	0	0
Municipal Income Taxes	1,016,658	0	0
Accounts	60,307	0	0
Intergovernmental	116,439	0	0
Interest	11,290	1,095	0
Special Assessments	0	92,966	0
Inventory of Supplies, at Cost	2,008	0	0
Total Assets	$ 2,706,095	$ 663,538	$ 843,545
Liabilities:			
Accounts Payable	$ 35,671	$ 0	$ 5,013
Accrued Wages and Benefits Payable	217,514	0	0
Compensated Absences Payable	1,522	0	0
Total Liabilities	254,707	0	5,013
Deferred Inflows of Resources:			
Unavailable Amounts	208,654	93,516	0
Property Tax for Next Fiscal Year	281,361	0	0
Total Deferred Inflows of Resources	490,015	93,516	0
Fund Balances:			
Nonspendable	9,120	0	0
Restricted	0	570,022	0
Committed	11,772	0	838,532
Assigned	777,758	0	0
Unassigned	1,162,723	0	0
Total Fund Balances	1,961,373	570,022	838,532
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,706,095	$ 663,538	$ 843,545

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
$ 2,484,971	$ 5,094,872
136,280	438,794
0	1,016,658
516,887	577,194
265,053	381,492
2,462	14,847
0	92,966
170,935	172,943
$ 3,576,588	$ 7,789,766
$ 25,309	$ 65,993
64,626	282,140
0	1,522
89,935	349,655
626,708	928,878
126,612	407,973
753,320	1,336,851
170,935	180,055
1,863,987	2,434,009
716,759	1,567,063
9,554	787,312
(27,902)	1,134,821
2,733,333	6,103,260
$ 3,576,588	$ 7,789,766

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2014

Total Governmental Fund Balances	$	6,103,260
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.		33,140,195
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable amounts in the funds.		928,878
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		4,521
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(1,892,910)
Net Position of Governmental Activities	$	38,283,944

See accompanying notes to the basic financial statements


Napoleon
Heartland Values, Flowing Opportunities

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General	Special Assessment Bond Retirement	Capital Improvement
Revenues:			
Property Taxes	$ 254,919	$ 0	$ 0
Municipal Income Tax	3,776,631	0	0
Other Local Taxes (kWh Tax)	512,414	0	0
Intergovernmental Revenues	247,984	0	30,000
Charges for Services	294,231	0	0
Licenses and Permits	70,252	0	0
Investment Earnings	23,670	2,864	0
Special Assessments	0	28,815	0
Fines and Forfeitures	195,945	0	0
All Other Revenue	275,017	6,837	130,829
Total Revenue	5,651,063	38,516	160,829
Expenditures:			
Current:			
Security of Persons and Property	2,673,231	0	0
Public Health and Welfare Services	107,365	0	0
Leisure Time Activities	0	0	0
Community Environment	146,366	0	0
Transportation	0	0	0
General Government	883,554	1,381	0
Capital Outlay	0	0	1,177,632
Debt Service:			
Principal Retirement	0	44,151	0
Interest and Fiscal Charges	0	7,836	0
Total Expenditures	3,810,516	53,368	1,177,632
Excess (Deficiency) of Revenues Over Expenditures	1,840,547	(14,852)	(1,016,803)
Other Financing Sources (Uses):			
Sale of Capital Assets	17,289	0	0
Transfers In	51,063	12,360	1,212,420
Transfers Out	(1,876,333)	0	(300,450)
Total Other Financing Sources (Uses)	(1,807,981)	12,360	911,970
Net Change in Fund Balances	32,566	(2,492)	(104,833)
Fund Balances at Beginning of Year	1,929,022	572,514	943,365
Decrease in Inventory Reserve	(215)	0	0
Fund Balances End of Year	$ 1,961,373	$ 570,022	$ 838,532

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
$ 116,834	$ 371,753
0	3,776,631
0	512,414
970,523	1,248,507
524,996	819,227
0	70,252
7,628	34,162
0	28,815
158,284	354,229
51,680	464,363
1,829,945	7,680,353
886,590	3,559,821
0	107,365
717,360	717,360
4,888	151,254
554,015	554,015
51,378	936,313
0	1,177,632
75,000	119,151
63,663	71,499
2,352,894	7,394,410
(522,949)	285,943
0	17,289
861,173	2,137,016
(89,423)	(2,266,206)
771,750	(111,901)
248,801	174,042
2,491,184	5,936,085
(6,652)	(6,867)
$ 2,733,333	$ 6,103,260

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, 2014

Net Change in Fund Balances - Total Governmental Funds	$	174,042
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.		187,022
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.		(781,308)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(204,507)
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 and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		119,151
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		314
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		57,261
The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.		(17,687)
Change in Net Position of Governmental Activities	$	(465,712)

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 252,930	$ 254,919	$ 254,919	$ 0
Municipal Income Tax	3,370,000	3,882,087	3,882,087	0
Other Local Taxes	512,400	512,414	512,414	0
Intergovernmental Revenue	247,320	251,040	251,040	0
Charges for Services	262,900	293,139	293,139	0
Licenses and Permits	60,500	70,252	70,252	0
Investment Earnings	28,580	27,591	27,591	0
Special Assessments	400	0	0	0
Fines and Forfeitures	202,250	198,057	198,057	0
All Other Revenues	328,520	264,362	264,362	0
Total Revenues	5,265,800	5,753,861	5,753,861	0
Expenditures:				
Current:				
Security of Persons and Property	2,976,674	2,678,756	2,676,631	2,125
Public Health and Welfare Services	112,590	107,185	107,185	0
Community Environment	160,080	146,018	146,018	0
General Government	1,248,867	1,093,683	1,075,397	18,286
Total Expenditures	4,498,211	4,025,642	4,005,231	20,411
Excess of Revenues Over Expenditures	767,589	1,728,219	1,748,630	20,411
Other Financing Sources (Uses):				
Sale of Capital Assets	0	17,289	17,289	0
Transfers In	39,800	51,063	51,063	0
Transfers Out	(1,693,420)	(1,876,333)	(1,876,333)	0
Total Other Financing Sources (Uses):	(1,653,620)	(1,807,981)	(1,807,981)	0
Net Change In Fund Balance	(886,031)	(79,762)	(59,351)	20,411
Fund Balance at Beginning of Year	1,131,119	1,131,119	1,131,119	0
Prior Year Encumbrances	87,901	87,901	87,901	0
Fund Balance at End of Year	$ 332,989	$ 1,139,258	$ 1,159,669	$ 20,411

See accompanying notes to the basic financial statements

Statement of Net Position
Proprietary Funds
December 31, 2014

	Business-Type Activities Enterprise Funds		
	Electric	Water	Sewer
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 8,149,959	$ 3,635,454	$ 5,061,355
Receivables:			
Accounts	2,559,719	461,818	622,748
Intergovernmental	0	0	170,464
Interest	9,288	4,884	8,262
Special Assessments	0	28,568	225,139
Inventory of Supplies at Cost	988,876	216,643	64,447
Total Current Assets	11,707,842	4,347,367	6,152,415
Non Current Assets:			
Capital Assets, Net	10,412,518	9,647,444	18,832,232
Investment in Joint Venture	589,978	0	0
Total Non Current Assets	11,002,496	9,647,444	18,832,232
Total Assets	22,710,338	13,994,811	24,984,647
Liabilities:			
Current Liabilities:			
Accounts Payable	1,037,940	38,497	60,506
Accrued Wages and Benefits	59,387	38,220	27,098
Claims Payable	14,074	0	0
Compensated Absences Payable - Current	73,754	41,309	28,478
Accrued Interest Payable	0	36,692	25,657
General Obligation Bonds - Current	0	155,000	0
Special Assessment Bonds - Current	0	0	7,200
Revenue Bonds - Current	0	168,400	331,600
Ohio Public Works Commission Loan - Current	0	0	28,685
Ohio Water Development Authority Loans - Current	0	52,044	68,502
Water Pollution Control Loans - Current	0	0	361,241
Total Current Liabilities	1,185,155	530,162	938,967

Sanitation	Total	Internal Service Fund
$ 824,997	$ 17,671,765	$ 4,079
155,561	3,799,846	15,250
0	170,464	0
1,054	23,488	0
0	253,707	0
0	1,269,966	6,810
981,612	23,189,236	26,139
597,630	39,489,824	0
0	589,978	0
597,630	40,079,802	0
1,579,242	63,269,038	26,139
226	1,137,169	0
11,035	135,740	7,360
0	14,074	0
7,035	150,576	6,491
0	62,349	0
0	155,000	0
0	7,200	0
0	500,000	0
0	28,685	0
0	120,546	0
0	361,241	0
18,296	2,672,580	13,851

(Continued)

Statement of Net Position
Proprietary Funds
December 31, 2014

	Business-Type Activities Enterprise Funds		
	Electric	Water	Sewer
Long Term Liabilities:			
Compensated Absences Payable	97,136	68,811	67,816
General Obligation Notes Payable	0	2,500,000	0
General Obligation Bonds Payable	0	1,025,000	0
Special Assessment Bonds Payable	0	0	42,246
Revenue Bonds Payable	0	3,521,800	5,563,200
OWDA Loans Payable	0	194,664	827,660
OPWC Loans Payable	0	0	339,736
Ohio Sewer & Water Rotary Commission Deferred Loan Payable	0	68,061	232,771
Water Pollution Control Loans Payable	0	0	5,874,191
Payable to Joint Venture	23,664	0	0
Total Long-Term Liabilities	120,800	7,378,336	12,947,620
Total Liabilities	1,305,955	7,908,498	13,886,587
Net Position:			
Net Investment in Capital Assets	10,412,518	2,421,857	7,268,224
Unrestricted	10,991,865	3,664,456	3,829,836
Total Net Position	$ 21,404,383	$ 6,086,313	$ 11,098,060

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

Sanitation	Total	Internal Service Fund
11,780	245,543	6,049
0	2,500,000	0
0	1,025,000	0
0	42,246	0
0	9,085,000	0
0	1,022,324	0
0	339,736	0
0	300,832	0
0	5,874,191	0
0	23,664	0
11,780	20,458,536	6,049
30,076	23,131,116	19,900
597,630	20,700,229	0
951,536	19,437,693	6,239
$ 1,549,166	$ 40,137,922	$ 6,239
	1,718	
	$ 40,139,640	

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	$ 15,804,618	$ 3,117,862	$ 3,358,084
Other Charges for Services	157,164	181,017	30,597
Total Operating Revenues	15,961,782	3,298,879	3,388,681
Operating Expenses:			
Personal Services	1,217,558	785,716	570,768
Contractual Services	923,538	879,248	512,688
Purchased Power	12,851,122	0	0
Materials and Supplies	512,272	271,105	899,290
Utilities	51,501	187,516	135,925
Depreciation	435,484	348,301	633,592
Total Operating Expenses	15,991,475	2,471,886	2,752,263
Operating Income (Loss)	(29,693)	826,993	636,418
Nonoperating Revenue (Expenses):			
Investment Earnings	29,448	18,150	24,128
Interest Expense	0	(252,268)	(361,825)
Loss on the Sale of Capital Assets	(210,030)	(80,062)	(45,662)
Other Local Taxes (kWh Tax)	114,659	0	0
Loss on Investment in Joint Venture	(475,070)	0	0
Other Nonoperating Expense (kWh Paid to State)	(112,859)	0	0
Total Nonoperating Revenues (Expenses)	(653,852)	(314,180)	(383,359)
Income (Loss) Before Transfers	(683,545)	512,813	253,059
Transfers In	0	0	0
Change in Net Position	(683,545)	512,813	253,059
Net Position Beginning of Year	22,087,928	5,573,500	10,845,001
Net Position End of Year	$ 21,404,383	$ 6,086,313	$ 11,098,060
	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 Positioin - Business-type Activities		

See accompanying notes to the basic financial statements

Sanitation	Total	Internal Service Fund
$ 855,037	$ 23,135,601	$ 147,607
13,475	382,253	7,269
868,512	23,517,854	154,876
212,838	2,786,880	155,928
361,044	2,676,518	105
0	12,851,122	0
84,689	1,767,356	147,077
2,253	377,195	645
76,262	1,493,639	1,307
737,086	21,952,710	305,062
131,426	1,565,144	(150,186)
4,029	75,755	0
0	(614,093)	0
(886)	(336,640)	(11,020)
0	114,659	0
0	(475,070)	0
0	(112,859)	0
3,143	(1,348,248)	(11,020)
134,569	216,896	(161,206)
0	0	129,190
134,569	216,896	(32,016)
1,414,597	39,921,026	38,255
$ 1,549,166	$ 40,137,922	$ 6,239
	216,896	
	(14,329)	
	$ 202,567	

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities Enterprise Funds		
	Electric	Water	Sewer
Cash Flows from Operating Activities:			
Cash Received from Customers	$16,082,118	$3,271,777	$3,347,538
Cash Payments for Goods and Services	(15,058,687)	(1,383,777)	(1,529,865)
Cash Payments to Employees	(1,201,305)	(770,385)	(567,355)
Net Cash Provided (Used) by Operating Activities	(177,874)	1,117,615	1,250,318
Cash Flows from Noncapital Financing Activities:			
Transfers In from Other Funds	0	0	0
Transfers Out to Other Funds	0	0	0
Receipts of Other Local Taxes	114,659	0	0
kWh Tax Paid to State	(112,859)	0	0
Net Cash Provided by Noncapital Financing Activities	1,800	0	0
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(248,796)	(307,137)	(281,961)
Capital Contributions	0	29,860	519,428
General Obligation Notes Issued	0	2,500,000	0
Principal Paid on General Obligation Notes	0	(2,500,000)	0
Principal Paid on Special Assessment Bond	0	0	(7,200)
Principal Paid on General Obligation Bonds	0	(145,000)	0
Principal Paid on Mortgage Revenue Bonds	0	(158,400)	(326,600)
Principal Paid on Ohio Public Works Commission Loan	0	0	(28,685)
Principal Paid on Ohio Water Development Authority Loans	0	(48,708)	(65,527)
Principal Paid on OSWRC Loan	0	0	(6,837)
Principal Paid on Water Pollution Control Loan Fund Loan	0	0	(357,656)
Interest Paid on All Debt	0	(244,974)	(362,617)
Net Cash Used for Capital and Related Financing Activities	(248,796)	(874,359)	(917,655)
Cash Flows from Investing Activities:			
Receipts of Interest	23,375	14,957	18,726
Net Cash Provided by Investing Activities	23,375	14,957	18,726
Net Increase (Decrease) in Cash and Cash Equivalents	(401,495)	258,213	351,389
Cash and Cash Equivalents at Beginning of Year	8,551,454	3,377,241	4,709,966
Cash and Cash Equivalents at End of Year	$8,149,959	$3,635,454	$5,061,355

Sanitation	Totals	Governmental Activities Internal Service Funds
$868,121	$23,569,554	$147,452
(447,948)	(18,420,277)	(145,592)
(210,728)	(2,749,773)	(155,134)
209,445	2,399,504	(153,274)
0	0	129,190
0	0	0
0	114,659	0
0	(112,859)	0
0	1,800	129,190
(1,186)	(839,080)	0
0	549,288	0
0	2,500,000	0
0	(2,500,000)	0
0	(7,200)	0
0	(145,000)	0
0	(485,000)	0
0	(28,685)	0
0	(114,235)	0
0	(6,837)	0
0	(357,656)	0
0	(607,591)	0
(1,186)	(2,041,996)	0
3,340	60,398	0
3,340	60,398	0
211,599	419,706	(24,084)
613,398	17,252,059	28,163
$824,997	$17,671,765	$4,079

(Continued)

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities Enterprise Funds		
	Electric	Water	Sewer
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	($29,693)	$826,993	$636,418
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	435,484	348,301	633,592
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	207,224	(29,521)	(58,556)
Decrease in Special Assessments Receivable	0	2,419	17,413
Decrease (Increase) in Inventory	3,214	(69,803)	2,089
Increase (Decrease) in Accounts Payable	(810,356)	23,895	15,949
Increase (Decrease) in Accrued Wages and Benefits	7,763	4,651	2,475
Increase in Compensated Absences	8,490	10,680	938
Total Adjustments	(148,181)	290,622	613,900
Net Cash Provided (Used) by Operating Activities	($177,874)	$1,117,615	$1,250,318

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2014, the Electric Fund and the Sewer Fund had outstanding liabilities of $2,550 and $37,045, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

Sanitation	Totals	Governmental Activities Internal Service Funds
$131,426	$1,565,144	($150,186)
76,262	1,493,639	1,307
(391)	118,756	(7,424)
0	19,832	0
0	(64,500)	2,235
38	(770,474)	0
1,332	16,221	831
778	20,886	(37)
78,019	834,360	(3,088)
$209,445	$2,399,504	($153,274)

Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2014

	Agency
Assets:	
Cash and Cash Equivalents	$ 52,929
Total Assets	52,929
Liabilities:	
Due to Others	52,929
Total Liabilities	$ 52,929

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2014 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

1. Joint Ventures with Equity Interest

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Ventures with Equity Interest (Continued)

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

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

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 PESC was created for that purpose. See Note 16 "Joint Ventures and Jointly Governed Organizations."

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

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

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

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

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 and Jointly Governed Organizations."

3. Jointly Governed Organization:

Maumee Valley Planning Organization - The City is a member of the Maumee Valley Planning Organization (MVPO), which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of the MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants (CDBG) and help with housing rehabilitation in the area. See Note 16 "Joint Ventures and Jointly Governed Organizations."

B. Basis of Presentation - Fund Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

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.

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, 2014, but which are not intended to finance 2014 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 7 “Taxes”.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then.

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

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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.

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 2014.

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 2014, 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.

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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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

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

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

Net Change In Fund Balance

	General Fund
GAAP Basis (as reported)	$32,566
Increase (Decrease):	
Accrued Revenues at December 31, 2014 received during 2015	(1,017,193)
Accrued Revenues at December 31, 2013 received during 2014	936,783
Accrued Expenditures at December 31, 2014 paid during 2015	254,707
Accrued Expenditures at December 31, 2013 paid during 2014	(236,071)
2013 Adjustment to Fair Value	7,067
2014 Adjustment to Fair Value	(565)
Outstanding Encumbrances	(36,645)
Budget Basis	($59,351)

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 6, "Cash, Cash Equivalents and Investments." Investment earnings of $22,375 earned by other funds were credited to the general fund as required by local statute.

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon percentages mandated by City ordinance. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investments, other than certificates of deposit, are considered, including those with a maturity of one year or less, and included in the calculation of the change in fair value. Fair value is determined by quoted market prices. See Note 6, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2014.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

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 fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

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
Payable to Joint Venture	Electric Fund
Compensated Absences	General Fund
	Street Construction, Maintenance, and Repair Fund
	Recreation Fund
	Electric Fund
	Water Fund
	Sewer Fund
	Sanitation Fund
	Central Garage Rotary Fund

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances

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

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

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

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

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

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

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

O. Pensions

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

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 2014.

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

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

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

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

Delinquent Income Tax Revenue	$102,953
Delinquent Property Tax Revenue	30,055
Shared Revenues	254,607
Interest Revenues	7,452
Charges for Services	440,845
Special Assessment Revenue	92,966
	$928,878

Long-Term liabilities not reported in the funds:

Special Assessment Bonds Payable	($112,554)
General Obligation Bonds Payable	(1,030,000)
OPWC Loans Payable	(37,051)
Accrued Interest on Long-Term Debt	(4,125)
Compensated Absences Payable	(709,180)
	($1,892,910)

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

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

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

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

Capital Outlay	$1,369,298
Depreciation Expense	(1,182,276)
	$187,022

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	$45,351
Increase in Delinquent Property Tax	62
Decrease in Shared Revenue	(217,918)
Increase in Interest Revenue	6,313
Increase in Special Assessment Revenue	7,836
Decrease in Charges for Services	(46,151)
	($204,507)

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	$64,128
Decrease in supplies inventory	(6,867)
	$57,261

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2014 of $18,669 in the Police Pension Fund and $9,233 in the Fire Pension Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Special Assessment Bond Retirement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies Inventory	$2,008	$0	$0	$170,935	$172,943
Unclaimed Monies	7,112	0	0	0	7,112
Total Nonspendable	9,120	0	0	170,935	180,055
Restricted:					
Special Assessment Debt Service Payments	0	570,022	0	0	570,022
Street Construction and Maintenance	0	0	0	182,615	182,615
State Highway Improvements	0	0	0	19,557	19,557
Motor Vehicle License Tax	0	0	0	510,793	510,793
Cemetery	0	0	0	73,238	73,238
Hotel/Motel	0	0	0	4,703	4,703
Fire Equipment	0	0	0	517,927	517,927
CDBG Grant	0	0	0	47,820	47,820
Indigent Drivers Alcohol Treatment	0	0	0	58,134	58,134
Law Enforcement and Education	0	0	0	4,459	4,459
Law Enforcement	0	0	0	1,542	1,542
Court Computerization	0	0	0	98,297	98,297
Mandatory Drug Fine	0	0	0	19,606	19,606
Municipal Probation Service	0	0	0	35,092	35,092
Law Enforcement Grant	0	0	0	15,283	15,283
Probation Officer Grant	0	0	0	14,297	14,297
Court Improvement	0	0	0	221,221	221,221
Handicap Parking	0	0	0	1,100	1,100
Certified Police Training	0	0	0	5,727	5,727
Indigent Drivers Interlock/Alcohol	0	0	0	32,576	32,576
Total Restricted	0	570,022	0	1,863,987	2,434,009
Committed:					
Special Events	5,765	0	0	0	5,765
Economic Development	4	0	0	0	4
Employee Benefits	6,003	0	0	0	6,003
EMS Transport Service	0	0	0	75,615	75,615
Recreation	0	0	0	253,894	253,894
Capital Improvement	0	0	838,532	0	838,532
CIP	0	0	0	387,250	387,250
Total Committed	11,772	0	838,532	716,759	1,567,063
Assigned:					
Encumbrances for Purchase Orders	33,658	0	0	0	33,658
Budget Resource	744,100	0	0	0	744,100
Debt Service	0	0	0	9,554	9,554
Total Assigned	777,758	0	0	9,554	787,312
Unassigned	1,162,723	0	0	(27,902)	1,134,821
Total Fund Balances	$1,961,373	$570,022	$838,532	$2,733,333	$6,103,260

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE

For 2014 the City implemented GASB Statement No. 67, *"Financial Reporting for Pension Plans,"* GASB Statement No. 69, *"Government Combinations and Disposals of Government Operations,"* and GASB Statement No. 70, *"Accounting and Financial Reporting for Nonexchange Financial Guarantees"*.

Statement No. 67 establishes accounting and financial reporting standards to improve financial reporting for state and local governmental pension plans.

Statement No. 69 establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). This statement also provides guidance on how to determine the gain or loss on a disposal of government operations.

Statement No. 70 establishes accounting and financial reporting standards for situations where a state or local government , as guarantor, agrees to indemnify a third-party obligation holder under specific conditions.

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

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NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

- Interim deposits in eligible institutions applying for interim funds;

- Bonds and other obligations of the State of Ohio;

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and

- The State Treasury Asset Reserve of Ohio (STAR Ohio).

- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

A. Deposits

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

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

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was $11,331,669, including $2,500 of cash on hand. $6,431,195 of the City's bank balance of $11,826,159 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, not in the City's name.

B. Investments

The City's investments at December 31, 2014 are summarized below:

			Investment Maturities (in Years)		
	Fair Value	Credit Rating	less than 1	1-3	3-5
U.S. Treasury Notes	$4,002,581	AAA[1] / Aaa[2]	$3,002,190	$1,000,391	$0
FFCB	3,996,070	AAA[1] / Aaa[2]	2,001,090	997,930	997,050
FHLMC	1,746,273	AAA[1] / Aaa[2]	0	1,246,508	499,765
FNMA	1,000,450	AAA[1] / Aaa[2]	0	0	1,000,450
STAR Ohio	4,602	AAAm[1]	4,602	0	0
Negotiable CD's	742,000	N/A	0	0	742,000
Total Investments	$11,491,976		$5,007,882	$3,244,829	$3,239,265

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

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

B. Investments (Continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in U.S. Treasury Notes, FFCB, FHLMC and FNMA in the amounts of $4,002,581, $3,996,070, $1,746,273 and $1,000,450 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 $742,000 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 35% in U.S. Treasury Notes, 35% in FFCB, 15% in FHLMC, 9% in FNMA, 5% in negotiable certificates of deposit and less than 1% in STAR Ohio.

NOTE 7 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2014 were levied after October 1, 2013 on assessed values as of January 1, 2013, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2014 and the equalization adjustment was completed in 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

NOTE 7 - 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, 2014 was $2.90 per $1,000 of assessed value. The assessed value upon which the 2014 receipts were based was $144,710,680. This amount constitutes $143,652,950 in real property assessed value and $1,057,730 in public utility assessed value.

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

B. Income Tax

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

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

NOTE 8 - RECEIVABLES

Receivables at December 31, 2014 consisted of taxes, interest, accounts receivable, special assessments and intergovernmental receivables arising from shared revenues.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2014:

	Transfers Out:			
Transfers In:	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total
General Fund	$0	$0	$51,063	$51,063
Special Assessment Bond Retirement Fund	0	0	12,360	12,360
Capital Improvement Fund	1,212,420	0	0	1,212,420
Nonmajor Governmental Funds	534,723	300,450	26,000	861,173
Internal Service Fund	129,190	0	0	129,190
Total	$1,876,333	$300,450	$89,423	$2,266,206

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.

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Capital assets not being depreciated:				
Land	$11,673,248	$111,231	($223,687)	$11,560,792
Construction in Progress	1,640,728	224,781	(58,600)	1,806,909
Subtotal	13,313,976	336,012	(282,287)	13,367,701
Capital assets being depreciated:				
Improvements	2,287,847	192,973	(113,243)	2,367,577
Buildings	3,597,653	0	(55,700)	3,541,953
Machinery and Equipment	5,891,532	291,732	(1,313,005)	4,870,259
Infrastructure	29,295,866	607,181	(262,922)	29,640,125
Subtotal	41,072,898	1,091,886	(1,744,870)	40,419,914
Total Cost	$54,386,874	$1,427,898	($2,027,157)	$53,787,615

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Improvements	($520,557)	($69,184)	$84,670	($505,071)
Buildings	(2,358,468)	(64,716)	48,549	(2,374,635)
Machinery and Equipment	(3,782,421)	(231,545)	904,238	(3,109,728)
Infrastructure	(13,978,620)	(818,138)	138,772	(14,657,986)
Total Depreciation	($20,640,066)	($1,183,583) *	$1,176,229	($20,647,420)
Net Value:	$33,746,808			$33,140,195

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$130,149
Public Health and Welfare Services	6,374
Leisure Time Activities	66,288
Transportation	898,882
General Government	80,583
Total Depreciation Expense recorded within the Governmental Activities	1,182,276
Amount of Depreciation Expense recorded in the Internal Service Fund	1,307
Total Depreciation Expense	$1,183,583

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, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Capital assets not being depreciated:				
Land	$349,695	$0	($60,170)	$289,525
Construction in Progress	1,434,957	379,212	(57,703)	1,756,466
Subtotal	1,784,652	379,212	(117,873)	2,045,991
Capital assets being depreciated:				
Buildings	9,332,922	0	(2,344)	9,330,578
Improvements	46,873,480	352,106	(421,054)	46,804,532
Machinery and Equipment	6,702,295	125,037	(902,761)	5,924,571
Subtotal	62,908,697	477,143	(1,326,159)	62,059,681
Total Cost	$64,693,349	$856,355	($1,444,032)	$64,105,672

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	($4,795,220)	($292,174)	$2,344	($5,085,050)
Improvements	(14,308,714)	(1,035,719)	262,512	(15,081,921)
Machinery and Equipment	(5,067,964)	(165,746)	784,833	(4,448,877)
Total Depreciation	($24,171,898)	($1,493,639)	$1,049,689	($24,615,848)
Net Value:	$40,521,451			$39,489,824

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NOTE 11 – DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System ("OPERS")

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2014, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2014 employer contribution rate for local government employer units was 14.0% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 12.0% for calendar year 2014.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System ("OPERS") (Continued)

The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's contributions for pension obligations to OPERS for the years ending December 31, 2014, 2013, and 2012 were $550,556, $449,801 and $480,093, respectively, or 92.4% of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012.

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

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

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2014, 19.0% of annual covered salary for police and 23.5% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2014, 2013, and 2012 were $176,248, $115,857 and $147,960 for police officers and $128,605, $87,417 and $112,876 for firefighters, respectively, or 89.6% and 92.9%, respectively of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System ("OPERS")

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

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System ("OPERS") (Continued)

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, local government employers contributed at a rate of 14.0% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2.0% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System ("OPERS") (Continued)

The City's contributions for health care to the OPERS for the years ending December 31, 2014, 2013, and 2012 were $91,761, $179,920 and $137,169, respectively, or 92.4% of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012.

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

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

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

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

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

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

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

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2014, 2013, and 2012 were $4,638, $61,336 and $51,217 for police and $2,736, $34,207 and $31,746 for firefighters, respectively, or 89.6% and 92.9%, respectively of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012.

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, 2014, the City's accumulated, unpaid compensated absences amounted to $1,119,361, of which $723,242 is recorded as a liability of the Governmental Activities and $396,119 is recorded as a liability of the Business-Type Activities.

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2014 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2013	Additions	(Reductions)	Balance December 31, 2014	Amount Due Within One Year
Business-Type Activities:								
General Obligation Notes:								
2013	1.25%	Water Plant Renovation and Improvements	2014	$2,500,000	$0	($2,500,000)	$0	$0
2014	0.41%	Water Plant Renovation and Improvements	2015	0	2,500,000	0	2,500,000	2,500,000
		Total General Obligation Notes		2,500,000	2,500,000	(2,500,000)	2,500,000	2,500,000
General Obligation Bonds:								
2005	3.00% - 5.00%	Waterworks System Improvements (Refunding)	2019	675,000	0	(100,000)	575,000	105,000
2004	2.50% - 5.12%	Capital Facilities Imrprovement	2024	650,000	0	(45,000)	605,000	50,000
		Total General Obligation Bonds		1,325,000	0	(145,000)	1,180,000	155,000
Revenue Bonds:								
2008	3.50% - 4.50%	Water System Imrprovements	2028	2,865,000	0	(140,000)	2,725,000	150,000
2010	4.60%	Water - Woodlawn Avenue Reconstruction	2040	288,000	0	(5,400)	282,600	5,400
2010	4.60%	Water - West Washington Avenue Reconstruction	2040	512,000	0	(9,600)	502,400	9,600
2012	4.00%	Water - Clairmont Ave./Haley I & I Redi. Project	2042	183,600	0	(3,400)	180,200	3,400
2010	4.60%	Sewer System Improvement (Refunding 1998)	2040	1,537,000	0	(140,450)	1,396,550	143,100
2010	4.60%	Sewer - Woodlawn Avenue Reconstruction	2040	1,363,000	0	(124,550)	1,238,450	126,900
2010	7.50%	Sewer - West Washington Avenue Reconstruction	2040	2,425,000	0	(45,000)	2,380,000	45,000
2012	4.00%	Sewer - Clairmont Ave./Haley I & I Redi. Project	2042	896,400	0	(16,600)	879,800	16,600
		Total Revenue Bonds		10,070,000	0	(485,000)	9,585,000	500,000
Special Assessment Bond: (with Governmental Commitment)								
2000	5.09% - 5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	56,646	0	(7,200)	49,446	7,200
Ohio Sewer and Water Rotary Commission Deferred Loans:								
1998		OSWRC - Palmer Ditch Project		48,060	0	0	48,060	0
2005		OSWRC - North Pointe Water and SewerProject		259,609	0	(6,837)	252,772	0
		Total OSWRC Loans		307,669	0	(6,837)	300,832	0
Ohio Public Works Commission Loans (OPWC):								
2000		Railroad Street Sewer Separation	2020	22,106	0	(3,685)	18,421	3,685
2008		Woodlawn Avenue Improvements	2029	375,000	0	(25,000)	350,000	25,000
		Total Ohio Public Works Commission Loans		397,106	0	(28,685)	368,421	28,685
Ohio Water Development Authority Loans (OWDA):								
1992	9.185%	OWDA - Malinta Waterline	2016	91,858	0	(34,838)	57,020	37,545
2005	4.490%	OWDA - E. Maumee Sewer Tap	2025	407,624	0	(27,783)	379,841	28,770
2005	4.490%	OWDA - NP Sewerline Improvements	2025	554,065	0	(37,744)	516,321	39,732
2005	4.490%	OWDA - NP Waterline Improvements	2025	203,558	0	(13,870)	189,688	14,499
		Total Ohio Water Development Authority Loans		1,257,105	0	(114,235)	1,142,870	120,546
Water Pollution Control Loan Fund Loans (WPCLF):								
2008		EQ Basin Storm Water Retention	2030	6,593,088	0	(357,656)	6,235,432	361,241
Payable to Joint Venture				65,580	0	(41,916)	23,664	0
Compensated Absences				373,233	396,119	(373,233)	396,119	150,576
		Total Business-Type Long-Term Debt		$22,945,427	$2,896,119	($4,059,762)	$21,781,784	$3,823,248

NOTE 14 - LONG-TERM DEBT (Continued)

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2013	Additions	(Reductions)	Balance December 31, 2014	Amount Due Within One Year
Governmental Activities:								
Special Assessment Bonds:								
1996	5.90%	Street Improvements	2016	$45,000	$0	($15,000)	$30,000	$15,000
1998	4.50-5.125%	Street Improvements	2018	60,000	0	(10,000)	50,000	10,000
1998	4.50-5.125%	Street Improvements	2018	25,000	0	(5,000)	20,000	5,000
2000	5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	14,354	0	(1,800)	12,554	1,800
		Total Special Assessment Bonds (with Governmental Commitment)		144,354	0	(31,800)	112,554	31,800
General Obligation Bonds:								
2005	3.00% - 5.00%	Northcrest Drive	2025	265,000	0	(15,000)	250,000	20,000
2005	3.00% - 5.00%	SR 424 Resurfacing	2025	205,000	0	(15,000)	190,000	15,000
2010	4.50%	Courthouse Renovations	2025	635,000	0	(45,000)	590,000	45,000
		Total General Obligation Bonds		1,105,000	0	(75,000)	1,030,000	80,000
Ohio Public Works Commission Loan:								
1998		Unimproved Street Program	2017	49,402	0	(12,351)	37,051	12,351
Compensated Absences				785,885	723,242	(785,885)	723,242	280,796
		Total Governmental Activities Long-Term Debt		$2,084,641	$723,242	($905,036)	$1,902,847	$404,947

The principal amount of the City's special assessment debt outstanding at December 31, 2014, $162,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of $570,022 in the Special Assessment Bond Retirement Fund at December 31, 2014 is restricted for the retirement of outstanding special assessment bonds. The Sewer Fund will be collecting special assessments to retire the enterprise funds' special assessment debt.

Water Pollution Control Loan Fund Loans - During 2008, the City entered into two loan agreements with the Water Pollution Control Loan Fund (WPCLF). These loans were related to sewer and storm water improvements. The loan balance decreased by $357,656 during 2014 to a year end balance of $6,235,432.

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

NOTE 14 - LONG-TERM DEBT (Continued)

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

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

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

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

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

Maturity Date	Principal Amount	Interest Rate
2015	105,000	3.75%

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

Year	Principal Amount to be Redeemed
2016	$110,000
2017	115,000

NOTE 14 - LONG-TERM DEBT (Continued)

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

Year	Principal Amount to be Redeemed
2018	$120,000
2019	125,000

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

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

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

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

Maturity Date	Principal Amount	Interest Rate
2015	35,000	3.75%

NOTE 14 - LONG-TERM DEBT (Continued)

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

Year	Principal Amount to be Redeemed
2016	$35,000
2017	35,000

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

Year	Principal Amount to be Redeemed
2018	$35,000
2019	35,000

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

Year	Principal Amount to be Redeemed
2020	$35,000
2021	45,000
2022	45,000
2023	45,000
2024	45,000
2025	50,000

NOTE 14 - LONG-TERM DEBT (Continued)

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

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

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

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

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

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

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

2014 Bond Anticipation Notes - During 2014, the City issued $2,500,000 worth of Water bond anticipation notes for work done on the City's water plant. These notes have an interest rate of .041%. These notes will be retired from the City's Water Fund through user charges.

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, 2014 follows:

	General Obligation Bonds		Mortgage Revenue Bonds		Special Assessment Bonds	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2015	$235,000	$100,606	$500,000	$463,434	$39,000	$8,964
2016	240,000	92,106	510,000	447,296	40,000	6,793
2017	255,000	82,444	540,000	429,096	30,000	4,564
2018	260,000	69,844	565,000	408,959	31,000	2,964
2019	270,000	57,868	315,000	386,782	11,000	1,293
2020-2024	835,000	153,350	1,820,000	1,720,001	11,000	646
2025-2029	115,000	4,100	1,680,000	1,234,877	0	0
2030-2034	0	0	1,280,000	834,494	0	0
2035-2039	0	0	1,645,000	429,452	0	0
2040-2042	0	0	730,000	34,310	0	0
Totals	$2,210,000	$560,318	$9,585,000	$6,388,701	$162,000	$25,224

	OWDA Loans		OPWC Loans		WPCLF Loans	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2015	$120,546	$53,776	$41,036	$0	$361,241	$61,453
2016	106,246	44,065	41,035	0	364,862	57,832
2017	90,711	40,125	41,035	0	368,519	54,175
2018	94,829	36,007	28,684	0	372,214	50,480
2019	99,135	31,700	28,684	0	375,946	46,748
2020-2024	567,422	86,758	124,990	0	1,937,024	176,448
2025-2029	63,981	1,436	100,008	0	2,036,082	77,388
2030	0	0	0	0	419,544	3,149
Totals	$1,142,870	$293,867	$405,472	$0	$6,235,432	$527,673

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 deferments were made when the property no longer meets the exemption criteria.

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 488 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 2013, the City paid $105,072 into the pool for total premiums for the property and casualty coverage for 12/01/2013 – 11/30/2014 and during 2014, paid $107,957 for property and casualty coverage from 12/01/14 – 11/30/2015.

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, 2014, 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, 2014 and 2013 (the latest information available):

	2014	2013
Assets	$ 35,402,177	$ 34,411,883
Liabilities	(12,363,257)	(12,760,194)
Net Assets – Unrestricted	$ 23,038,920	$ 21,651,689

NOTE 15 - RISK MANAGEMENT (Continued)

A. PEP Property and Casualty Pool (Continued)

At December 31, 2014 and 2013, respectively, the liabilities above include approximately $11.2 million and $11.6 million of estimated incurred claims payable. The assets above also include approximately $10.8 million and $11.1 million of unpaid claims to be billed to approximately 488 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Government's share of these unpaid claims collectible in future years is approximately two (2) times the most recent annual premium or $219,232.

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

Contributions to PEP	
2014	**2013**
$107,957	$105,072

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

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 2014, the pool included the following Ohio Cities and Villages as members: Archbold, Bowling Green, Bucyrus, Carey, Clyde, Corrections Center of Northwest Ohio, Defiance, Fayette, Fremont, Henry County, Hunting Valley, Hicksville, Napoleon, Oberlin, Oregon, Sandusky, Sandusky County Engineers, Sandusky County Health Department, Upper Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2014, the pool had total reported assets of $2,275,729.

Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool. The 2014 premiums paid by the City of Napoleon into the employee benefits pool were a monthly cost of $1,417.69 for family coverage, $1,134.07 for employee plus spouse, $992.20 for employee plus children and $441.68 for single coverage. The life insurance monthly premium was $3.60 for $20,000 in coverage, and $5.40 for $30,000 in coverage. Coverage levels were determined by bargaining agreements or personnel code. During 2014, the City paid $1,105,119 into the pool for health benefits coverage, and $5,783 into the pool for life insurance coverage. The cost of coverage for premiums is paid out of each respective fund and department that pays the salary of the individuals covered under the plan. The amount of risk retained by the pool was $200,000 per individual for 2014 with excess coverage provided by Sun Life Financial.

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 2014, the City paid $131,577 into the pool for total Workers Compensation premiums. It should be noted that premiums are based on the prior fiscal year's (2013) gross payroll

D. State Unemployment Benefits

The City pays Unemployment Benefits Claims as they occur directly to the Ohio Department of Job and Family Services of the State of Ohio. Political Subdivisions in Ohio are not required to pay the unemployment tax. During 2014, the City paid $3,165 to the Ohio Department of Job and Family Services for unemployment benefit claims.

NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

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

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

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued $50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of $45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the $31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2014, the outstanding debt was $11,938,283. 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 $38,901 at December 31, 2014. 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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NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2014 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
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
	95.20%	127,640		4.80%	6,441
			Grand Total	100.00%	134,081

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

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

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 assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2014 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.

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

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

OMEGA JV5 is managed by AMP, 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. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2014 to $57,679,473. AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

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, 2014. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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

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

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

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

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

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

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

paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2014 Napoleon has met their debt coverage obligation.

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

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP issued $9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. The City's net obligation for these bonds at December 31, 2014 was $23,664 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected).

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was $331,467 at December 31, 2014. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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

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

The ten participating subdivisions and their respective ownership shares at December 31, 2014 are:

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

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

Years	Principal	Interest	Service
2015	$ 38,192	$ 4,062	$ 42,254
2016	13,175	0	13,175
Total Gross Liability	51,367	4,062	55,429
Less: Amounts Held in Reserve	(27,703)		
Net Obligation	$ 23,664		

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

D. Prairie State Energy Campus (68 Members)

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

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

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

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

AMP's share of the total Project costs, including AMP's share of PSEC capital improvements through 2016, resulted in the issuance by AMP of approximately $1.697 billion of debt. As of December 31, 2014 the City's Project Share was associated with approximately $21,746,134 of the outstanding Project debt. These costs include (i) AMP's costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project.

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

E. AMP Fremont Energy Center (AFEC)

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

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

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

The City of Napoleon has executed a take-or-pay power sales contract with AMP for a Project Share of 6,650 kW or 1.43% of capacity and associated energy from the AFEC facility. As of December 31, 2014, the City's Project Share was associated with approximately $7,700,369 of the outstanding Project debt.

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

F. Combined Hydroelectric Projects (79 Members)

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

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

On February 12, 2015, AMP reached agreement with Barnard Construction Company, Inc. ("Barnard") to serve as the replacement powerhouse contractor on AMP's Smithland Hydroelectric Project ("Smithland Project"), which is one of the three projects constituting the Combined Hydroelectric Projects replacing C.J. Mahan whose contract was terminated by mutual agreement between AMP and C.J. Mahan. Barnard is a highly experienced hydropower construction contractor. AMP and Barnard are working together to achieve an orderly transition of the Smithland Project from the prior powerhouse contractor. Nearly all of the subcontractors currently working on the Smithland Project have been retained. The Project Engineer, MWH Americas, Inc., all owner furnished equipment suppliers and all other prime contractors remain in place.

The Smithland Project's expected commercial operation date, currently projected for the second quarter of 2016, could be affected by this transition, but at this point, AMP management believes that there will be no negative effect. AMP will supplement this notice when and if AMP expects a materially different commercial operation date for the Smithland Project.

AMP is projecting that the two remaining Combined Hydroelectric Projects are expected to enter into commercial operation as follows: Cannelton in the second quarter of 2015; Willow Island in the second quarter of 2015.

Please note that these projected commercial operation dates set forth above are, and the other information herein is, subject to change and are dependent on a number of factors affecting each

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

F. Combined Hydroelectric Projects (79 Members) (Continued)

Project's overall remaining construction schedule, including weather. As a result, the commercial operation dates may occur earlier or later than the time frames set forth above.

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

To provide financing for the Combined Hydroelectric Projects, in 2009 and 2010 AMP has issued in seven series $2,045,425,000 of its Combined Hydroelectric Projects Revenue Bonds (the "Combined Hydroelectric Bonds"), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). As of December 31, 2014 the City's Project Share was associated with approximately $34,398,542 of the outstanding Project debt. The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members.

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

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

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

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

AMP projects that the first of the Project's three units will be in service in the second quarter of 2015 and the second and third units will be in service in the third quarter 2015, which means the commercial operation date of the Meldahl Project would occur during the third quarter of 2015. At this time the Meldahl Projects total construction budget remains unchanged.

Please note that the projected commercial operation date set forth above, and the other information herein is subject to change and is dependent on a number of factors affecting the Project's overall remaining construction schedule. As a result, the commercial operation date may occur earlier or later than the time frame set forth above.

The City of Napoleon has executed a take-or-pay power sales contract with AMP for a Project Share of 504 kW or 0.48% of capacity and associated energy from the Meldahl Project. As of December 31, 2014, the City's Project Share was associated with approximately $3,288,480 of the outstanding Project debt.

The referenced agreements with Hamilton respecting the Meldahl Project also provided that Hamilton would sell to AMP a 48.6% undivided ownership interest in the Greenup Hydroelectric Facility ("Greenup"), a 70.2 MW run-of-the river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River, in commercial operation since 1988. The sale is contingent upon the placement of the Meldahl Project into commercial operation. Based on the estimated commercial operation date for the Meldahl Project, AMP currently estimates that it will

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

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

issue bonds to finance its undivided ownership interest in Greenup in the fourth quarter of 2015. AMP's Greenup bonds will be secured by a separate power sales contract that has been executed by the same Members (all except Hamilton which will retain title to the remaining 51.4% ownership interest in Greenup) that executed the Meldahl power sales contract. Hamilton will continue to operate Greenup.

The City of Napoleon has executed a take-or-pay power sales contract with AMP for 330 kW or 0.97% of capacity and associated energy from the Greenup Project.

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

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

The project consisted of 17,160 solar panels covering 20.74 acres. Construction started in April 2012 and the facility went online late August 2012. AMP financed the project on its revolving line of credit at $9,600,000. The balance as of December 31, 2014, including interest, is $8,763,098.61. There are three (3) member project participants. Those participants are the City of Napoleon, Ohio (1,040 kW), the City of St. Mary's, Ohio (2,300 kW) and the Village of Waynesfield, Ohio (200 kW).

The City of Napoleon has executed a take-or-pay sales contract with AMP for 1,040 kW or 29.38% of capacity and associated energy from the solar facility. The city's share of the debt is approximately $2,574,470.

I. Community Improvement Corporation (CIC)

The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. The CIC is governed by a Board of 10 Trustees. Five of these trustees are residents of the City of Napoleon and the remaining five are residents of Henry County. The City's degree of control over the Board is limited to its representation on the Board. The City has no equity interest in the CIC. The City paid $31,000 to the CIC during 2014. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

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.

The City made payments in 2014 totaling $820,991 leaving a net impaired cost estimate of $14,074 at December 31, 2014.

B. Litigation

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

NOTE 18 – SUBSEQUENT EVENT

On March 4, 2015 the City issued $2,500,000 in one year General Obligation Notes to pay for Water Plant Improvements. The notes, which mature on March 4, 2015 had an interest rate of .4829% and are reported as long-term debt in the Water Fund.


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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.

Downtown Revitalization Grant Fund
To account for financial resources used for economic development activity to fund new development in the downtown district. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

(Continued)

Special Revenue Funds

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

Community Development Block Grant (CDBG) Income Fund
To account for Community Development Block Grant monies to be used for home improvements.

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

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

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

Law Enforcement Trust Fund
To account for funds received by the police department for contraband, per state statute.

Mandatory Drug Fine Fund
To account for mandatory fines collected for drug related offenses.

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

(Continued)

Special Revenue Funds

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

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

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

Handicap Parking Fines Fund
To account for monies received from Municipal Court for handicap parking violations.

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

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

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

Law Enforcement OT Grant Fund
To account for grant monies and local share monies for police department overtime and mandatory continuing professional training.

Certified Police Training Fund
To account for financial resources used for police continuing professional training.

Indigent Drivers Interlock/Alcohol Fund
To account for revenues from fines as established by the State to pay for alcohol monitoring programs for indigent people.

Debt Service Fund

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

General Bond Retirement Fund

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

Capital Projects Funds

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

Capital Improvement Project (CIP) Funding Reserve Fund

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

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	$ 2,088,167	$ 9,554	$ 387,250	$ 2,484,971
Receivables:				
Taxes	136,280	0	0	136,280
Accounts	516,887	0	0	516,887
Intergovernmental	265,053	0	0	265,053
Interest	2,462	0	0	2,462
Inventory of Supplies, at Cost	170,935	0	0	170,935
Total Assets	$ 3,179,784	$ 9,554	$ 387,250	$ 3,576,588
Liabilities:				
Accounts Payable	$ 25,309	$ 0	$ 0	$ 25,309
Accrued Wages and Benefits Payable	64,626	0	0	64,626
Total Liabilities	89,935	0	0	89,935
Deferred Inflows of Resources:				
Unavailable Amounts	626,708	0	0	626,708
Property Tax for Next Fiscal Year	126,612	0	0	126,612
Total Deferred Inflows of Resources	753,320	0	0	753,320
Fund Balances:				
Nonspendable	170,935	0	0	170,935
Restricted	1,863,987	0	0	1,863,987
Committed	329,509	0	387,250	716,759
Assigned	0	9,554	0	9,554
Unassigned	(27,902)	0	0	(27,902)
Total Fund Balances	2,336,529	9,554	387,250	2,733,333
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,179,784	$ 9,554	$ 387,250	$ 3,576,588

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	$ 116,834	$ 0	$ 0	$ 116,834
Intergovernmental Revenues	970,523	0	0	970,523
Charges for Services	524,996	0	0	524,996
Investment Earnings	7,628	0	0	7,628
Fines and Forfeitures	158,284	0	0	158,284
All Other Revenue	51,680	0	0	51,680
Total Revenue	1,829,945	0	0	1,829,945
Expenditures:				
Current:				
Security of Persons and Property	886,590	0	0	886,590
Leisure Time Activities	717,360	0	0	717,360
Community Environment	4,888	0	0	4,888
Transportation	554,015	0	0	554,015
General Government	51,378	0	0	51,378
Debt Service:				
Principal Retirement	45,000	30,000	0	75,000
Interest and Fiscal Charges	22,750	40,913	0	63,663
Total Expenditures	2,281,981	70,913	0	2,352,894
Excess (Deficiency) of Revenues Over Expenditures	(452,036)	(70,913)	0	(522,949)
Other Financing Sources (Uses):				
Transfers In	607,473	52,700	201,000	861,173
Transfers Out	(89,423)	0	0	(89,423)
Total Other Financing Sources (Uses)	518,050	52,700	201,000	771,750
Net Change In Fund Balance	66,014	(18,213)	201,000	248,801
Fund Balances at Beginning of Year	2,277,167	27,767	186,250	2,491,184
Decrease in Inventory Reserve	(6,652)	0	0	(6,652)
Fund Balances End of Year	$ 2,336,529	$ 9,554	$ 387,250	$ 2,733,333

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Assets:				
Cash and Cash Equivalents	$ 134,422	$ 14,534	$ 499,624	$ 35,658
Receivables:				
Taxes	0	0	0	0
Accounts	1,967	0	0	494,836
Intergovernmental	185,076	15,006	32,211	0
Interest	303	42	867	0
Inventory of Supplies, at Cost	162,802	0	0	0
Total Assets	$ 484,570	$ 29,582	$ 532,702	$ 530,494
Liabilities:				
Accounts Payable	$ 1,115	$ 0	$ 0	$ 14,034
Accrued Wages and Benefits Payable	14,502	0	0	0
Total Liabilities	15,617	0	0	14,034
Deferred Inflows of Resources:				
Unavailable Amounts	123,536	10,025	21,909	440,845
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	123,536	10,025	21,909	440,845
Fund Balances:				
Nonspendable	162,802	0	0	0
Restricted	182,615	19,557	510,793	0
Committed	0	0	0	75,615
Unassigned	0	0	0	0
Total Fund Balances	345,417	19,557	510,793	75,615
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 484,570	$ 29,582	$ 532,702	$ 530,494

Recreation	Hotel/Motel Tax	CDBG Income	Indigent Drivers Alcohol Treatment	Law Enforcement and Education	Court Computerization
$ 278,549	$ 0	$ 47,820	$ 57,742	$ 4,311	$ 95,707
0	0	0	0	0	0
1,570	8,162	0	340	144	2,556
0	0	0	0	0	0
177	0	0	104	8	69
8,133	0	0	0	0	0
$ 288,429	$ 8,162	$ 47,820	$ 58,186	$ 4,463	$ 98,332
$ 6,701	$ 3,459	$ 0	$ 0	$ 0	$ 0
19,612	0	0	0	0	0
26,313	3,459	0	0	0	0
89	0	0	52	4	35
0	0	0	0	0	0
89	0	0	52	4	35
8,133	0	0	0	0	0
0	4,703	47,820	58,134	4,459	98,297
253,894	0	0	0	0	0
0	0	0	0	0	0
262,027	4,703	47,820	58,134	4,459	98,297
$ 288,429	$ 8,162	$ 47,820	$ 58,186	$ 4,463	$ 98,332

(Continued)

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	Law Enforcement Trust	Mandatory Drug Fine	Fire Equipment	Municipal Probation Service
Assets:				
Cash and Cash Equivalents	$ 1,542	$ 19,450	$ 517,511	$ 33,441
Receivables:				
Taxes	0	0	0	0
Accounts	0	140	0	1,639
Intergovernmental	0	0	0	0
Interest	0	33	835	24
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	$ 1,542	$ 19,623	$ 518,346	$ 35,104
Liabilities:				
Accounts Payable	$ 0	$ 0	$ 0	$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	0	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	0	17	419	12
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	0	17	419	12
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	1,542	19,606	517,927	35,092
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	1,542	19,606	517,927	35,092
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,542	$ 19,623	$ 518,346	$ 35,104

Probation Officer Grant	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension	Cemetery
$ 4,244	$ 216,133	$ 1,100	$ 0	$ 0	$ 73,238
0	0	0	90,857	45,423	0
0	5,088	0	0	0	0
24,644	0	0	5,411	2,705	0
0	0	0	0	0	0
0	0	0	0	0	0
$ 28,888	$ 221,221	$ 1,100	$ 96,268	$ 48,128	$ 73,238
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
2,269	0	0	18,900	9,343	0
2,269	0	0	18,900	9,343	0
12,322	0	0	11,629	5,814	0
0	0	0	84,408	42,204	0
12,322	0	0	96,037	48,018	0
0	0	0	0	0	0
14,297	221,221	1,100	0	0	73,238
0	0	0	0	0	0
0	0	0	(18,669)	(9,233)	0
14,297	221,221	1,100	(18,669)	(9,233)	73,238
$ 28,888	$ 221,221	$ 1,100	$ 96,268	$ 48,128	$ 73,238

(Continued)

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	Law Enforcement OT Grant	Certified Police Training	Indigent Drivers Interlock/Alcohol	Total Nonmajor Special Revenue Funds
Assets:				
Cash and Cash Equivalents	$ 15,283	$ 5,727	$ 32,131	$ 2,088,167
Receivables:				
Taxes	0	0	0	136,280
Accounts	0	0	445	516,887
Intergovernmental	0	0	0	265,053
Interest	0	0	0	2,462
Inventory of Supplies, at Cost	0	0	0	170,935
Total Assets	$ 15,283	$ 5,727	$ 32,576	$ 3,179,784
Liabilities:				
Accounts Payable	$ 0	$ 0	$ 0	$ 25,309
Accrued Wages and Benefits Payable	0	0	0	64,626
Total Liabilities	0	0	0	89,935
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	626,708
Property Tax for Next Fiscal Year	0	0	0	126,612
Total Deferred Inflows of Resources	0	0	0	753,320
Fund Balances:				
Nonspendable	0	0	0	170,935
Restricted	15,283	5,727	32,576	1,863,987
Committed	0	0	0	329,509
Unassigned	0	0	0	(27,902)
Total Fund Balances	15,283	5,727	32,576	2,336,529
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 15,283	$ 5,727	$ 32,576	$ 3,179,784


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Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Revenues:				
Property Taxes	$ 0	$ 0	$ 0	$ 0
Intergovernmental Revenues	385,042	31,219	110,776	3,750
Charges for Services	3,188	0	0	262,896
Investment Earnings	736	97	2,169	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	5,809	0	0	0
Total Revenue	394,775	31,316	112,945	266,646
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	316,519
Leisure Time Activities	0	0	0	0
Community Enviornment	0	0	0	0
Transportation	460,953	35,666	57,396	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	460,953	35,666	57,396	316,519
Excess (Deficiency) of Revenues Over Expenditures	(66,178)	(4,350)	55,549	(49,873)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	(12,360)	(26,000)
Total Other Financing Sources (Uses)	0	0	(12,360)	(26,000)
Net Change In Fund Balance	(66,178)	(4,350)	43,189	(75,873)
Fund Balances (Deficit) at Beginning of Year	418,046	23,907	467,604	151,488
Decrease in Inventory Reserve	(6,451)	0	0	0
Fund Balances (Deficit) End of Year	$ 345,417	$ 19,557	$ 510,793	$ 75,615

Recreation	Hotel/Motel Tax	CDBG Income	Indigent Drivers Alcohol Treatment	Law Enforcement and Education	Court Computerization
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
0	103,999	12,136	0	0	0
234,624	0	0	0	0	0
1,212	0	0	278	20	371
0	0	0	8,492	1,020	40,258
42,424	0	0	0	0	0
278,260	103,999	12,136	8,770	1,040	40,629
0	0	0	10,256	616	10,045
717,360	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	51,378	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
717,360	51,378	0	10,256	616	10,045
(439,100)	52,621	12,136	(1,486)	424	30,584
534,723	0	0	0	0	0
0	(51,063)	0	0	0	0
534,723	(51,063)	0	0	0	0
95,623	1,558	12,136	(1,486)	424	30,584
166,605	3,145	35,684	59,620	4,035	67,713
(201)	0	0	0	0	0
$ 262,027	$ 4,703	$ 47,820	$ 58,134	$ 4,459	$ 98,297

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	Law Enforcement Trust	Mandatory Drug Fine	Fire Equipment	Municipal Probation Service
Revenues:				
Property Taxes	$ 0	$ 0	$ 0	$ 0
Intergovernmental Revenues	0	0	249,798	0
Charges for Services	0	0	18,000	0
Investment Earnings	7	91	2,510	137
Fines and Forfeitures	0	2,046	0	22,322
All Other Revenue	0	0	1,000	0
Total Revenue	7	2,137	271,308	22,459
Expenditures:				
Current:				
Security of Persons and Property	230	477	343,279	12,134
Leisure Time Activities	0	0	0	0
Community Enviornment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	230	477	343,279	12,134
Excess (Deficiency) of Revenues Over Expenditures	(223)	1,660	(71,971)	10,325
Other Financing Sources (Uses):				
Transfers In	0	0	72,000	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	72,000	0
Net Change In Fund Balance	(223)	1,660	29	10,325
Fund Balances (Deficit) at Beginning of Year	1,765	17,946	517,898	24,767
Decrease in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	$ 1,542	$ 19,606	$ 517,927	$ 35,092

Probation Officer Grant	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension	Cemetery
$ 0	$ 0	$ 0	$ 76,495	$ 40,339	$ 0
49,289	0	0	12,055	5,709	0
0	0	0	0	0	6,288
0	0	0	0	0	0
0	78,282	0	0	0	0
0	0	0	0	0	0
49,289	78,282	0	88,550	46,048	6,288
49,486	0	0	89,073	44,221	0
0	0	0	0	0	0
0	0	0	0	0	4,888
0	0	0	0	0	0
0	0	0	0	0	0
0	45,000	0	0	0	0
0	22,750	0	0	0	0
49,486	67,750	0	89,073	44,221	4,888
(197)	10,532	0	(523)	1,827	1,400
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(197)	10,532	0	(523)	1,827	1,400
14,494	210,689	1,100	(18,146)	(11,060)	71,838
0	0	0	0	0	0
$ 14,297	$ 221,221	$ 1,100	$ (18,669)	$ (9,233)	$ 73,238

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	Law Enforcement OT Grant	Certified Police Training	Indigent Drivers Interlock/Alcohol	Total Nonmajor Special Revenue Funds
Revenues:				
Property Taxes	$ 0	$ 0	$ 0	$ 116,834
Intergovernmental Revenues	6,750	0	0	970,523
Charges for Services	0	0	0	524,996
Investment Earnings	0	0	0	7,628
Fines and Forfeitures	0	0	5,864	158,284
All Other Revenue	0	2,447	0	51,680
Total Revenue	6,750	2,447	5,864	1,829,945
Expenditures:				
Current:				
Security of Persons and Property	7,990	0	2,264	886,590
Leisure Time Activities	0	0	0	717,360
Community Enviornment	0	0	0	4,888
Transportation	0	0	0	554,015
General Government	0	0	0	51,378
Debt Service:				
Principal Retirement	0	0	0	45,000
Interest & Fiscal Charges	0	0	0	22,750
Total Expenditures	7,990	0	2,264	2,281,981
Excess (Deficiency) of Revenues Over Expenditures	(1,240)	2,447	3,600	(452,036)
Other Financing Sources (Uses):				
Transfers In	750	0	0	607,473
Transfers Out	0	0	0	(89,423)
Total Other Financing Sources (Uses)	750	0	0	518,050
Net Change In Fund Balance	(490)	2,447	3,600	66,014
Fund Balances (Deficit) at Beginning of Year	15,773	3,280	28,976	2,277,167
Decrease in Inventory Reserve	0	0	0	(6,652)
Fund Balances (Deficit) End of Year	$ 15,283	$ 5,727	$ 32,576	$ 2,336,529

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 252,930	$ 254,919	$ 254,919	$ 0
Municipal Income Taxes	3,370,000	3,882,087	3,882,087	0
Other Local Taxes	512,400	512,414	512,414	0
Intergovernmental Revenues	247,320	251,040	251,040	0
Charges for Services	262,900	293,139	293,139	0
Licenses and Permits	60,500	70,252	70,252	0
Investment Earnings	28,580	27,591	27,591	0
Special Assessments	400	0	0	0
Fines and Forfeitures	202,250	198,057	198,057	0
All Other Revenues	328,520	264,362	264,362	0
Total Revenues	5,265,800	5,753,861	5,753,861	0
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	1,682,541	1,538,980	1,537,765	1,215
Materials and Supplies	93,354	77,100	76,975	125
Contractual Services	129,947	101,213	101,210	3
Other Expenditures	6,800	4,591	4,591	0
Total Police	1,912,642	1,721,884	1,720,541	1,343
Fire:				
Personal Services	887,120	845,594	845,594	0
Materials and Supplies	56,560	33,278	32,496	782
Contractual Services	120,352	78,000	78,000	0
Total Fire	1,064,032	956,872	956,090	782
Total Security of Persons and Property	2,976,674	2,678,756	2,676,631	2,125
Public Health and Welfare Services:				
Cemetery:				
Personal Services	85,480	84,251	84,251	0
Materials and Supplies	13,650	12,452	12,452	0
Contractual Services	13,460	10,482	10,482	0
Total Public Health and Welfare Services	112,590	107,185	107,185	0

(Continued)

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	107,170	107,815	107,815	0
Materials and Supplies	2,850	1,782	1,782	0
Contractual Services	18,060	5,165	5,165	0
Other Expenditures	1,000	256	256	0
Total Building Inspection	129,080	115,018	115,018	0
Econcomic Development:				
Contractual Services	31,000	31,000	31,000	0
Total Community Environment	160,080	146,018	146,018	0
General Government:				
City Council:				
Personal Services	2,914	1,153	822	331
Materials and Supplies	400	227	227	0
Contractual Services	453	231	166	65
Other Expenditures	720	398	394	4
Total City Council	4,487	2,009	1,609	400
Mayor:				
Personal Services	1,188	480	344	136
Materials and Supplies	200	70	70	0
Contractual Services	810	315	315	0
Other Expenditures	50	35	35	0
Total Mayor	2,248	900	764	136
City Manager - Administration:				
Personal Services	15,331	7,607	5,451	2,156
Materials and Supplies	563	91	66	25
Contractual Services	226	81	58	23
Other Expenditures	500	366	366	0
Total City Manager - Administration	16,620	8,145	5,941	2,204
City Manager - Human Resources:				
Personal Services	43,980	45,623	45,623	0
Materials and Supplies	500	319	319	0
Contractual Services	32,738	29,396	29,396	0
Other Expenditures	500	478	478	0
Total City Manager - Human Resources	77,718	75,816	75,816	0

(Continued)

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	11,268	4,534	3,249	1,285
Materials and Supplies	205	64	40	24
Contractual Services	2,850	892	468	424
Other Expenditures	500	0	0	0
Total Law Director	14,823	5,490	3,757	1,733
Finance - Administration:				
Personal Services	27,451	11,404	8,172	3,232
Materials and Supplies	2,700	1,009	1,009	0
Contractual Services	105,006	90,646	90,623	23
Other Expenditures	1,400	968	968	0
Total Finance - Administration	136,557	104,027	100,772	3,255
Finance - Utility Billing:				
Personal Services	8,883	3,536	2,534	1,002
Materials and Supplies	2,603	1,073	769	304
Contractual Services	4,547	1,513	1,085	428
Total Finance - Utility Billing	16,033	6,122	4,388	1,734
Finance - Income Tax Collection:				
Personal Services	135,530	131,646	131,646	0
Materials and Supplies	7,660	7,573	7,573	0
Contractual Services	32,700	26,823	26,823	0
Capital Outlay	5,300	2,366	2,366	0
Total Finance - Income Tax Collection	181,190	168,408	168,408	0
Finance - Information Systems:				
Personal Services	106,330	106,220	106,220	0
Materials and Supplies	22,400	17,405	17,405	0
Contractual Services	25,440	22,833	22,762	71
Total Finance - Information Systems	154,170	146,458	146,387	71
City Engineer:				
Personal Services	22,898	8,498	6,090	2,408
Materials and Supplies	801	208	124	84
Contractual Services	4,878	1,861	1,161	700
Other Expenditures	1,000	1,008	1,008	0
Total City Engineer	29,577	11,575	8,383	3,192

(Continued)

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	448,950	444,246	444,246	0
Materials and Supplies	38,037	43,003	43,003	0
Contractual Services	72,305	60,412	59,666	746
Other Expenditures	230	84	84	0
Total Municipal Court	559,522	547,745	546,999	746
Service - Buildings, Property and Equipment:				
Personal Services	4,253	1,635	1,172	463
Materials and Supplies	1,221	188	135	53
Contractual Services	307	78	56	22
Other Expenditures	100	0	0	0
Total Service - Buildings, Property and Equ	5,881	1,901	1,363	538
Miscellaneous:				
Materials and Supplies	1,383	417	298	119
Contractual Services	25,369	8,033	5,756	2,277
Other Expenditures	23,289	6,637	4,756	1,881
Total Miscellaneous	50,041	15,087	10,810	4,277
Total General Government	1,248,867	1,093,683	1,075,397	18,286
Total Expenditures	4,498,211	4,025,642	4,005,231	20,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	767,589	1,728,219	1,748,630	20,411
Other Financing Sources (Uses):				
Sale of Capital Assets	0	17,289	17,289	0
Transfers In	39,800	51,063	51,063	0
Transfers Out	(1,693,420)	(1,876,333)	(1,876,333)	0
Total Other Financing Sources (Uses)	(1,653,620)	(1,807,981)	(1,807,981)	0
Net Change In Fund Balance	(886,031)	(79,762)	(59,351)	20,411
Fund Balance at Beginning of Year	1,131,119	1,131,119	1,131,119	0
Prior Year Encumbrances	87,901	87,901	87,901	0
Fund Balance at End of Year	$ 332,989	$ 1,139,258	$ 1,159,669	$ 20,411

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, 2014

SPECIAL ASSESSMENT BOND RETIREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	$ 2,820	$ 2,614	$ 2,614	$ 0
Special Assessments	47,570	46,151	46,151	0
All Other Revenues	0	6,837	6,837	0
Total Revenues	50,390	55,602	55,602	0
Expenditures:				
General Government:				
Contractual Services	2,000	1,381	1,381	0
Debt Service:				
Principal Retirement	51,360	58,188	58,188	0
Interest and Fiscal Charges	11,170	11,135	11,135	0
Total Expenditures	64,530	70,704	70,704	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,140)	(15,102)	(15,102)	0
Other Financing Sources (Uses):				
Transfers In	12,360	12,360	12,360	0
Total Other Financing Sources (Uses)	12,360	12,360	12,360	0
Net Change In Fund Balance	(1,780)	(2,742)	(2,742)	0
Fund Balance at Beginning of Year	572,219	572,219	572,219	0
Fund Balance at End of Year	$ 570,439	$ 569,477	$ 569,477	$ 0

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, 2014

CAPITAL IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 34,200	$ 30,000	$ 30,000	$ 0
All Other Revenues	0	126,144	126,144	0
Total Revenues	34,200	156,144	156,144	0
Expenditures:				
Capital Outlay:				
City Manager	12,000	10,770	10,770	0
Law Director	2,000	900	900	0
Finance - Administration	79,000	8,479	8,479	0
Central Information System	28,800	25,028	18,043	6,985
Engineering	45,971	40,966	40,839	127
Municipal Court	4,970	4,968	4,968	0
Police	107,033	92,992	92,992	0
Fire	21,784	12,836	12,284	552
Parks and Recreation	46,000	44,578	44,578	0
Cemetery	9,000	7,494	7,494	0
Street Maintenance	1,355,814	1,055,406	1,035,345	20,061
Total Expenditures	1,712,372	1,304,417	1,276,692	27,725
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,678,172)	(1,148,273)	(1,120,548)	27,725
Other Financing Sources (Uses):				
Transfers In	1,038,730	1,212,420	1,212,420	0
Transfers Out	(173,700)	(300,450)	(300,450)	0
Total Other Financing Sources (Uses)	865,030	911,970	911,970	0
Net Change In Fund Balance	(813,142)	(236,303)	(208,578)	27,725
Fund Balance at Beginning of Year	526,163	526,163	526,163	0
Prior Year Encumbrances	417,202	417,202	417,202	0
Fund Balance at End of Year	$ 130,223	$ 707,062	$ 734,787	$ 27,725


Napoleon
Heartland Values, Flowing Opportunities

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, 2014

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 381,000	$ 384,288	$ 384,288	$ 0
Charges for Services	3,000	6,353	6,353	0
Investment Earnings	980	667	667	0
All Other Revenues	6,100	5,867	5,867	0
Total Revenues	391,080	397,175	397,175	0
Expenditures:				
Transportation:				
Street Maintenance:				
Personal Services	190,560	219,521	219,521	0
Materials and Supplies	110,847	87,830	84,956	2,874
Contractual Services	56,250	31,758	31,654	104
Other Expenditures	21,210	20,983	20,983	0
Capital Outlay	100	0	0	0
Total Street Maintenance	378,967	360,092	357,114	2,978
Ice and Snow Removal:				
Personal Services	32,000	49,318	49,318	0
Materials and Supplies	12,600	12,965	12,965	0
Contractual Services	10,400	26,992	26,992	0
Other Expenditures	7,000	5,866	5,866	0
Total Ice and Snow Removal	62,000	95,141	95,141	0
Storm Drainage:				
Personal Services	11,000	7,995	7,995	0
Materials and Supplies	5,000	4,591	4,591	0
Contractual Services	3,000	0	0	0
Other Expenditures	500	53	53	0
Total Storm Drainage	19,500	12,639	12,639	0
Total Expenditures	460,467	467,872	464,894	2,978
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,387)	(70,697)	(67,719)	2,978
Fund Balance at Beginning of Year	197,384	197,384	197,384	0
Prior Year Encumbrances	4,757	4,757	4,757	0
Fund Balance at End of Year	$ 132,754	$ 131,444	$ 134,422	$ 2,978

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, 2014

STATE HIGHWAY IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 27,000	$ 31,158	$ 31,158	$ 0
Investment Earnings	100	87	87	0
Total Revenues	27,100	31,245	31,245	0
Expenditures:				
Transportation:				
Materials and Supplies	15,400	13,316	13,316	0
Contractual Services	26,000	22,350	22,350	0
Total Expenditures	41,400	35,666	35,666	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,300)	(4,421)	(4,421)	0
Fund Balance at Beginning of Year	18,955	18,955	18,955	0
Fund Balance at End of Year	$ 4,655	$ 14,534	$ 14,534	$ 0

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, 2014

MOTOR VEHICLE LICENSE TAX FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 103,000	$ 110,367	$ 110,367	$ 0
Investment Earnings	2,050	1,970	1,970	0
Total Revenues	105,050	112,337	112,337	0
Expenditures:				
Transportation:				
Materials and Supplies	75,919	38,931	34,957	3,974
Contractual Services	40,000	22,439	22,439	0
Total Expenditures	115,919	61,370	57,396	3,974
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,869)	50,967	54,941	3,974
Other Financing Sources (Uses):				
Transfers Out	(12,360)	(12,360)	(12,360)	0
Total Other Financing Sources (Uses)	(12,360)	(12,360)	(12,360)	0
Net Change In Fund Balance	(23,229)	38,607	42,581	3,974
Fund Balance at Beginning of Year	457,043	457,043	457,043	0
Fund Balance at End of Year	$ 433,814	$ 495,650	$ 499,624	$ 3,974

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, 2014

EMS TRANSPORT SERVICE FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 6,000	$ 3,750	$ 3,750	$ 0
Charges for Services	353,500	315,324	315,324	0
Total Revenues	359,500	319,074	319,074	0
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	34,500	31,967	31,967	0
Contractual Services	111,932	87,413	87,413	0
Other Expenditures	250,000	210,000	210,000	0
Capital Outlay	4,000	0	0	0
Total Expenditures	400,432	329,380	329,380	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,932)	(10,306)	(10,306)	0
Other Financing Sources (Uses):				
Transfers Out	(26,000)	(26,000)	(26,000)	0
Total Other Financing Sources (Uses)	(26,000)	(26,000)	(26,000)	0
Net Change In Fund Balance	(66,932)	(36,306)	(36,306)	0
Fund Balance at Beginning of Year	64,709	64,709	64,709	0
Prior Year Encumbrances	4,132	4,132	4,132	0
Fund Balance at End of Year	$ 1,909	$ 32,535	$ 32,535	$ 0

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, 2014

RECREATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	$ 226,100	$ 234,712	$ 234,712	$ 0
Investment Earnings	650	1,172	1,172	0
All Other Revenues	41,900	42,091	42,091	0
Total Revenues	268,650	277,975	277,975	0
Expenditures:				
Leisure Time Activities:				
Administration:				
Personal Services	87,710	88,215	88,215	0
Materials and Supplies	13,300	6,568	6,568	0
Contractual Services	3,040	2,073	2,073	0
Other Expenditures	2,250	0	0	0
Total Administration	106,300	96,856	96,856	0
Golf Course Operations:				
Personal Services	139,400	139,935	139,935	0
Materials and Supplies	68,506	60,904	60,904	0
Contractual Services	16,100	12,035	12,035	0
Total Golf Course Operations	224,006	212,874	212,874	0
Pool Operations:				
Personal Services	47,380	41,307	41,307	0
Materials and Supplies	25,000	19,695	19,695	0
Contractual Services	24,830	27,129	27,129	0
Total Pool Operations	97,210	88,131	88,131	0
Parks and Programs:				
Personal Services	230,670	206,707	206,707	0
Materials and Supplies	84,000	74,932	74,932	0
Contractual Services	46,740	35,229	35,229	0
Total Parks and Programs	361,410	316,868	316,868	0
Total Expenditures	788,926	714,729	714,729	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(520,276)	(436,754)	(436,754)	0

(Continued)

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, 2014

RECREATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers In	466,700	534,723	534,723	0
Total Other Financing Sources (Uses)	466,700	534,723	534,723	0
Net Change In Fund Balance	(53,576)	97,969	97,969	0
Fund Balance at Beginning of Year	178,660	178,660	178,660	0
Prior Year Encumbrances	626	626	626	0
Fund Balance at End of Year	$ 125,710	$ 277,255	$ 277,255	$ 0

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, 2014

DOWNTOWN REVITALIZATION GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 73,950	$ 174,895	$ 174,895	$ 0
Total Revenues	73,950	174,895	174,895	0
Expenditures:				
Community Environment:				
Contractual Services	81,312	191,443	191,443	0
Total Expenditures	81,312	191,443	191,443	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,362)	(16,548)	(16,548)	0
Fund Balance at Beginning of Year	9,186	9,186	9,186	0
Prior Year Encumbrances	7,362	7,362	7,362	0
Fund Balance at End of Year	$ 9,186	$ 0	$ 0	$ 0

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, 2014

HOTEL/MOTEL TAX FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 76,000	$ 102,126	$ 102,126	$ 0
Total Revenues	76,000	102,126	102,126	0
Expenditures:				
General Government:				
Contractual Services	38,000	51,063	51,063	0
Total Expenditures	38,000	51,063	51,063	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,000	51,063	51,063	0
Other Financing Sources (Uses):				
Transfers Out	(38,000)	(51,063)	(51,063)	0
Total Other Financing Sources (Uses)	(38,000)	(51,063)	(51,063)	0
Net Change In Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ 0	$ 0	$ 0	$ 0

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, 2014

CDBG INCOME FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 0	$ 12,136	$ 12,136	$ 0
Total Revenues	0	12,136	12,136	0
Expenditures:				
Community Environment:				
Contractual Services	35,680	0	0	0
Total Expenditures	35,680	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,680)	12,136	12,136	0
Fund Balance at Beginning of Year	35,684	35,684	35,684	0
Fund Balance at End of Year	$ 4	$ 47,820	$ 47,820	$ 0

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, 2014

INDIGENT DRIVERS ALCOHOL TREATMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	$ 250	$ 254	$ 254	$ 0
Fines and Forfeitures	9,000	10,978	10,978	0
Total Revenues	9,250	11,232	11,232	0
Expenditures:				
Security of Persons and Property:				
Contractual Services	25,000	14,934	14,934	0
Total Expenditures	25,000	14,934	14,934	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,750)	(3,702)	(3,702)	0
Fund Balance at Beginning of Year	56,766	56,766	56,766	0
Fund Balance at End of Year	$ 41,016	$ 53,064	$ 53,064	$ 0

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, 2014

LAW ENFORCEMENT AND EDUCATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	$ 10	$ 18	$ 18	$ 0
Fines and Forfeitures	1,800	958	958	0
Total Revenues	1,810	976	976	0
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Contractual Services	1,700	352	352	0
Capital Outlay	1,000	414	414	0
Total Expenditures	5,700	766	766	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,890)	210	210	0
Fund Balance at Beginning of Year	3,951	3,951	3,951	0
Fund Balance at End of Year	$ 61	$ 4,161	$ 4,161	$ 0

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, 2014

COURT COMPUTERIZATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	$ 240	$ 356	$ 356	$ 0
Fines and Forfeitures	25,000	40,879	40,879	0
Total Revenues	25,240	41,235	41,235	0
Expenditures:				
Security of Persons and Property:				
Contractual Services	3,500	45	45	0
Other Expenditures	10,000	10,000	10,000	0
Capital Outlay	26,200	19,000	19,000	0
Total Expenditures	39,700	29,045	29,045	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,460)	12,190	12,190	0
Fund Balance at Beginning of Year	45,517	45,517	45,517	0
Prior Year Encumbrances	19,000	19,000	19,000	0
Fund Balance at End of Year	$ 50,057	$ 76,707	$ 76,707	$ 0

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, 2014

LAW ENFORCEMENT TRUST FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	$ 10	$ 7	$ 7	$ 0
All Other Revenues	0	50	50	0
Total Revenues	10	57	57	0
Expenditures:				
Security of Persons and Property:				
Other Expenditures	1,000	0	0	0
Capital Outlay	500	230	230	0
Total Expenditures	1,500	230	230	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,490)	(173)	(173)	0
Fund Balance at Beginning of Year	1,715	1,715	1,715	0
Fund Balance at End of Year	$ 225	$ 1,542	$ 1,542	$ 0

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, 2014

MANDATORY DRUG FINE FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	$ 100	$ 84	$ 84	$ 0
Fines and Forfeitures	1,500	2,088	2,088	0
Total Revenues	1,600	2,172	2,172	0
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	0	0	0
Other Expenditures	750	627	627	0
Total Expenditures	3,750	627	627	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,150)	1,545	1,545	0
Fund Balance at Beginning of Year	17,755	17,755	17,755	0
Fund Balance at End of Year	$ 15,605	$ 19,300	$ 19,300	$ 0

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, 2014

FIRE EQUIPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 211,000	$ 249,798	$ 249,798	$ 0
Charges for Services	18,000	18,000	18,000	0
Investment Earnings	2,260	2,319	2,319	0
All Other Revenues	0	1,000	1,000	0
Total Revenues	231,260	271,117	271,117	0
Expenditures:				
Security of Persons and Property:				
Capital Outlay	452,500	489,779	489,779	0
Total Expenditures	452,500	489,779	489,779	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,240)	(218,662)	(218,662)	0
Other Financing Sources (Uses):				
Transfers In	72,000	72,000	72,000	0
Total Other Financing Sources (Uses)	72,000	72,000	72,000	0
Net Change In Fund Balance	(149,240)	(146,662)	(146,662)	0
Fund Balance at Beginning of Year	517,673	517,673	517,673	0
Fund Balance at End of Year	$ 368,433	$ 371,011	$ 371,011	$ 0

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, 2014

MUNICIPAL PROBATION SERVICE FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	$ 100	$ 131	$ 131	$ 0
Fines and Forfeitures	15,000	22,110	22,110	0
Total Revenues	15,100	22,241	22,241	0
Expenditures:				
Security of Persons and Property:				
Personal Services	3,310	2,390	2,390	0
Contractual Services	11,500	9,325	9,325	0
Other Expenditures	500	419	419	0
Total Expenditures	15,310	12,134	12,134	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(210)	10,107	10,107	0
Fund Balance at Beginning of Year	23,334	23,334	23,334	0
Fund Balance at End of Year	$ 23,124	$ 33,441	$ 33,441	$ 0

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, 2014

PROBATION OFFICER GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 49,290	$ 49,289	$ 49,289	$ 0
Total Revenues	49,290	49,289	49,289	0
Expenditures:				
Security of Persons and Property:				
Personal Services	49,290	49,288	49,288	0
Total Expenditures	49,290	49,288	49,288	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1	1	0
Fund Balance at Beginning of Year	4,243	4,243	4,243	0
Fund Balance at End of Year	$ 4,243	$ 4,244	$ 4,244	$ 0

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, 2014

COURT IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 65,000	$ 79,544	$ 79,544	$ 0
Total Revenues	65,000	79,544	79,544	0
Expenditures:				
Debt Service:				
Principal Retirement	45,000	45,000	45,000	0
Interest and Fiscal Charges	22,750	22,750	22,750	0
Total Expenditures	67,750	67,750	67,750	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,750)	11,794	11,794	0
Fund Balance at Beginning of Year	204,339	204,339	204,339	0
Fund Balance at End of Year	$ 201,589	$ 216,133	$ 216,133	$ 0

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, 2014

HANDICAP PARKING FINES 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:				
Other Expenditures	1,100	0	0	0
Total Expenditures	1,100	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,100)	0	0	0
Fund Balance at Beginning of Year	1,100	1,100	1,100	0
Fund Balance at End of Year	$ 0	$ 1,100	$ 1,100	$ 0

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, 2014

POLICE PENSION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 75,280	$ 76,264	$ 76,264	$ 0
Intergovernmental Revenues	11,250	12,055	12,055	0
Total Revenues	86,530	88,319	88,319	0
Expenditures:				
Security of Persons and Property:				
Personal Services	86,530	88,319	88,319	0
Total Expenditures	86,530	88,319	88,319	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ 0	$ 0	$ 0	$ 0

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, 2014

FIRE PENSION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 37,660	$ 40,229	$ 40,229	$ 0
Intergovernmental Revenues	5,610	5,709	5,709	0
Total Revenues	43,270	45,938	45,938	0
Expenditures:				
Security of Persons and Property:				
Personal Services	43,260	45,938	45,938	0
Total Expenditures	43,260	45,938	45,938	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	10	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ 10	$ 0	$ 0	$ 0

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, 2014

CEMETERY FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	$ 3,000	$ 6,288	$ 6,288	$ 0
Total Revenues	3,000	6,288	6,288	0
Expenditures:				
Community Environment:				
Materials and Supplies	6,000	4,888	4,888	0
Total Expenditures	6,000	4,888	4,888	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	1,400	1,400	0
Fund Balance at Beginning of Year	71,838	71,838	71,838	0
Fund Balance at End of Year	$ 68,838	$ 73,238	$ 73,238	$ 0

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, 2014

LAW ENFORCEMENT OT GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 0	$ 6,750	$ 6,750	$ 0
Total Revenues	0	6,750	6,750	0
Expenditures:				
Security of Persons and Property:				
Capital Outlay	0	7,990	7,990	0
Total Expenditures	0	7,990	7,990	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(1,240)	(1,240)	0
Other Financing Sources (Uses):				
Transfers In	0	750	750	0
Total Other Financing Sources (Uses)	0	750	750	0
Net Change In Fund Balance	0	(490)	(490)	0
Fund Balance at Beginning of Year	15,773	15,773	15,773	0
Fund Balance at End of Year	$ 15,773	$ 15,283	$ 15,283	$ 0

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, 2014

CERTIFIED POLICE TRAINING FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	$ 0	$ 2,447	$ 2,447	$ 0
Total Revenues	0	2,447	2,447	0
Expenditures:				
Security of Persons and Property:				
Personal Services	1,000	0	0	0
Contractual Services	2,000	0	0	0
Total Expenditures	3,000	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	2,447	2,447	0
Fund Balance at Beginning of Year	3,280	3,280	3,280	0
Fund Balance at End of Year	$ 280	$ 5,727	$ 5,727	$ 0

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, 2014

INDIGENT DRIVERS INTERLOCK / ALCOHOL FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 4,500	$ 5,999	$ 5,999	$ 0
Total Revenues	4,500	5,999	5,999	0
Expenditures:				
Security of Persons and Property:				
Contractual Services	2,000	2,264	2,264	0
Total Expenditures	2,000	2,264	2,264	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,500	3,735	3,735	0
Fund Balance at Beginning of Year	28,396	28,396	28,396	0
Fund Balance at End of Year	$ 30,896	$ 32,131	$ 32,131	$ 0

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, 2014

GENERAL BOND RETIREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	$ 0	$ 0	$ 0	$ 0
Expenditures:				
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	40,930	40,913	40,913	0
Total Expenditures	70,930	70,913	70,913	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,930)	(70,913)	(70,913)	0
Other Financing Sources (Uses):				
Transfers In	52,700	52,700	52,700	0
Total Other Financing Sources (Uses)	52,700	52,700	52,700	0
Net Change In Fund Balance	(18,230)	(18,213)	(18,213)	0
Fund Balance at Beginning of Year	27,767	27,767	27,767	0
Fund Balance at End of Year	$ 9,537	$ 9,554	$ 9,554	$ 0

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, 2014

CIP FUNDING RESERVE FUND

	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
Other Financing Sources (Uses):				
Transfers In	75,000	201,000	201,000	0
Total Other Financing Sources (Uses)	75,000	201,000	201,000	0
Net Change In Fund Balance	75,000	201,000	201,000	0
Fund Balance at Beginning of Year	186,250	186,250	186,250	0
Fund Balance at End of Year	$ 261,250	$ 387,250	$ 387,250	$ 0

Fiduciary Funds

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

Agency Funds

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

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

Payroll Withholding Fund
To account for withholding taxes until remitted to other entities.

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2014

	Balance December 31, 2013	Additions	Deductions	Balance December 31, 2014
Municipal Court				
Assets:				
Cash and Cash Equivalents	$8,957	$1,298,975	($1,268,308)	$39,624
Total Assets	$8,957	$1,298,975	($1,268,308)	$39,624
Liabilities:				
Due to Others	$8,957	$1,298,975	($1,268,308)	$39,624
Total Liabilities	$8,957	$1,298,975	($1,268,308)	$39,624
Law Library				
Assets:				
Cash and Cash Equivalents	$0	$29,125	($29,125)	$0
Total Assets	$0	$29,125	($29,125)	$0
Liabilities:				
Due to Others	$0	$29,125	($29,125)	$0
Total Liabilities	$0	$29,125	($29,125)	$0
Payroll Withholding				
Assets:				
Cash and Cash Equivalents	$9,134	$36,961	($32,790)	$13,305
Total Assets	$9,134	$36,961	($32,790)	$13,305
Liabilities:				
Due to Others	$9,134	$36,961	($32,790)	$13,305
Total Liabilities	$9,134	$36,961	($32,790)	$13,305
Totals - Agency Funds				
Assets:				
Cash and Cash Equivalents	$18,091	$1,365,061	($1,330,223)	$52,929
Total Assets	$18,091	$1,365,061	($1,330,223)	$52,929
Liabilities:				
Due to Others	$18,091	$1,365,061	($1,330,223)	$52,929
Total Liabilities	$18,091	$1,365,061	($1,330,223)	$52,929

STATISTICAL SECTION






Napoleon
Heartland Values, Flowing Opportunities

STATISTICAL TABLES

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

Contents

Financial Trends S 2 – S 13

These schedules contain trend information to help the reader understand how the city's financial position has changed over time.

Revenue Capacity S 14 – S 17

These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue source, the income tax.

Debt Capacity S 18 – S 27

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Economic and Demographic Information S 28 – S 31

These schedules offer economic and demographic indicators to help the reader understand the environment within which the city's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information S 32– S 37

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the City provides and the activities it performs.

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Napoleon, Ohio

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

	2005	2006	2007	2008
Governmental Activities:				
Net Investment in Capital Assets	$22,705,762	$24,314,801	$24,814,158	$28,323,805
Restricted	7,056,410	6,878,481	5,668,640	3,625,081
Unrestricted	2,246,227	2,235,629	3,267,539	2,815,897
Total Governmental Activities Net Position	$32,008,399	$33,428,911	$33,750,337	$34,764,783
Business-type Activities:				
Net Investment in Capital Assets	$12,190,666	$11,264,160	$13,254,500	$15,258,691
Unrestricted	16,110,442	17,996,725	17,723,570	16,121,443
Total Business-type Activities Net Position	$28,301,108	$29,260,885	$30,978,070	$31,380,134
Primary Government:				
Net Investment in Capital Assets	$34,896,428	$35,578,961	$38,068,658	$43,582,496
Restricted	7,056,410	6,878,481	5,668,640	3,625,081
Unrestricted	18,356,669	20,232,354	20,991,109	18,937,340
Total Primary Government Net Position	$60,309,507	$62,689,796	$64,728,407	$66,144,917

Source: Finance Director's Office

2009	2010	2011	2012	2013	2014
$29,555,216	$29,541,627	$30,121,697	$29,930,771	$32,448,052	$31,960,590
4,298,992	4,512,545	3,885,950	2,461,068	2,768,235	2,990,372
1,948,134	1,663,304	1,537,086	2,684,562	3,533,369	3,332,982
$35,802,342	$35,717,476	$35,544,733	$35,076,401	$38,749,656	$38,283,944
$16,271,445	$19,332,790	$21,120,371	$22,297,444	$20,699,687	$20,700,229
16,531,170	15,426,346	14,694,663	16,236,989	19,237,386	19,439,411
$32,802,615	$34,759,136	$35,815,034	$38,534,433	$39,937,073	$40,139,640
$45,826,661	$48,874,417	$51,242,068	$52,228,215	$53,147,739	$52,660,819
4,298,992	4,512,545	3,885,950	2,461,068	2,768,235	2,990,372
18,479,304	17,089,650	16,231,749	18,921,551	22,770,755	22,772,393
$68,604,957	$70,476,612	$71,359,767	$73,610,834	$78,686,729	$78,423,584

City of Napoleon, Ohio

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

	2005	2006	2007	2008
Expenses				
Governmental Activities:				
Security of Persons and Property	$3,509,589	$2,790,209	$3,424,326	$3,979,748
Public Health and Welfare Services	100,116	96,450	137,358	106,214
Leisure Time Activities	840,601	849,041	885,586	933,722
Community Environment	717,906	446,673	725,183	486,196
Transportation	1,292,990	1,031,319	1,364,559	872,400
General Government	779,647	1,021,880	1,067,981	678,405
Interest and Fiscal Charges	86,114	83,755	100,392	121,860
Total Governmental Activities Expenses	7,326,963	6,319,327	7,705,385	7,178,545
Business-type Activities:				
Electric	14,680,376	13,153,590	12,864,738	12,489,602
Water	1,831,263	1,769,784	2,043,701	2,175,036
Sewer	1,883,991	1,808,683	2,247,335	2,648,013
Sanitation	641,812	620,867	661,575	677,146
Total Business-type Activities Expenses	19,037,442	17,352,924	17,817,349	17,989,797
Total Primary Government Expenses	$26,364,405	$23,672,251	$25,522,734	$25,168,342
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	$796,718	$970,374	$1,066,435	$1,027,828
Public Health and Welfare Services	19,733	13,385	23,600	18,463
Leisure Time Activities	258,863	246,881	244,598	255,949
Community Environment	2,808	5,100	6,895	3,758
Transportation	3,950	8,336	6,581	9,985
General Government	50,873	83,485	144,827	126,883
Operating Grants and Contributions	885,954	1,045,250	1,067,046	634,910
Capital Grants and Contributions	3,361,224	357,291	258,787	797
Total Governmental Activities Program Revenues	5,380,123	2,730,102	2,818,769	2,078,573

2009	2010	2011	2012	2013	2014
$3,099,089	$3,125,458	$3,318,795	$3,461,564	$3,509,977	$3,897,632
103,153	112,440	123,641	109,157	119,347	121,621
899,442	904,829	868,775	920,814	837,829	979,834
757,040	517,452	1,263,518	381,223	889,241	152,816
1,702,924	1,299,067	760,223	1,316,777	1,081,351	1,646,040
991,969	1,122,335	1,086,864	1,329,567	1,037,778	1,089,719
77,480	85,901	96,494	63,709	67,818	71,185
7,631,097	7,167,482	7,518,310	7,582,811	7,543,341	7,958,847
13,852,433	14,396,085	14,714,910	14,533,499	15,784,619	16,111,027
2,543,426	2,474,059	3,229,358	2,621,913	2,471,001	2,725,757
3,235,829	2,782,393	2,921,313	2,663,795	3,175,055	3,114,530
626,167	768,173	733,632	793,380	718,019	742,677
20,257,855	20,420,710	21,599,213	20,612,587	22,148,694	22,693,991
$27,888,952	$27,588,192	$29,117,523	$28,195,398	$29,692,035	$30,652,838
$1,028,246	$1,082,152	$1,008,026	$1,032,637	$1,204,603	$1,103,728
14,660	17,125	24,203	16,388	18,877	18,668
301,100	258,421	207,272	215,192	275,990	278,108
2,935	3,265	4,968	4,798	4,742	6,288
10,083	16,311	6,267	11,267	13,878	8,997
148,898	109,391	113,089	103,218	100,503	42,022
618,192	894,469	1,323,169	830,875	1,517,992	950,214
154,816	157,440	104,301	111,784	66,201	76,151
2,278,930	2,538,574	2,791,295	2,326,159	3,202,786	2,484,176

(continued)

City of Napoleon, Ohio

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

	2005	2006	2007	2008
Business-type Activities:				
Charges for Services				
Electric	14,548,024	13,199,524	12,876,770	13,330,787
Water	2,124,645	2,090,647	2,301,840	2,438,644
Sewer	2,346,604	2,298,509	3,059,283	3,427,831
Sanitation	616,127	630,019	629,809	638,020
Capital Grants and Contributions	672,235	0	276,363	311,544
Total Business-type Activities Program Revenues	20,307,635	18,218,699	19,144,065	20,146,826
Total Primary Government Program Revenues	25,687,758	20,948,801	21,962,834	22,225,399
Net (Expense)/Revenue				
Governmental Activities	(1,946,840)	(3,589,225)	(4,886,616)	(5,099,972)
Business-type Activities	1,270,193	865,775	1,326,716	2,157,029
Total Primary Government Net (Expense)/Revenue	($676,647)	($2,723,450)	($3,559,900)	($2,942,943)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
Property Taxes	$403,855	$481,259	$662,906	$494,106
Municipal Income Taxes	2,520,569	2,455,843	2,503,814	2,255,314
Other Local Taxes (kWh Tax)	585,033	586,070	555,353	536,676
Grants and Entitlements not Restricted to Specific Programs	369,573	710,157	208,113	5,953
Investment Earnings	239,399	334,547	598,440	403,619
Miscellaneous	540,580	324,313	459,416	202,010
Transfers	(31,000)	231,000	220,000	2,260,946
Total Governmental Activities	4,628,009	5,123,189	5,208,042	6,158,624
Business-type Activities:				
Investment Earnings	284,854	427,411	610,469	461,775
Transfers	31,000	(231,000)	(220,000)	(2,260,946)
Total Business-type Activities	315,854	196,411	390,469	(1,799,171)
Total Primary Government	$4,943,863	$5,319,600	$5,598,511	$4,359,453
Change in Net Position				
Governmental Activities	$2,681,169	$1,533,964	$321,426	$1,058,652
Business-type Activities	1,586,047	1,062,186	1,717,185	357,858
Total Primary Government Change in Net Position	$4,267,216	$2,596,150	$2,038,611	$1,416,510

Source: Finance Director's Office

2009	2010	2011	2012	2013	2014
14,499,715	14,984,767	15,490,550	15,189,640	15,693,889	15,391,341
2,448,655	2,822,576	2,610,784	3,154,088	2,862,800	3,218,817
3,349,175	3,136,055	3,412,565	3,445,027	3,340,375	3,343,019
861,016	853,623	858,054	858,402	867,760	867,626
2,150,584	403,881	113,431	412,650	3,455,321	0
23,309,145	22,200,902	22,485,384	23,059,807	26,220,145	22,820,803
25,588,075	24,739,476	25,276,679	25,385,966	29,422,931	25,304,979
(5,352,167)	(4,628,908)	(4,727,015)	(5,256,652)	(4,340,555)	(5,474,671)
3,051,290	1,780,192	886,171	2,447,220	4,071,451	126,812
($2,300,877)	($2,848,716)	($3,840,844)	($2,809,432)	($269,104)	($5,347,859)
$146,252	$386,482	$382,639	$369,498	$368,837	$371,815
2,361,108	2,796,692	2,826,623	3,265,008	3,588,267	3,821,982
493,053	515,545	522,615	524,942	524,529	512,414
788,511	629,483	691,333	509,026	448,430	50,375
202,278	92,083	91,360	67,633	49,515	40,475
485,517	123,757	139,873	165,688	277,279	211,898
1,913,007	0	(118,388)	(113,475)	2,756,953	0
6,389,726	4,544,042	4,536,055	4,788,320	8,013,810	5,008,959
284,198	176,329	155,535	158,704	88,142	75,755
(1,913,007)	0	118,388	113,475	(2,756,953)	0
(1,628,809)	176,329	273,923	272,179	(2,668,811)	75,755
$4,760,917	$4,720,371	$4,809,978	$5,060,499	$5,344,999	$5,084,714
$1,037,559	($84,866)	($190,960)	($468,332)	$3,673,255	($465,712)
1,422,481	1,956,521	1,160,094	2,719,399	1,402,640	202,567
$2,460,040	$1,871,655	$969,134	$2,251,067	$5,075,895	($263,145)

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

	2005	2006	2007	2008
General Fund				
Nonspendable	$0	$0	$0	$0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	74,393	54,611	22,238	45,413
Unreserved	2,317,704	2,059,287	2,230,909	1,888,658
Total General Fund	2,392,097	2,113,898	2,253,147	1,934,071
All Other Governmental Funds				
Nonspendable	$0	$0	$0	$0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	759,549	724,245	818,971	287,883
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,038,888	2,410,223	1,689,219	1,021,024
Debt Service Funds	448,463	470,238	516,266	502,806
Capital Projects Funds	312,492	390,741	106,351	545,746
Total All Other Governmental Funds	3,559,392	3,995,447	3,130,807	2,357,459
Total Governmental Funds	$5,951,489	$6,109,345	$5,383,954	$4,291,530

Source: Finance Director's Office
Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

2009	2010	2011	2012	2013	2014
$0	$5,889	$5,761	$7,456	$7,706	$9,120
0	9,956	93,945	67,783	19,966	11,772
0	43,792	42,032	67,913	871,172	777,758
0	1,961,094	1,810,169	1,714,410	1,030,178	1,162,723
36,369	0	0	0	0	0
1,950,630	0	0	0	0	0
1,986,999	2,020,731	1,951,907	1,857,562	1,929,022	1,961,373
$0	$119,506	$120,535	$195,635	$177,587	$170,935
0	2,530,239	2,105,312	2,269,103	2,391,541	2,434,009
0	898,911	1,010,839	800,226	1,439,374	1,555,291
0	9,520	9,528	22,214	27,767	9,554
0	(82,196)	(81,974)	(73,767)	(29,206)	(27,902)
251,799	0	0	0	0	0
981,549	0	0	0	0	0
884,855	0	0	0	0	0
764,329	0	0	0	0	0
2,882,532	3,475,980	3,164,240	3,213,411	4,007,063	4,141,887
$4,869,531	$5,496,711	$5,116,147	$5,070,973	$5,936,085	$6,103,260

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

	2005	2006	2007	2008
Revenues:				
Taxes	$3,481,493	$3,530,340	$3,518,822	$3,245,315
Intergovernmental Revenues	3,246,136	2,156,790	2,187,335	1,891,032
Charges for Services	659,064	768,875	660,349	732,494
Licenses and Permits	89,952	70,448	64,289	64,957
Investment Earnings	233,988	270,293	646,848	421,070
Special Assessments	224,108	223,796	113,080	105,288
Fines and Forfeitures	342,082	382,767	363,862	381,139
All Other Revenue	302,543	312,405	440,028	388,066
Total Revenue	8,579,366	7,715,714	7,994,613	7,229,361
Expenditures:				
Current:				
Security of Persons and Property	3,269,915	2,616,306	3,163,034	3,946,531
Public Health and Welfare Services	88,465	90,918	102,920	98,955
Leisure Time Activities	764,355	783,864	845,965	875,791
Community Environment	716,342	797,857	796,478	483,116
Transportation	585,866	526,918	673,933	604,199
General Government	696,044	887,028	1,023,651	1,114,009
Capital Outlay	2,175,773	1,826,376	2,075,703	901,518
Debt Service:				
Principal Retirement	890,357	215,357	111,357	111,550
Interest and Fiscal Charges	93,633	86,526	101,500	122,968
Total Expenditures	9,280,750	7,831,150	8,894,541	8,258,637
Excess (Deficiency) of Revenues Over Expenditures	(701,384)	(115,436)	(899,928)	(1,029,276)

2009	2010	2011	2012	2013	2014
$3,220,684	$3,722,602	$3,749,404	$4,170,959	$4,458,946	$4,660,798
1,605,562	1,380,019	2,220,622	1,426,432	1,719,738	1,248,507
803,479	807,930	800,287	805,926	1,012,086	819,227
63,825	63,599	68,203	76,513	73,435	70,252
185,858	114,664	95,435	68,959	54,013	34,162
106,700	101,853	92,238	84,532	49,694	28,815
407,561	371,916	363,988	331,022	369,351	354,229
797,505	456,874	400,885	453,642	365,253	464,363
7,191,174	7,019,457	7,791,062	7,417,985	8,102,516	7,680,353
2,900,346	2,949,630	3,278,087	3,216,671	3,293,773	3,559,821
92,695	101,383	110,917	98,178	105,132	107,365
783,006	821,199	799,615	809,897	722,535	717,360
538,556	515,451	1,260,984	378,447	885,933	151,254
539,327	582,589	596,226	530,317	503,534	554,015
847,258	1,027,824	962,827	1,009,104	897,863	936,313
688,609	873,383	650,487	1,095,962	471,986	1,177,632
112,550	112,557	142,751	138,951	129,951	119,151
76,940	85,058	96,938	64,594	70,247	71,499
6,579,287	7,069,074	7,898,832	7,342,121	7,080,954	7,394,410
611,887	(49,617)	(107,770)	75,864	1,021,562	285,943

(Continued)

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

	2005	2006	2007	2008
Other Financing Sources (Uses):				
Sale of Capital Assets	288,567	127,000	21,991	202
General Obligation Notes Issued	0	0	0	0
General Obligation Bonds Issued	690,000	0	0	0
Transfers In	2,184,086	2,730,521	2,357,900	2,210,781
Transfers Out	(2,310,086)	(2,587,521)	(2,245,900)	(2,258,101)
Other Financing Sources - Capital Leases	0	0	0	0
Total Other Financing Sources (Uses)	852,567	270,000	133,991	(47,118)
Net Change in Fund Balance	$151,183	$154,564	($765,937)	($1,076,394)
Debt Service as a Percentage of Noncapital Expenditures	15.37%	5.83%	3.41%	3.86%

Source: Finance Director's Office

2009	2010	2011	2012	2013	2014
10,941	11,224	26	19,300	38,700	17,289
0	0	0	0	0	0
0	760,000	0	0	0	0
1,907,304	2,053,509	2,174,344	1,923,114	1,878,718	2,137,016
(1,946,385)	(2,134,769)	(2,447,105)	(2,167,589)	(2,056,218)	(2,266,206)
0	0	0	28,818	0	0
(28,140)	689,964	(272,735)	(196,357)	(138,800)	(111,901)
$583,747	$640,347	($380,505)	($120,493)	$882,762	$174,042
3.31%	3.33%	3.88%	3.27%	3.31%	3.16%

Income Tax Revenues by Source, Governmental Funds
Last Ten Years

Tax year	2005	2006	2007	2008
Income Tax Rate	1.20%	1.20%	1.20%	1.20%
Estimated Personal Income	$262,320,336	$285,652,608	$296,442,852	$300,589,362
Total Tax Collected	$2,846,956	$2,977,788	$2,917,159	$2,808,030
Income Tax Receipts				
Withholding	2,119,461	2,140,405	2,138,258	2,140,997
Percentage	74.45%	71.87%	73.30%	76.24%
Corporate	322,555	409,001	326,668	269,755
Percentage	11.33%	13.74%	11.20%	9.61%
Individuals	404,940	428,382	452,233	397,278
Percentage	14.22%	14.39%	15.50%	14.15%

Source: City Income Tax Department

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

2009	2010	2011	2012	2013	2014
(1)					
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
$302,853,636	$284,359,998	$288,367,040	$308,842,682	$321,298,252	$340,074,000
$2,905,178	$3,378,498	$3,453,702	$3,653,543	$3,766,944	$4,002,571
2,212,313	2,529,184	2,620,422	2,819,529	2,815,263	2,885,428
76.15%	74.86%	75.88%	77.17%	74.74%	72.09%
263,809	366,726	333,369	343,738	426,751	561,348
9.08%	10.85%	9.65%	9.41%	11.32%	14.02%
429,056	482,588	499,911	490,276	524,930	555,795
14.77%	14.29%	14.47%	13.42%	13.94%	13.89%


Napoleon
Heartland Values, Flowing Opportunities

City of Napoleon, Ohio

Income Tax Collections
Current Year and Nine Years Ago

	Calendar Year 2014			
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
$0 - $19,999	2,909	52.71%	$18,253,479	10.52%
20,000 - 49,999	1,422	25.77%	46,641,934	26.88%
50,000 - 74,999	594	10.76%	36,162,598	20.84%
75,000 - 99,999	283	5.13%	24,154,053	13.91%
Over 100,000	311	5.63%	48,320,240	27.85%
Total	5,519	100.00%	$173,532,304	100.00%

	Calendar Year 2005			
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
$0 - $19,999	2,240	47.82%	$15,904,124	10.41%
20,000 - 49,999	1,362	29.08%	45,138,511	29.54%
50,000 - 74,999	587	12.53%	35,700,888	23.36%
75,000 - 99,999	287	6.13%	24,732,356	16.19%
Over 100,000	208	4.44%	31,329,806	20.50%
Total	4,684	100.00%	$152,805,685	100.00%

Source: Finance Director's Office

City of Napoleon, Ohio

Ratio of Outstanding Debt By Type
Last Ten Years

	2005	2006	2007
Governmental Activities (1)			
General Obligation Bonds Payable	$680,000	$655,000	$630,000
Special Assessment Bonds Payable	785,568	607,561	533,553
Ohio Public Works Commission Loan Payable	148,212	135,862	123,512
Business-type Activities (1)			
Ohio Water Development Authority Loans Payable	4,019,916	3,715,575	3,389,225
Ohio Public Works Commission Loans Payable	51,582	47,898	44,214
Ohio Water and Sewer Rotary Commission Loans Payable	666,070	666,070	666,070
Water Pollution Control Loan Fund Loans Payable	0	0	0
Long-Term Notes Payable	0	0	0
General Obligation Bonds Payable	2,350,000	2,240,000	2,115,000
Special Assessment Bond Payable	97,432	93,439	89,446
Revenue Bonds Payable	5,000,000	4,710,000	4,410,000
Total Primary Government	$13,798,780	$12,871,405	$12,001,020
Population (2)			
City of Napoleon	9,318	9,318	9,318
Outstanding Debt Per Capita	$1,481	$1,381	$1,288
Income (3)			
Personal (in thousands)	262,320	285,653	296,443
Percentage of Personal Income	5.26%	4.51%	4.05%

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

2008	2009	2010	2011	2012	2013	2014
$605,000	$580,000	$1,315,000	$1,250,000	$1,180,000	$1,105,000	$1,030,000
459,353	384,153	308,953	243,553	186,954	144,354	112,554
111,162	98,812	86,455	74,104	61,753	49,402	37,051
3,039,222	2,663,802	2,261,064	1,828,963	1,365,382	1,257,105	1,142,870
540,530	511,846	483,159	454,475	425,791	397,106	368,421
666,070	666,070	659,186	310,945	310,945	307,669	300,832
587,200	5,204,566	7,653,135	7,251,586	6,966,622	6,593,088	6,235,432
0	4,000,000	0	1,200,000	0	2,500,000	2,500,000
1,995,000	1,870,000	1,740,000	1,610,000	1,470,000	1,325,000	1,180,000
84,646	79,846	75,046	69,446	63,046	56,646	49,446
7,600,000	7,150,000	10,290,000	9,885,000	10,545,000	10,070,000	9,585,000
$15,688,183	$23,209,095	$24,871,998	$24,178,072	$22,575,493	$23,805,370	$22,541,606
9,318	9,318	8,749	8,749	8,702	8,782	9,000
$1,684	$2,491	$2,843	$2,764	$2,594	$2,711	$2,505
300,589	302,854	284,360	288,367	308,843	321,298	340,074
5.22%	7.66%	8.75%	8.38%	7.31%	7.41%	6.63%

Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	2005	2006	2007	2008
Population (1)	9,318	9,318	9,318	9,318
Assessed Value (2)	$162,145,824	$157,767,430	$150,513,440	$152,128,200
General Bonded Debt (3)				
General Obligation Bonds	$3,030,000	$2,895,000	$2,745,000	$2,600,000
Resources Available to Pay Principal (4)	$19,791	$26,227	$43,211	$9,737
Net General Bonded Debt	$3,010,209	$2,868,773	$2,701,789	$2,590,263
Ratio of Net Bonded Debt to Assessed Value	1.86%	1.82%	1.80%	1.70%
Net Bonded Debt per Capita	$323.05	$307.87	$289.95	$277.98

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.

2009	2010	2011	2012	2013	2014
9,318	8,749	8,749	8,702	8,782	9,000
$150,647,060	$152,001,940	$143,316,660	$144,228,260	$144,710,680	$140,680,550
$2,450,000	$3,055,000	$2,860,000	$2,650,000	$2,430,000	$2,210,000
$37,048	$9,520	$9,528	$22,214	$27,767	$9,554
$2,412,952	$3,045,480	$2,850,472	$2,627,786	$2,402,233	$2,200,446
1.60%	2.00%	1.99%	1.82%	1.66%	1.56%
$258.96	$348.09	$325.81	$301.97	$273.54	$244.49


Napoleon
Heartland Values, Flowing Opportunities

City of Napoleon, Ohio

Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2014

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to the City of Napoleon	Amount Applicable to the City of Napoleon
Direct:			
City of Napoleon	$1,179,605	100.00%	$1,179,605
Overlapping:			
Napoleon City School District	31,655,000	41.99%	13,291,935
Liberty Center School District	20,326,762	2.52%	512,234
Four County Vocational School District	2,725,000	4.30%	117,175
Henry County	1,142,000	18.67%	213,211
		Subtotal	14,134,555
		Total	$15,314,160

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	2005	2006	2007	2008
Total Debt				
Net Assessed Valuation	$162,145,824	$157,767,430	$150,513,440	$152,128,200
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation ($) (1)	17,025,312	16,565,580	15,803,911	15,973,461
City Debt Outstanding (2)	680,000	655,000	630,000	605,000
Less: Applicable Debt Service Fund Amounts	(19,791)	(26,227)	(43,211)	(9,737)
Net Indebtedness Subject to Limitation	660,209	628,773	586,789	595,263
Overall Legal Debt Margin	$16,365,103	$15,936,807	$15,217,122	$15,378,198
Unvoted Debt				
Net Assessed Valuation	$162,145,824	$157,767,430	$150,513,440	$152,128,200
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation ($) (1)	8,918,020	8,677,209	8,278,239	8,367,051
City Debt Outstanding (2)	680,000	655,000	630,000	605,000
Less: Applicable Debt Service Fund Amounts	(19,791)	(26,227)	(43,211)	(9,737)
Net Indebtedness Subject to Limitation	660,209	628,773	586,789	595,263
Overall Legal Debt Margin	$8,257,811	$8,048,436	$7,691,450	$7,771,788

(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

2009	2010	2011	2012	2013	2014
$150,647,060	$152,001,940	$143,316,660	$144,228,260	$144,710,680	$140,680,550
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
15,817,941	15,960,204	15,048,249	15,143,967	15,194,621	14,771,458
580,000	1,315,000	1,250,000	1,180,000	1,105,000	1,030,000
(37,048)	(9,520)	(9,528)	(22,214)	(27,767)	(9,554)
542,952	1,305,480	1,240,472	1,157,786	1,077,233	1,020,446
$15,274,989	$14,654,724	$13,807,777	$13,986,181	$14,117,388	$13,751,012
$150,647,060	$152,001,940	$143,316,660	$144,228,260	$144,710,680	$140,680,550
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
8,285,588	8,360,107	7,882,416	7,932,554	7,959,087	7,737,430
580,000	1,315,000	1,250,000	1,180,000	1,105,000	1,030,000
(37,048)	(9,520)	(9,528)	(22,214)	(27,767)	(9,554)
542,952	1,305,480	1,240,472	1,157,786	1,077,233	1,020,446
$7,742,636	$7,054,627	$6,641,944	$6,774,768	$6,881,854	$6,716,984

Pledged Revenue Coverage
Last Ten Years

	2005	2006	2007	2008
Sewer System Bonds (1 a)				
Gross Revenues (2)	$2,436,476	$2,414,785	$3,250,149	$3,589,269
Direct Operating Expenses (3)	1,153,972	1,109,623	1,545,755	1,929,369
Net Revenue Available for Debt Service	1,282,504	1,305,162	1,704,394	1,659,900
Annual Debt Service Requirement (4)	275,892	273,244	272,985	276,088
Coverage	4.65	4.78	6.24	6.01
Electric System Bonds (1 b)				
Gross Revenues (2)	$14,878,004	$13,175,363	$13,138,486	$13,400,514
Direct Operating Expenses (3)	14,055,686	12,544,217	12,220,066	11,858,934
Net Revenue Available for Debt Service	822,318	631,146	918,420	1,541,580
Annual Debt Service Requirement (4)	256,810	254,512	254,777	253,325
Coverage	3.20	2.48	3.60	6.09
Electric System Amp-Ohio (1 b)				
Gross Revenues (5)	$14,744,866	$12,996,003	$12,872,163	$13,182,141
Direct Operating Expenses (3)	13,235,112	11,768,899	11,444,835	11,082,996
Net Revenue Available for Debt Service	1,509,754	1,227,104	1,427,328	2,099,145
Annual Debt Service Requirement (4)	820,574	775,318	775,231	775,938
Coverage	1.84	1.58	1.84	2.71
Water System Bonds (1 c)				
Gross Revenues (5)	N/A	N/A	N/A	N/A
Direct Operating Expenses (3)	N/A	N/A	N/A	N/A
Net Revenue Available for Debt Service	N/A	N/A	N/A	N/A
Annual Debt Service Requirement (4)	N/A	N/A	N/A	N/A
Coverage	N/A	N/A	N/A	N/A

(1) TheMortgage Revenue Bonds were issued as follows:
  (a) The Sewer Bonds were issued in 1998, in the amount of $3,480,000, in 2010 in the amounts of $2,050,000, $1,800,000 and $2,535,000 and in 2012 in the amount of $913,000.
  (b) The Electric Bonds were issued in 1998, in the amount of $3,245,000.
  (c) The Water Bonds were issued in 2008, in the amount of $3,505,000, in 2010 in the amounts of $305,000 and $540,000 and in 2012 in the amount of $187,000.
(2) Gross revenues include operating revenues plus interest income.
(3) Direct operating expenses include operating expenses less depreciation.
(4) Annual debt service requirements include principal and interest on revenue bonds only.
(5) Gross revenues do not include interest income. This is operating revenue only according to Amp-Ohio debt covenant.

Source: Finance Director's Office

2009	2010	2011	2012	2013	2014
$3,463,044	$3,225,591	$3,484,605	$3,513,056	$3,373,988	$3,412,809
2,440,970	2,286,816	1,862,369	1,886,347	2,159,341	2,118,671
1,022,074	938,775	1,622,236	1,626,709	1,214,647	1,294,138
273,663	245,684	543,135	591,708	650,633	640,676
3.73	3.82	2.99	2.75	1.87	2.02
$14,398,829	$14,892,869	$15,414,354	$15,361,398	$15,603,439	$15,991,230
13,225,462	13,496,084	14,214,131	14,001,754	15,220,282	15,555,991
1,173,367	1,396,785	1,200,223	1,359,644	383,157	435,239
256,575	0	0	0	0	0
4.57	N/A	N/A	N/A	N/A	N/A
$14,283,334	$14,823,120	$15,353,250	$15,299,299	$15,571,064	$15,961,782
12,434,280	13,496,084	14,214,131	14,001,754	15,220,282	15,555,991
1,849,054	1,327,036	1,139,119	1,297,545	350,782	405,791
791,182	0	0	0	0	0
2.34	N/A	N/A	N/A	N/A	N/A
$2,489,814	$2,843,139	$2,643,832	$3,174,903	$2,889,431	$3,317,029
1,999,194	1,913,351	2,697,472	2,068,821	1,856,073	2,123,585
490,620	929,788	(53,640)	1,106,082	1,033,358	1,193,444
263,819	264,619	321,889	525,902	544,556	529,806
1.86	3.51	(0.17)	2.10	1.90	2.25

City of Napoleon, Ohio

Demographic and Economic Statistics
Last Ten Years

Calendar Year	2005	2006	2007	2008
Population (1)				
City of Napoleon	9,318	9,318	9,318	9,318
Henry County	29,310	29,310	29,310	29,310
Income (2) (a)				
Total Personal (in thousands)	262,320	285,653	296,443	300,589
Per Capita	28,152	30,656	31,814	32,259
Unemployment Rate (3)				
Federal	5.5%	5.0%	4.6%	5.8%
State	6.0%	5.9%	5.6%	6.6%
Henry County	6.2%	5.9%	6.3%	8.0%
Civilian Work Force Estimates (3)				
State	5,900,400	5,971,500	5,976,500	5,986,400
Henry County	16,100	16,100	15,900	15,900

Sources:

(1) US Bureau of Census of Population

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

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

(3) State Department of Labor Statistics

2009	2010	2011	2012	2013	2014
9,318	8,749	8,749	8,702	8,782	9,000
29,310	28,215	28,215	28,064	28,045	28,092
302,854	284,360	288,367	308,843	321,298	340,074
32,502	32,502	32,960	35,491	36,586	37,786
9.3%	9.4%	8.9%	7.8%	6.7%	5.6%
10.2%	9.5%	8.6%	6.7%	7.1%	5.1%
13.3%	11.0%	9.7%	7.5%	7.2%	5.5%
5,970,000	5,894,000	5,806,000	5,729,000	5,758,000	5,726,000
15,900	15,600	15,300	15,000	15,300	13,700


Napoleon
Heartland Values, Flowing Opportunities

City of Napoleon, Ohio

Principal Employers
Current Year and Nine Years Ago

		2014		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	448	1	4.44%
Campbel Soup Supply Co LLC	Soup Manufacturer	399	2	3.96%
Henry County Auditors	County Government	394	3	3.91%
Wal-Mart Stores	Retail	356	4	3.53%
Henry County Hospital Inc	Health Care	310	5	3.07%
The Lutheran Home	Long-term Health Care	265	6	2.63%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	233	7	2.31%
City of Napoleon	Local Government	207	8	2.05%
Oldcastle APG Inc	Manufacturing	166	9	1.65%
Cloverleaf Cold Storage Co	Food Storage	125	10	1.24%
Total		2,903		
Total Employment within the City		10,087		

		2005		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
Henry County	County Government	471	1	4.63%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	361	2	3.55%
Wal-Mart Stores	Retail	298	3	2.93%
Napoleon City School District	Education	247	4	2.43%
City of Napoleon	Local Government	221	5	2.17%
Plastech Engineered Products	Manufacturing	218	6	2.14%
The Lutheran Home	Long-term Health Care	190	7	1.87%
Carson Industries	Manufacturing	119	8	1.17%
Automatic Feed Company	Steel Handling Equipment	102	9	1.00%
Golden Living Center - Northcrest	Health Care and Rehabilitation	91	10	0.89%
Total		2,318		
Total Employment within the City		10,176		

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

Full Time Equivalent Employees by Function
Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Finance	12.00	10.00	10.00	9.00
Legal/Court	9.00	9.00	9.00	9.00
Administration	8.00	8.00	10.00	10.00
Maintenance	4.00	4.00	4.00	4.00
Security of Persons and Property				
Police	24.00	22.00	21.00	22.00
Fire	14.00	8.00	8.00	8.00
Transportation				
Street	6.00	6.00	7.00	7.00
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	15.00	14.00	15.00	15.00
Water	10.00	10.00	10.00	10.00
Sewer	6.00	6.00	6.00	6.00
Solid Waste	3.00	3.00	3.00	3.00
Total Employees	117.00	106.00	109.00	109.00

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

2009	2010	2011	2012	2013	2014
11.00	10.00	10.00	10.00	9.00	9.00
9.00	8.00	9.00	9.00	10.00	10.00
11.00	9.00	10.00	10.00	10.00	10.00
3.00	4.00	4.00	3.00	3.00	3.00
22.00	22.00	22.00	22.00	21.00	22.00
8.00	8.00	10.00	8.00	9.00	9.00
6.00	7.00	6.00	4.00	3.00	3.00
4.00	5.00	4.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00
14.00	14.00	13.00	13.00	14.00	14.00
9.00	10.00	9.00	8.00	9.00	9.00
7.00	7.00	7.00	7.00	7.00	7.00
3.00	3.00	3.00	3.00	3.00	3.00
108.00	108.00	108.00	103.00	104.00	105.00

Operating Indicators by Function
Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Licenses and Permits				
Number of Building Permits	540	379	382	387
Number of Commercial Permits	93	85	67	28
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	1,200	1,122	990	927
Number of Parking Tickets	134	108	97	184
Number of Law Violations:				
Criminal/Juvenile Citations	1,193	1,225	1,129	1,022
Fire				
Number of Fire Calls Answered	190	131	233	173
Number of EMS Runs	950	898	903	866
Number of Inspections	43	28	12	66
Transportation				
Street				
Facilities and Services: Miles of Streets	72	72	72	72
Business-Type Activities				
Water				
Number of Service Connections	3,634	3,634	3,679	3,679
Daily Average Consumption (gallons)	1.3M	1.3M	1.3M	1.3M
Maximum Daily Capacity of Treatment (gallons)	4.5M	4.5M	4.5M	4.5M
Sewer				
Number of Service Connections	3,493	3,493	3,679	3,679
Daily Average Sewage Treatment (gallons)	1.8M	1.8M	1.8M	1.8M
Maximum Daily Capacity of Treatment (gallons)	2.5M	2.5M	2.5M	2.5M

Source: Finance Director's Office

2009	2010	2011	2012	2013	2014
302	222	222	117	99	87
21	15	18	14	13	17
878	834	816	596	1,070	741
191	125	142	28	16	83
1,644	1,508	611	1,392	832	713
144	178	133	220	246	237
919	1,003	1,041	1,149	1,135	1,147
30	45	67	96	97	36
72	72	72	72	72	72
4,114	4,114	4,114	4,114	3,663	3,663
1.3M	1.3M	1.3M	1.3M	1.3M	1.3M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M
3,593	3,593	3,593	4	4,360	3,553
1.8M	1.8M	1.8M	1.8M	1.8M	1.8M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M

City of Napoleon

Capital Asset Statistics by Function
Last Ten Years

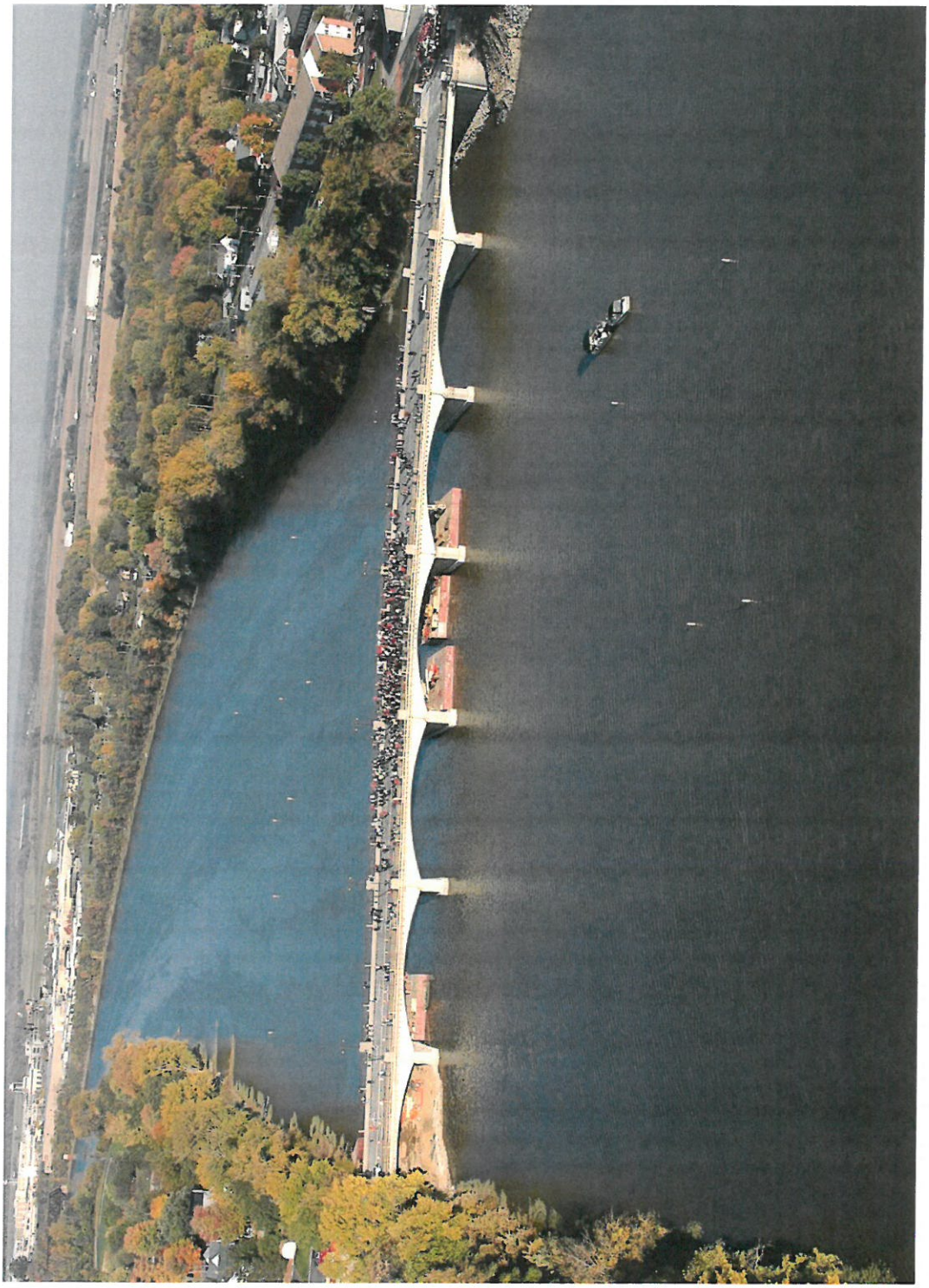
	2005	2006	2007	2008	2009
Governmental Activities					
General Government					
Area (square miles)	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	2	1	1	1	1
Vehicles	8	9	9	9	8
Fire					
Stations	2	1	1	1	1
Vehicles	10	10	10	10	11
Transportation					
Street					
Vehicles	9	9	9	9	9
Leisure Time Activities					
Recreation/Seniors					
Land (acres)	225	225	225	225	225
Parks	9	9	9	9	9
Swimming Pools	1	1	1	1	1
Tennis Courts	2	2	2	2	2
Baseball/Softball Diamonds	7	7	7	7	7
Golf Courses	1	1	1	1	1
Business-Type Activities					
Utilities					
Water					
Waterlines (Miles)	58	58	58	58	58
Number of Purification Plants	1	1	1	1	2
Number of Hydrants	599	599	599	599	599
Number of Water Towers	1	2	2	2	2
Sewer					
Sewerlines (Miles)	45	45	45	45	47
Number of Treatment Plants	1	1	1	1	1
Storm Water Drainage					
Miles of Storm Sewers	30	30	30	30	37

Source: Finance Director's Office

2010	2011	2012	2013	2014
7	7	7	7	7
1	1	1	1	1
8	7	7	7	7
1	1	1	1	1
11	11	11	11	11
9	10	10	9	9
225	225	225	225	225
9	9	9	9	9
1	1	1	1	1
2	1	1	1	1
7	7	7	7	7
1	1	1	1	1
58	58	63	63	63
2	2	2	2	2
599	599	653	653	653
2	2	2	2	2
47	47	47	47	47
1	1	1	1	1
37	37	37	37	37


Napoleon
Heartland Values, Flowing Opportunities

NEW BRIDGE - 2006



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