



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF NAPOLEON
HENRY COUNTY, OHIO

SINGLE AUDIT

January 1, 2018 through December 31, 2018
Fiscal Year Audited Under GAGAS: 2018

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OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council
City of Napoleon
255 West Riverview Avenue
Napoleon, Ohio 43545

We have reviewed the *Independent Auditor's Report* of the City of Napoleon, Henry County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 11, 2019

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City of Napoleon
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For the Year Ended December 31, 2018

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CITY OF NAPOLEON
HENRY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>UNITED STATES DEPARTMENT OF JUSTICE</u>				
<i>Direct from United States Department of Justice</i>				
Bulletproof Vest Partnership Program	16.607	N/A	\$ -	\$ 2,045
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			-	2,045
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed through Ohio Department of Transportation</i>				
Highway Planning and Construction	20.205	PID102253	-	1,956,050
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION			-	1,956,050
TOTAL FEDERAL AWARDS EXPENDITURES			\$ -	\$ 1,958,095

The accompanying notes are an integral part of this schedule

City of Napoleon, Ohio
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

NOTE 1 – GENERAL

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal award activity of the City of Napoleon, Ohio under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 – BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 17, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

BHM CPA Group, Inc
Piketon, Ohio
June 17, 2019



Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance

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

To the Members of Council:

Report on Compliance for the Major Federal Program

We have audited the City of Napoleon's, Henry County, Ohio (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City's major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Napoleon, Henry County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 17, 2019. We conducted our audit to opine on the City's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BHM CPA Group

BHM CPA Group, Inc
Piketon, Ohio
June 17, 2019

**CITY OF NAPOLEON
HENRY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
For the Year Ended December 31, 2018**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction 20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

**CITY OF NAPOLEON
HENRY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
For the Year Ended December 31, 2018**

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

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THE CITY OF NAPOLEON, OHIO

HENRY COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018

Prepared by the Finance Department

Gregory J. Heath
Director of Finance



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HENRY COUNTY, OHIO

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INTRODUCTORY SECTION



Water Treatment Plant RO and Nano Pumps
Photo by Jeff Weiss



CITY OF NAPOLEON, OHIO

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June 17, 2019

Introduction

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

We are pleased to present the twenty-third (23rd) **Comprehensive Annual Financial Report** (CAFR) of the City of Napoleon, Ohio (City), for the year ended December 31, 2018. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Government Auditing Standards (GAS). GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A), to accompany the basic financial statements and notes. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Report

State law, along with *Administrative Rules* of the Auditor of State, requires all City governments to publish an Annual Report within 150 days of the close of each fiscal year. This report must present a complete set of financial statements presented in conformity with GAAP. This Annual Report for 2018 was filed with the Auditor of State on or before May 31, 2019. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAS. Pursuant to these requirements, we hereby issue the CAFR of the City for the fiscal year ended December 31, 2018.

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

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

The City's financial statements have been audited by BHM CPA Group Inc., Piketon, Ohio, an Independent Public Accountant (IPA) working as a contracted agent for the Auditor of State Office of Ohio (AOS), Dave Yost. The IPA issued an unmodified opinion that the basic financial statements are presented fairly in conformity with GAAP, in all material respects, representing the financial position of the City as of December 31, 2018. The report from the IPA is presented as the first component of the financial section of this report.

PROFILE OF THE CITY OF NAPOLEON

Early History

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

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

The City of Napoleon

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

Two national highways US-6, and US-24 a four lane limited access highway running east and west, bypass on the north edge of the City. Two state routes run north and south, SR-108 runs through the City, and SR-109 is outside the City 3 miles east. Entrances to the Ohio Turnpike, Interstate I-80/90 are located 12 miles north of the City, one off SR-108 and one off SR-109. Interstate I-75 is 25 miles east of the City crossing US-6. The City has a limited rail service running through the City provided by Defiance & Western Railway with connections to CSXT and Norfolk and Southern to the west in Defiance, Ohio. Main lines of CSXT and Norfolk and Southern run east and west through southern Henry County, and north and south lines of Canadian National Railroad are to the east in Wood County. Amtrak service is available in Bryan and Toledo, Ohio, and Fort Wayne, Indiana. Toledo Express Airport is located about 30 miles to the northeast in Lucas County and provides passenger and freight air services.

Form of Government

By 1950, the population of the Village of Napoleon exceeded 5,000 people allowing the Village to be incorporated into a City. The Citizens of Napoleon, who were determined to exercise “*Home Rule*” authority, voted to become a *Chartered City*, as allowed by the State Constitution of Ohio, effective January 1, 1952. The City Charter has been amended several times since the first effective charter in 1952. The City Charter stipulates a charter review to be done every eight (8) years. In 2016, the City Charter underwent a full review by an appointed Charter Review Commission. The Commission recommended various changes to the Charter to be voted on by the Citizens of Napoleon. City Council agreed, and placed these proposed changes before its Citizens for a vote on November 8, 2016; all proposed changes were passed with an effective date of January 1, 2018. The next Charter Review Commission will be formed and meet in 2024 for another full review.

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

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

Municipal Services

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

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

The Reporting Entity

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

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

Budgetary and Accounting Controls

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

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

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

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

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

Budgetary Controls

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

Personal Services:

- Salary and Wages
- Fringe Benefits

Other Expenditures:

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

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

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

The local economy continued to grow in 2018 following both State of Ohio and National general economic trends. The pace of growth in 2018 for Napoleon has been at a steady rate, but slower when compared to other areas of the State of Ohio and the Nation. In certain sectors, especially manufacturing, prior economic retraction has stabilized with certain local area activity continuing to trend higher.

Comparing municipal income taxes, on a cash basis, for 2018 to 2017, the overall combined total income tax collections are down by -6.8%. Withholdings were up 2.5% and business profit taxes were lower by 46.2% and individual taxes were lower by 8.2%, in 2018 as compared to 2017. The business profit reflect a company amending current and prior tax returns producing a refunds. Actual income tax revenues collected in 2018 at the one and a half (1.5%) percent rate was \$4,300,688, down by -\$316,057 as compared to 2017 of \$4,616,745. As of the date of this report, 2019 income revenue through May are slightly higher as compared to the same period for 2018; it is too early for any real comparisons to the prior year or to establish any real trends. In 2018, the City's allowed credit (also known as the reduced income tax credit) for taxes paid to other Cities remained at 100%.

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

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

Local home values are recovering from their 2009-2010 lows and were higher in the City for 2018. The Henry County Auditor's office performed a reappraisal in 2017 with a net increase of residential housing values of 6.0% to 8.0% for tax year 2017. Though new housing development has been previously slow, growth is anticipated in 2018. Actual data on local home foreclosures is not known, however it is estimated to be about same as State averages. Building Permits issued for residential in 2018 was 171 with a value of \$727,800,000 as compared to 2017 of 186 with a value of \$2,141,266; for commercial in 2018 was 60 with a value of \$1,035,438 as compared to 2017 of 31 with a value of \$12,069,430. The large difference between 2017 and 2018 for commercial was three (3) large commercial permits in 2017 one for 550,000, one for 8,000,000 and another one for 1,000,000 elevated the 2017 total.

The unemployment rate for Henry County was up at 5.8% as of December 31, 2018, versus 5.1% for December 31, 2017 (not seasonally adjusted). At the end of 2018, the local area unemployment rate of 5.8 % is higher as compared to the State of Ohio rate of 4.6% and above the National rate of 3.9%. While specific data is unavailable from the reporting sources for the City, it is estimated that the City's unemployment rate falls somewhere close to the rate for Henry County. Using the rates through December 31, 2018, it is estimated the unemployment rate for the City to be between 5.4% and 5.8%.

The 2010 census of 8,749 showed the City experienced a loss in population as compared to the 2000 census of 9,318, or a loss of -569. Henry County as a whole also lost population from the 2000 census of 29,310 to the 2010 census 28,215, or down -1,095. The 2018 population estimate for the City, from the Ohio Municipal Advisory Council (OMAC), is 8,299.

Business

The City has experienced mostly gains from businesses locating inside the City limits in 2018. The biggest addition came from the announcement that JAC Products, a Tier I Auto Supplier decided to move their world headquarters to Napoleon. This is an addition of 357 new manufacturing jobs and a great deal of additional utility usage. The announcement came on the heels of the completion of the construction of a 100,000 SF Spec Building in partnership with the Henry County CIC and a developer Rupp Enterprises. The company has now expanded its operation to include approximately 185,000 SF of industrial space and 15,000 SF of office space. In addition to this gain, another local manufacturer, Shank Properties, LLC announced the expansion of their subsidiary named C & C Fabrication. This company manufactures commercial truck beds. The company is in the process of building 70,000 SF of industrial space and adding 19 new jobs to Napoleon. Another notable addition to businesses in Napoleon includes the expansion of the Armory Arts and Events Center. This gem in downtown Napoleon is an attraction for people all over the tri-state area. The events held at The Armory can host up to 350 people and is home to a few small boutique businesses. The owners of the business purchased the property across the street, which was the former location of the Henry County Senior Center. The plans include adding more boutique businesses and creating a smaller upscale banquet area, similar to the main Armory Arts and Events Center.

CITY OF NAPOLEON, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2018***

Overall, the local economy is as strong as it has ever been in recent memory. The industrial growth has dwarfed any previous growth in recent years. With the addition of the job growth, Napoleon is expecting to see an increase in residential development as the demand has increased.

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

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

* National Companies with Additional Locations

** Largest U.S. Location

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

Letter of Transmittal

For the Year Ended December 31, 2018

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

Economic Development

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

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

Major City Accomplishments

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

- Completed the downtown street reconstruction project that included the replacement of a 115-year-old waterline, expanded sidewalks and spurred new beautification projects undertaken by the Chamber of Commerce and Napoleon Alive, a local fundraising and event coordinating group.
- Completed the water treatment plant rehabilitation project
- Began an assessment of long-term maintenance plan for the wastewater treatment plant
- Received a Certificate of Excellence from the American Public Power Association for being one of the nation's most reliable municipal electric departments
- Completed Phase II of III in an effort to completely change out the City street lights to LED lights
- Completed the upgrade of the City-wide email system to Office 365

Current and Potential Future Initiatives

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

- Update the Zoning Code and City Master Plan
- Restructure the Police Department to include a K-9 Unit and School Resource Officer for the Napoleon Area School System
- Complete the upgrade for the emergency services radio system in conjunction with a county wide effort
- Modernize Napoleon's phone and email services internal to the organization to improve efficiencies
- Upgrade of water lines to improve water flow rates and reliability to all customers.
- Increased road improvements and other infrastructure street repairs
- Continue major equipment and utility infrastructure upgrades and replacements
- Continued development of industrial and commercial sites for expanded and new industries

***Letter of Transmittal
For the Year Ended December 31, 2018***

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

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, 2018, issued by BHM CPA Group Inc., Piqueton, Ohio, the contracted IPA working for the AOS Office of Ohio and performing the 2018 Audit. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a CAFR, and to meet requirements of certain revenue trust agreements on enterprise revenue debt. In addition, an annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Awards

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

The City received a Certificate of Achievement for the fiscal year ended December 31, 2017. We believe this, our twenty-third (23rd) Comprehensive Annual Financial Report for 2018, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting, and so therefore the City is submitting it to GFOA for certification.

***Letter of Transmittal
For the Year Ended December 31, 2018***

Public Disclosure

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

Acknowledgments

The City is grateful to the many agencies and organizations that continue to contribute to make this report possible, including the Henry County Auditor's Office, the Henry County Chamber of Commerce and CIC, and the audit staff of BHM CPA Group Inc., Piketon, Ohio, the contracted IPA working for the AOS Office of Ohio and performing the 2018 Audit.

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

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

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

Respectfully submitted,



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



Joel L. Mazur
City Manager
City of Napoleon, Ohio

CITY OF NAPOLEON, OHIO

***List of Principal Officials
For the Year Ended December 31, 2018***

Elected Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>(*)Years of Service at 12/31/18</u>	<u>Surety</u>
Jason P. Maassel	Mayor	12/31/19	3.00	A
Travis B. Sheaffer	President of Council	12/31/21	25.00	A
Joseph D. Bialorucki	President Pro-Tem of Council	12/31/21	2.00	A
Daniel L. Baer	Council Person	12/31/19	3.00	A
Jeffery W. Comadoll	Council Person	12/31/19	4.00	A
Jeff R. Mires	Council Person	12/31/19	2.00	A
Lori L. Siclair	Council Person (Appointed)	12/31/21	1.00	A
Kenneth Haase	Council Person	12/21/21	1.00	A
Amy C. Rosebrook	Municipal Court Judge	12/31/18	6.00	A

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

Appointed Officials

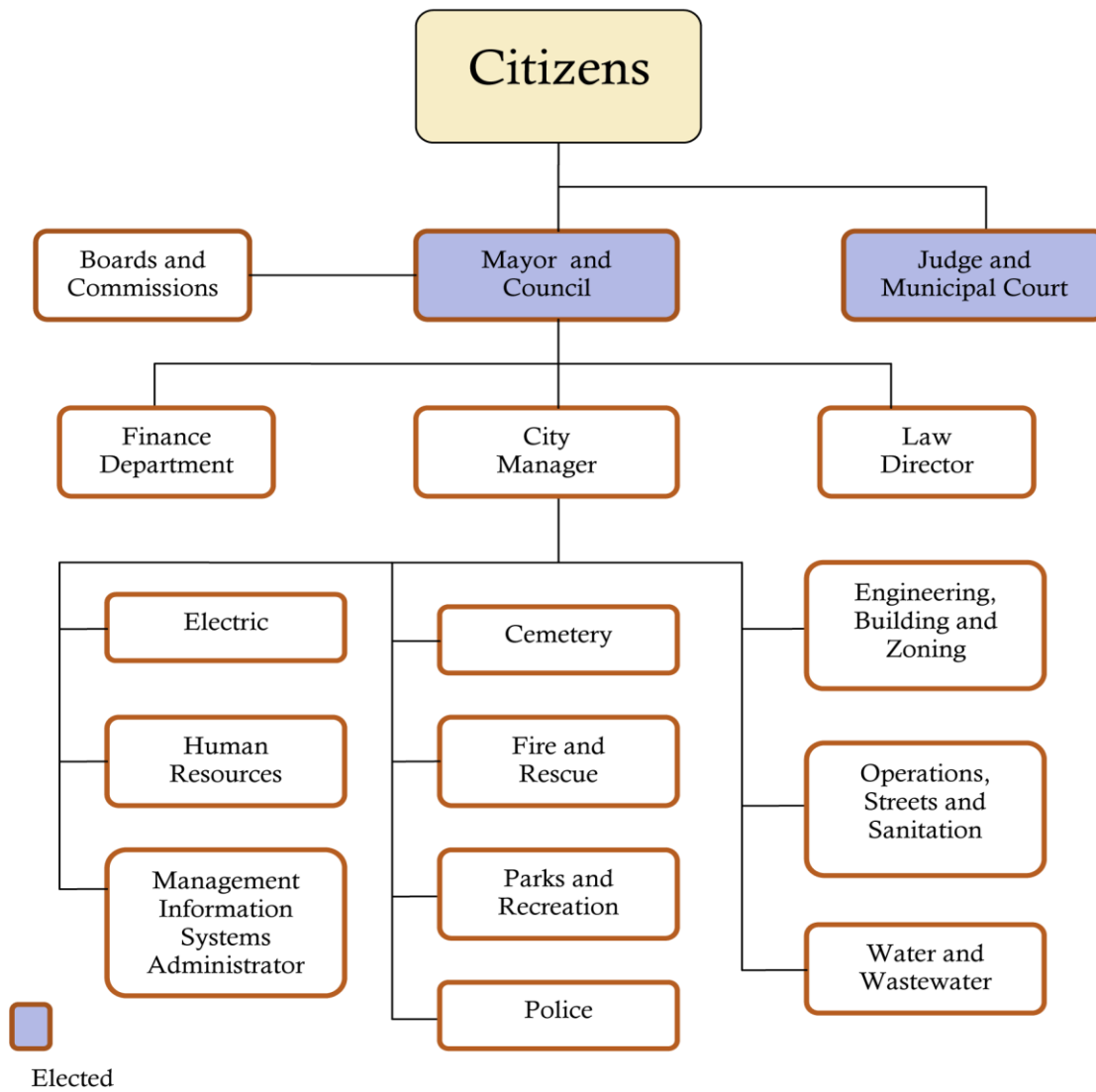
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Years of Service</u>	<u>Surety</u>
Joel L. Mazur	City Manager (Apt. 01/09/17)	Indefinite	2.00	A
Billy D. Harmon	Law Director	Indefinite	2.00	A
Gregory Heath	Director of Finance (Retired 12/31/18)	Indefinite	24.00	A
Melissa K. Cotter	Clerk of Courts	Indefinite	2.00	A

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

City Physical and Web Addresses:

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

***City Organizational Chart
For the Year Ended December 31, 2018***



Boards and Commissions

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

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



Government Finance Officers Association

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for Excellence
in Financial
Reporting**

Presented to

**City of Napoleon
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



Water Treatment Plant Generator – Photo by Jeff Weiss



Independent Auditor's Report

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

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements. The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



BHM CPA Group, Inc
Piketon, Ohio
June 17, 2019



***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

The management discussion and analysis (MD&A) of the City of Napoleon's (City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2018. 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 2018 are as follows:

- In total, net position increased \$1,348,085, from 2017. The net position of governmental activities increased \$652,758, from 2017; and the net position of business-type activities increased \$695,327, from 2017. Please see additional discussion on this item, and the Changes in Net position Table, both listed later in the MD&A.
- Total revenues exceeded \$35.9 million. \$5.3 million was general revenues, or 15% of the total revenues; and \$30.7 million was program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions, or 85% of the total revenues.
- The City had \$8.7 million in program expenses related to governmental activities; only \$4.4 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) of \$4.9 million, plus excess cash reserves, were adequate to provide for the balance on these programs.
- Among major funds, the general fund had \$6.1 million in revenues, \$6.3 million in expenditures, (expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities) and other financing sources and uses, netting to \$1,127,891. The general fund's fund balance decreased \$204,075.
- Net position for the proprietary funds increased by \$752,435. The increase is a result of higher operating revenues in electric and water, with a slight decrease in sewer and sanitation; expenses reflect an increase in operating expenses for electric (primarily in the cost of purchased power), water, sewer and sanitation. Net position includes capital contributions in the form of capital assets for the sewer fund, with a decrease for electric and increases in 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.

***Management’s Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2018 and 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
	Current and other assets	\$8,673,174	\$9,098,033	\$25,786,063	\$26,063,944	\$34,459,237
Capital assets, Net	38,544,774	36,179,062	56,536,553	51,660,519	95,081,327	87,839,581
Total assets	<u>47,217,948</u>	<u>45,277,095</u>	<u>82,322,616</u>	<u>77,724,463</u>	<u>129,540,564</u>	<u>123,001,558</u>
Deferred outflows of resources	2,058,112	2,370,226	950,636	1,469,332	3,008,748	3,839,558
Net pension liability	7,058,314	8,311,628	2,776,131	3,721,684	9,834,445	12,033,312
Net OPEB liability	5,768,751	4,773,280	1,869,326	1,640,621	7,638,077	6,413,901
Other long-term liabilities	1,441,118	1,466,766	32,791,143	28,869,112	34,232,261	30,335,878
Other liabilities	704,852	383,010	1,718,184	2,291,033	2,423,036	2,674,043
Total liabilities	<u>14,973,035</u>	<u>14,934,684</u>	<u>39,154,784</u>	<u>36,522,450</u>	<u>54,127,819</u>	<u>51,457,134</u>
Deferred inflows of resources	1,705,037	767,407	807,340	55,544	2,512,377	822,951
Net position:						
Net investment in capital assets	37,840,220	35,367,308	26,268,146	25,425,370	64,108,366	60,792,678
Restricted	3,177,822	2,935,327	0	0	3,177,822	2,935,327
Unrestricted (deficit)	(8,420,054)	(6,357,405)	17,042,982	17,132,428	8,622,928	10,775,023
Total net position	<u>\$32,597,988</u>	<u>\$31,945,230</u>	<u>\$43,311,128</u>	<u>\$42,615,801</u>	<u>\$75,909,116</u>	<u>\$74,561,031</u>

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability* or *net OPEB liability*.

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

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

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from \$36,686,422 to \$31,945,230 for Governmental Activities and from \$44,233,583 to \$42,615,801 for Business-Type Activities.

**Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2018 and 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,577,631	\$1,544,873	\$25,960,023	\$23,911,992	\$27,537,654	\$25,456,865
Operating Grants and Contributions	664,597	697,848	0	0	664,597	697,848
Capital Grants and Contributions	2,156,969	237,473	324,231	839,103	2,481,200	1,076,576
General revenues:						
Property Taxes	385,234	350,199	0	0	385,234	350,199
Municipal Income Taxes	3,272,728	4,212,894	0	0	3,272,728	4,212,894
Other Local Taxes	497,718	483,133	0	0	497,718	483,133
Grants and Entitlements not Restricted to Specific Programs	335,637	340,970	0	0	335,637	340,970
Investment Earnings	93,922	64,846	331,845	197,677	425,767	262,523
Miscellaneous	343,819	465,868	0	0	343,819	465,868
Total revenues	9,328,255	8,398,104	26,616,099	24,948,772	35,944,354	33,346,876
Program Expenses:						
Security of Persons and Property	4,181,547	4,052,817	0	0	4,181,547	4,052,817
Public Health and Welfare Services	166,772	121,144	0	0	166,772	121,144
Leisure Time Activities	1,069,024	1,037,985	0	0	1,069,024	1,037,985
Community Environment	53,119	543,782	0	0	53,119	543,782
Transportation	1,065,866	721,483	0	0	1,065,866	721,483
General Government	2,079,503	1,118,076	0	0	2,079,503	1,118,076
Interest and Fiscal Charges	59,666	43,997	0	0	59,666	43,997
Electric	0	0	17,946,062	16,376,184	17,946,062	16,376,184
Water	0	0	3,425,305	3,165,477	3,425,305	3,165,477
Sewer	0	0	3,711,983	3,601,304	3,711,983	3,601,304
Sanitation	0	0	837,422	848,385	837,422	848,385
Total expenses	8,675,497	7,639,284	25,920,772	23,991,350	34,596,269	31,630,634
Total Change in Net Position	652,758	758,820	695,327	957,422	1,348,085	1,716,242
Beginning Net Position, Restated	31,945,230	N/A	42,615,801	N/A	74,561,031	N/A
Ending Net Position	\$32,597,988	\$31,945,230	\$43,311,128	\$42,615,801	\$75,909,116	\$74,561,031

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

Governmental Activities

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$32,088 for Governmental Activities and \$22,839 for Business-type Activities computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows.

The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$503,993 for Governmental Activities and \$186,888 for Business-type Activities.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Total 2018 program expenses under GASB 75	\$8,675,497	\$25,920,772
OPEB expense under GASB 75	(503,993)	(186,888)
2018 contractually required contribution	7,448	0
Adjusted 2018 program expenses	<u>8,178,952</u>	<u>25,733,884</u>
Total 2017 program expenses under GASB 45	<u>7,639,284</u>	<u>23,991,350</u>
Change in program expenses not related to OPEB	<u><u>\$539,668</u></u>	<u><u>\$1,742,534</u></u>

***Management’s Discussion and Analysis
For the Year Ended December 31, 2018***

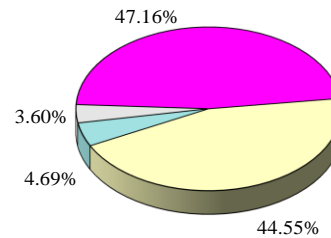
Unaudited

The City’s governmental activities net position increased by \$652,758 from 2017 to 2018. The main reasons for the increase in net position for the governmental activities were the increases in capital grants and contributions and investment earnings compared to 2017. The reconstruction of Industrial Dr. from Riverview Ave to American Road was instrumental to this increase in 2018.

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

Property taxes and income taxes made up 4.1% and 35.1% respectively of revenues for governmental activities for the City in fiscal year 2018. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 44.55% of total revenues from general tax revenues:

Revenue Sources	2018	Percent of Total
General Shared Revenues	\$335,637	3.60%
Program Revenues	4,399,197	47.16%
General Tax Revenues	4,155,680	44.55%
General Other	437,741	4.69%
Total Revenue	<u>\$9,328,255</u>	<u>100.00%</u>



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**Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Unaudited

Business-Type Activities

In 2018, the total net position of all business-type activities increased by \$695,327. The operating incomes for the business-type activities were \$367,204 for water, \$639,314 for sewer, \$44,211 for sanitation, and (\$293,677) for electric. The City in 2017 booked an electric fund payable for \$2,866, and in 2018 booked a payable for \$3,169, both posted to contractual services for the City's contracted obligation on the AMPGS project stranded cost settlement. (See NOTE 17 - CONTINGENCIES to the Basic Financial Statements for additional explanation and information.) In total, all business-type activities operating revenues in 2018 were above 2017 levels except for sanitation.

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 \$6,523,291, which is a decrease of \$891,132 from last year's balance of \$7,414,423. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2018 and 2017:

	Fund Balance December 31, 2018	Fund Balance December 31, 2017	Increase (Decrease)
General	\$1,780,460	\$1,984,535	(\$204,075)
Special Assessment Bond Retirement	582,276	574,411	7,865
Capital Improvement	931,877	1,827,464	(895,587)
Other Governmental	3,228,678	3,028,013	200,665
Total	<u>\$6,523,291</u>	<u>\$7,414,423</u>	<u>(\$891,132)</u>

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

	2018 Revenues	2017 Revenues	Increase (Decrease)
Taxes (Income, Property and Other)	\$4,012,702	\$4,934,670	(\$921,968)
Intergovernmental Revenue	234,191	236,401	(2,210)
Charges for Services	355,416	275,624	79,792
Licenses and Permits	71,387	70,563	824
Investment Earnings	49,448	36,002	13,446
Fines and Forfeitures	171,216	172,436	(1,220)
All Other Revenue	299,650	241,891	57,759
Total	<u>\$5,194,010</u>	<u>\$5,967,587</u>	<u>(\$773,577)</u>

General Fund revenues in 2018 decreased 13% compared to revenues in fiscal year 2017. The most significant factor contributing to this decrease was in tax revenue. The City's Income Tax Department had a top ten business in Napoleon amended their Federal Return for the prior three years and this affected the Napoleon returns for the same prior years. The total refund due back to this business was in the amount of \$992,832.00. Without this refund the tax revenue would have shown an increase of \$70,714 for 2018.

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

	2018	2017	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$2,833,699	\$2,799,483	\$34,216
Public Health and Welfare Services	108,592	104,137	4,455
Community Environment	38,047	131,812	(93,765)
General Government	<u>1,259,036</u>	<u>658,581</u>	<u>600,455</u>
Total	<u>\$4,239,374</u>	<u>\$3,694,013</u>	<u>\$545,361</u>

General Fund expenditures increased by \$545,361 in 2018 from 2017. The largest increase was \$600,455 in General Government. This is attributed to a decrease in the net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities from 2017 to 2018. General Government expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities. In addition, reimbursements (off-sets), and fund transfers, are included for the inside the City kilowatt hour (kWh) tax monies collected in the Electric Fund, and directed back to the General Fund pursuant to Ohio law. The kWh tax reimbursements off-set the general government charged utilities of electric and water, with the net balance receipted to the General Fund.

The Special Assessment Bond Retirement Fund balance increased in 2018 compared to 2017 and the Capital Improvement Fund balance decreased in 2018 from 2017. The Other Governmental Funds increased in 2018 from 2017.

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 2018 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 \$5.98 million, including other financing sources. This was a \$116,884 decrease from the original conservative budget estimates of \$6.1 million. The General Fund had an adequate revenue stream and fund balance reserves to cover its expenditures in 2018.

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2018 the City had \$95,081,327 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$38,544,774 was related to governmental activities and \$56,536,553 to the business-type activities. The following table shows fiscal year 2018 and 2017 balances:

	Governmental Activities		Increase (Decrease)
	2018	2017	
Land	\$10,055,971	\$10,434,759	(\$378,788)
Construction in Progress	2,490,059	557,124	1,932,935
Improvements	5,481,526	4,882,587	598,939
Buildings	6,055,835	5,783,614	272,221
Machinery and Equipment	6,268,183	5,912,734	355,449
Infrastructure	33,269,279	32,637,019	632,260
Less: Accumulated Depreciation	(25,076,079)	(24,028,775)	(1,047,304)
Totals	<u>\$38,544,774</u>	<u>\$36,179,062</u>	<u>\$2,365,712</u>

	Business-Type Activities		Increase (Decrease)
	2018	2017	
Land	\$289,525	\$289,525	\$0
Construction in Progress	18,720,202	11,359,806	7,360,396
Buildings	9,330,578	9,330,578	0
Improvements	52,232,086	53,292,910	(1,060,824)
Machinery and Equipment	6,706,931	6,541,541	165,390
Less: Accumulated Depreciation	(30,742,769)	(29,153,841)	(1,588,928)
Totals	<u>\$56,536,553</u>	<u>\$51,660,519</u>	<u>\$4,876,034</u>

In the governmental activities there was a decrease in Land due to sale of property for economic development purposes; an increase in Construction in Progress due to more high value projects in 2018 versus 2017; increases in Buildings and Infrastructure due to downtown road rebuilds and other building improvements; and an increase to Machinery and Equipment due to replacement of equipment.

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

Debt

At December 31, 2018, the City had \$8.7 million in bonds outstanding, \$596,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Governmental Activities:		
Special Assessment Bonds	\$4,554	\$26,754
General Obligation Bonds	700,000	785,000
Compensated Absences	736,564	655,012
Net Pension Liability	7,058,314	8,311,628
Net OPEB Liability	5,768,751	4,852,777
Total Governmental Activities	<u>14,268,183</u>	<u>14,631,171</u>
Business-Type Activities:		
General Obligation Bonds	\$520,000	\$695,000
Revenue Bonds	7,470,000	8,035,000
Special Assessment Bonds	17,446	26,246
Long-Term Notes	2,500,000	3,900,000
WPCLF Loans Payable	4,768,596	5,140,810
OWDA Loans Payable	811,926	825,367
OPWC Loans Payable	253,681	282,366
OSWRC Deferred Loan Payable	300,832	300,832
WSRLA Loan	15,715,701	9,247,156
Compensated Absences	432,961	416,335
Net Pension Liability	2,776,131	3,721,684
Net OPEB Liability	1,869,326	1,640,621
Total Business-Type Activities	<u>37,436,600</u>	<u>34,231,417</u>
Totals	<u><u>\$51,704,783</u></u>	<u><u>\$48,862,588</u></u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to the other applicable political subdivisions within Henry County, Ohio, where Napoleon is located, is limited to ten mills. At December 31, 2018, the City's outstanding debt was below the legal limit. (See NOTE 14 – LONG TERM DEBT to the Basic Financial Statements for additional explanation and information.)

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

The City purposefully builds into its budgets conservative revenue estimates with offsetting reductions or limited increases in base operating costs. Budgetary revenue estimates for the General Fund, and other funds, typically projects no growth, or estimated reductions as necessary, in the various revenue sources for each budgeted fund. Original budgeted expenditures for the General Fund, and other funds, are typically *projected to exceed revenues*. Reductions are made to budgeted expenditures, as necessary, to keep the funds in balance as required by State Law. The City utilizes actual or projected fund balance reserves for any negative differences in revenues to expenditures to keep the budget balanced. The original 2018 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 2018 original estimated revenues to the actual receipts on a cash basis, there was a 0.3% increase in actual receipts compared to estimated revenues. Comparing the General fund 2018 original budgeted expenditures to actual expenditures on a cash basis, there was a 1.0% decrease in actual final expenditures compared to budgeted expenditures. This process of the lower estimate to actual for revenues, and the higher estimate to actual for expenditures assists in keeping year ending fund reserves at sustainable levels, and helps to buffer any potential down turns, or slow growth periods, in local economic conditions.

During the 2018 budget review and approval process, certain department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were reduced or eliminated; and only those items that City management and City Council determined necessary for base service levels were appropriated.

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

City policy is to continue to pursue new potential revenue sources, while reviewing the possibility of increasing existing sources. A close monitoring of current and projected economic conditions is an ongoing process each year to determine if increased revenues, or reductions in expenditures, are necessary in order to maintain fiscal stability. Local economic conditions have stabilized since the 2008 – 2010 recession. Starting in 2010 growth returned, but has been slow and stable through 2018. In 2018, economic conditions are showing better improvement as reflected in income tax receipts, and lower unemployment numbers. Growth is considered generally stable and improving, and follows the general economic conditions for the State of Ohio.

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

REQUESTS FOR INFORMATION

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

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

CITY OF NAPOLEON, OHIO

**Statement of Net Position
December 31, 2018**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 5,966,303	\$ 19,950,467	\$ 25,916,770
Receivables:			
Property Taxes	451,388	0	451,388
Municipal Income Taxes	705,340	0	705,340
Accounts	645,404	4,047,690	4,693,094
Intergovernmental	422,007	0	422,007
Interest	37,563	51,666	89,229
Special Assessments	0	162,820	162,820
Internal Balances	85,845	(85,845)	0
Inventory of Supplies at Cost	359,324	1,223,781	1,583,105
Capital Assets:			
Capital Assets Not Being Depreciated	12,546,030	19,009,727	31,555,757
Capital Assets Being Depreciated, Net	25,998,744	37,526,826	63,525,570
Investment in Joint Venture	0	435,484	435,484
Total Assets	47,217,948	82,322,616	129,540,564
Deferred Outflows of Resources:			
Pension	1,411,807	746,729	2,158,536
OPEB	646,305	203,907	850,212
Total Deferred Outflows of Resources	2,058,112	950,636	3,008,748
Liabilities:			
Accounts Payable	423,362	1,485,602	1,908,964
Accrued Wages and Benefits	278,885	155,876	434,761
Claims Payable	0	3,169	3,169
Accrued Interest Payable	2,605	73,537	76,142
Long-Term Liabilities:			
Due Within One Year	422,923	3,695,426	4,118,349
Net Pension Liability	7,058,314	2,776,131	9,834,445
Net OPEB Liability	5,768,751	1,869,326	7,638,077
Due in More Than One Year	1,018,195	29,095,717	30,113,912
Total Liabilities	14,973,035	39,154,784	54,127,819

CITY OF NAPOLEON, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	435,867	0	435,867
Pension	1,075,478	668,089	1,743,567
OPEB	193,692	139,251	332,943
Total Deferred Inflows of Resources	1,705,037	807,340	2,512,377
Net Position:			
Net Investment in Capital Assets	37,840,220	26,268,146	64,108,366
Restricted For:			
Debt Service	580,933	0	580,933
Street Construction, Maintenance and Repair	807,539	0	807,539
Fire Equipment	574,926	0	574,926
Court Improvement	240,759	0	240,759
Other Purposes	973,665	0	973,665
Unrestricted (Deficit)	(8,420,054)	17,042,982	8,622,928
Total Net Position	\$ 32,597,988	\$ 43,311,128	\$ 75,909,116

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Activities
For the Year Ended December 31, 2018**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 4,181,547	\$ 1,189,906	\$ 108,335	\$ 1,958
Public Health and Welfare Services	166,772	21,152	0	0
Leisure Time Activities	1,069,024	252,546	0	0
Community Environment	53,119	5,092	28,388	0
Transportation	1,065,866	11,188	527,874	2,155,011
General Government	2,079,503	97,747	0	0
Interest and Fiscal Charges	59,666	0	0	0
Total Governmental Activities	8,675,497	1,577,631	664,597	2,156,969
Business-Type Activities:				
Electric	17,946,062	17,557,232	0	0
Water	3,425,305	3,590,647	0	0
Sewer	3,711,983	3,932,884	0	324,231
Sanitation	837,422	879,260	0	0
Total Business-Type Activities	25,920,772	25,960,023	0	324,231
Totals	\$ 34,596,269	\$ 27,537,654	\$ 664,597	\$ 2,481,200

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, as Restated
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,881,348)	\$ 0	\$ (2,881,348)
(145,620)	0	(145,620)
(816,478)	0	(816,478)
(19,639)	0	(19,639)
1,628,207	0	1,628,207
(1,981,756)	0	(1,981,756)
(59,666)	0	(59,666)
<u>(4,276,300)</u>	<u>0</u>	<u>(4,276,300)</u>
0	(388,830)	(388,830)
0	165,342	165,342
0	545,132	545,132
0	41,838	41,838
<u>0</u>	<u>363,482</u>	<u>363,482</u>
<u>(4,276,300)</u>	<u>363,482</u>	<u>(3,912,818)</u>
385,234	0	385,234
3,272,728	0	3,272,728
497,718	0	497,718
335,637	0	335,637
93,922	331,845	425,767
343,819	0	343,819
<u>4,929,058</u>	<u>331,845</u>	<u>5,260,903</u>
652,758	695,327	1,348,085
31,945,230	42,615,801	74,561,031
<u>\$ 32,597,988</u>	<u>\$ 43,311,128</u>	<u>\$ 75,909,116</u>

CITY OF NAPOLEON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2018**

	General	Special Assessment Bond Retirement	Capital Improvement
Assets:			
Cash and Cash Equivalents	\$ 1,645,206	\$ 581,484	\$ 966,321
Receivables:			
Property Taxes	311,121	0	0
Municipal Income Taxes	705,340	0	0
Accounts	150,799	0	2,000
Intergovernmental	102,711	0	933
Interest	28,985	2,054	0
Interfund Loans Receivables	0	0	2,800
Inventory of Supplies, at Cost	9,005	0	0
Total Assets	\$ 2,953,167	\$ 583,538	\$ 972,054
Liabilities:			
Accounts Payable	\$ 360,515	\$ 0	\$ 40,177
Accrued Wages and Benefits Payable	194,538	0	0
Interfund Loans Payable	0	0	0
Compensated Absences Payable	65,002	0	0
Total Liabilities	620,055	0	40,177
Deferred Inflows of Resources:			
Unavailable Amounts	252,054	1,262	0
Property Tax for Next Fiscal Year	300,598	0	0
Total Deferred Inflows of Resources	552,652	1,262	0
Fund Balances:			
Nonspendable	16,404	0	0
Restricted	0	582,276	0
Committed	54,198	0	931,877
Assigned	1,054,526	0	0
Unassigned	655,332	0	0
Total Fund Balances	1,780,460	582,276	931,877
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,953,167	\$ 583,538	\$ 972,054

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,736,172	\$ 5,929,183
140,267	451,388
0	705,340
492,544	645,343
318,363	422,007
6,524	37,563
0	2,800
344,474	353,479
<u>\$ 4,038,344</u>	<u>\$ 8,547,103</u>
\$ 20,511	\$ 421,203
77,138	271,676
2,800	2,800
0	65,002
<u>100,449</u>	<u>760,681</u>
573,948	827,264
135,269	435,867
<u>709,217</u>	<u>1,263,131</u>
344,474	360,878
2,216,456	2,798,732
680,586	1,666,661
34,596	1,089,122
(47,434)	607,898
<u>3,228,678</u>	<u>6,523,291</u>
<u>\$ 4,038,344</u>	<u>\$ 8,547,103</u>

CITY OF NAPOLEON, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2018***

Total Governmental Fund Balances		\$	6,523,291
<i>Amounts reported for governmental activities in the statement of net position are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			38,544,774
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Municipal Income Taxes	153,047		
Property Taxes	15,257		
Charges for Services	338,800		
Interest Revenues	23,079		
Intergovernmental	297,081		827,264
			<hr/>
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred Outflows - Pension	1,375,625		
Deferred Inflows - Pension	(1,043,113)		
Deferred Outflows - OPEB	636,424		
Deferred Inflows - OPEB	(186,944)		
Net Pension Liability	(6,923,797)		
Net OPEB Liability	(5,678,172)		(11,819,977)
			<hr/>
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.			(2,605)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			(117,249)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Special Assessment Bond Payable	(4,554)		
General Obligation Bonds Payable	(700,000)		
Compensated Absences Payable	(652,956)		(1,357,510)
			<hr/>
<i>Net Position of Governmental Activities</i>		\$	<u>32,597,988</u>

See accompanying notes to the basic financial statements



CITY OF NAPOLEON, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018**

	General	Special Assessment Bond Retirement	Capital Improvement
Revenues:			
Property Taxes	\$ 263,285	\$ 0	\$ 0
Municipal Income Tax	3,251,699	0	0
Other Local Taxes (kWh Tax)	497,718	0	0
Intergovernmental Revenues	234,191	0	2,123,623
Charges for Services	355,416	0	0
Licenses and Permits	71,387	0	0
Investment Earnings	49,448	9,480	0
Special Assessments	0	22,995	0
Fines and Forfeitures	171,216	0	0
All Other Revenue	299,650	0	2,000
Total Revenue	5,194,010	32,475	2,125,623
Expenditures:			
Current:			
Security of Persons and Property	2,833,699	0	0
Public Health and Welfare Services	108,592	0	0
Leisure Time Activities	0	0	0
Community Environment	38,047	0	0
Transportation	0	0	0
General Government	1,259,036	1,000	0
Capital Outlay	0	0	3,400,405
Debt Service:			
Principal Retirement	0	22,200	0
Interest and Fiscal Charges	0	1,410	0
Total Expenditures	4,239,374	24,610	3,400,405
Excess (Deficiency) of Revenues Over Expenditures	954,636	7,865	(1,274,782)
Other Financing Sources (Uses):			
Sale of Capital Assets	72,554	0	0
Transfers In	841,882	0	1,297,355
Transfers Out	(2,042,327)	0	(918,160)
Total Other Financing Sources (Uses)	(1,127,891)	0	379,195
Net Change in Fund Balances	(173,255)	7,865	(895,587)
Fund Balances at Beginning of Year	1,984,535	574,411	1,827,464
Increase (Decrease) in Inventory Reserve	(30,820)	0	0
Fund Balances End of Year	\$ 1,780,460	\$ 582,276	\$ 931,877

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 118,392	\$ 381,677
0	3,251,699
0	497,718
749,656	3,107,470
597,570	952,986
0	71,387
29,437	88,365
0	22,995
156,003	327,219
175,840	477,490
<u>1,826,898</u>	<u>9,179,006</u>
677,253	3,510,952
0	108,592
879,372	879,372
7,660	45,707
498,793	498,793
72,092	1,332,128
39,505	3,439,910
85,000	107,200
58,561	59,971
<u>2,318,236</u>	<u>9,982,625</u>
(491,338)	(803,619)
30,801	103,355
813,495	2,952,732
(166,575)	(3,127,062)
<u>677,721</u>	<u>(70,975)</u>
186,383	(874,594)
3,028,013	7,414,423
14,282	(16,538)
<u>\$ 3,228,678</u>	<u>\$ 6,523,291</u>

CITY OF NAPOLEON, OHIO

**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, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ (874,594)

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

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

Capital Outlay	4,034,914	
Depreciation	<u>(1,265,514)</u>	2,769,400

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. (403,688)

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

Municipal Income Taxes	21,029	
Property Taxes	3,557	
Charges for Services	29,579	
Special Assessments	(30,215)	
Interest	5,557	
Intergovernmental	<u>16,387</u>	45,894

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

Pension	632,495	
OPEB	<u>7,448</u>	639,943

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

Pension	(1,032,917)	
OPEB	<u>(494,948)</u>	(1,527,865)

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

Special Assessment Bonds Principal	22,200	
General Obligation Bonds Principal	<u>85,000</u>	107,200

(Continued)

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

Accrued Interest Payable	305
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in Supplies Inventory	(16,538)	
Increase in Compensated Absences Payable	<u>(14,401)</u>	<u>(30,939)</u>

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

<u>(72,898)</u>

Change in Net Position of Governmental Activities

<u><u>\$ 652,758</u></u>

See accompanying notes to the basic financial statements



CITY OF NAPOLEON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 246,890	\$ 263,285	\$ 263,285	\$ 0
Municipal Income Tax	4,039,540	3,139,794	3,139,794	0
Other Local Taxes	520,000	497,718	497,718	0
Intergovernmental Revenue	226,170	234,572	234,572	0
Charges for Services	286,350	289,636	289,636	0
Licenses and Permits	62,700	71,387	71,387	0
Investment Earnings	119,570	134,700	134,700	0
Fines and Forfeitures	185,300	170,784	170,784	0
All Other Revenues	266,640	260,979	260,982	3
Total Revenues	<u>5,953,160</u>	<u>5,062,855</u>	<u>5,062,858</u>	<u>3</u>
Expenditures:				
Current:				
Security of Persons and Property	3,128,794	2,881,158	2,870,103	11,055
Public Health and Welfare Services	128,790	109,995	109,995	0
Community Environment	37,400	38,492	38,492	0
General Government	1,214,208	1,172,009	1,170,144	1,865
Total Expenditures	<u>4,509,192</u>	<u>4,201,654</u>	<u>4,188,734</u>	<u>12,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,443,968	861,201	874,124	12,923
Other Financing Sources (Uses):				
Sale of Capital Assets	0	72,554	72,554	0
Transfers In	141,015	841,882	841,882	0
Transfers Out	(1,989,470)	(2,042,327)	(2,042,327)	0
Total Other Financing Sources (Uses):	<u>(1,848,455)</u>	<u>(1,127,891)</u>	<u>(1,127,891)</u>	<u>0</u>
Net Change In Fund Balance	(404,487)	(266,690)	(253,767)	12,923
Fund Balance at Beginning of Year	1,673,288	1,673,288	1,673,288	0
Prior Year Encumbrances	30,288	30,288	30,288	0
Fund Balance at End of Year	<u>\$ 1,299,089</u>	<u>\$ 1,436,886</u>	<u>\$ 1,449,809</u>	<u>\$ 12,923</u>

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 10,379,614	\$ 2,910,166	\$ 5,035,572
Receivables:			
Accounts	2,746,967	510,888	643,806
Interest	20,614	9,947	15,392
Special Assessments	0	17,062	145,758
Inventory of Supplies at Cost	931,275	233,637	58,869
<i>Total Current Assets</i>	<u>14,078,470</u>	<u>3,681,700</u>	<u>5,899,397</u>
<i>Non Current Assets:</i>			
Capital Assets, Net	9,092,316	27,416,288	19,715,133
Investment in Joint Venture	435,484	0	0
<i>Total Non Current Assets</i>	<u>9,527,800</u>	<u>27,416,288</u>	<u>19,715,133</u>
Total Assets	<u>23,606,270</u>	<u>31,097,988</u>	<u>25,614,530</u>
Deferred Outflows of Resources:			
Pension	310,732	219,067	161,268
OPEB	84,850	59,820	44,037
Total Deferred Outflows of Resources	<u>395,582</u>	<u>278,887</u>	<u>205,305</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	1,229,042	153,390	91,391
Accrued Wages and Benefits	56,777	60,890	28,861
Claims Payable	3,169	0	0
Compensated Absences Payable - Current	75,613	58,064	40,470
Accrued Interest Payable	0	52,086	21,451
General Obligation Bonds - Current	0	185,000	0
Special Assessment Bonds - Current	0	0	8,800
Revenue Bonds - Current	0	199,250	115,750
Ohio Public Works Commission Loan - Current	0	0	28,681
Ohio Water Development Authority Loans - Current	0	17,318	81,817
Water Pollution Control Loans - Current	0	0	372,214
<i>Total Current Liabilities</i>	<u>1,364,601</u>	<u>725,998</u>	<u>789,435</u>

CITY OF NAPOLEON, OHIO

Sanitation	Total	Internal Service Fund
\$ 1,625,115	\$ 19,950,467	\$ 37,120
146,029	4,047,690	61
5,713	51,666	0
0	162,820	0
0	1,223,781	5,845
1,776,857	25,436,424	43,026
312,816	56,536,553	0
0	435,484	0
312,816	56,972,037	0
2,089,673	82,408,461	43,026
55,662	746,729	36,182
15,200	203,907	9,881
70,862	950,636	46,063
11,779	1,485,602	2,159
9,348	155,876	7,209
0	3,169	0
12,449	186,596	8,485
0	73,537	0
0	185,000	0
0	8,800	0
0	315,000	0
0	28,681	0
0	99,135	0
0	372,214	0
33,576	2,913,610	17,853

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Long Term Liabilities:			
Compensated Absences Payable	137,797	48,918	40,557
Net Pension Liability	1,155,214	814,434	599,543
Net OPEB Liability	777,870	548,405	403,708
General Obligation Notes Payable	0	2,500,000	0
General Obligation Bonds Payable	0	335,000	0
Special Assessment Bonds Payable	0	0	8,646
Revenue Bonds Payable	0	2,780,650	4,374,350
OWDA Loans Payable	0	110,301	602,490
OPWC Loans Payable	0	0	225,000
Ohio Sewer & Water Rotary Commission Deferred Loan Payable	0	68,061	232,771
Water Pollution Control Loans Payable	0	0	4,396,382
WSLRA Loans Payable	0	15,715,701	0
<i>Total Long-Term Liabilities</i>	<u>2,070,881</u>	<u>22,921,470</u>	<u>10,883,447</u>
Total Liabilities	<u>3,435,482</u>	<u>23,647,468</u>	<u>11,672,882</u>
Deferred Inflows of Resources:			
Pension	278,032	195,835	144,412
OPEB	57,946	40,852	30,073
Total Deferred Inflows of Resources	<u>335,978</u>	<u>236,687</u>	<u>174,485</u>
Net Position:			
Net Investment in Capital Assets	9,092,316	5,926,351	10,936,663
Unrestricted	11,138,076	1,566,369	3,035,805
Total Net Position	<u>\$ 20,230,392</u>	<u>\$ 7,492,720</u>	<u>\$ 13,972,468</u>

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

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Sanitation	Total	Internal Service Fund
19,093	246,365	10,121
206,940	2,776,131	134,517
139,343	1,869,326	90,579
0	2,500,000	0
0	335,000	0
0	8,646	0
0	7,155,000	0
0	712,791	0
0	225,000	0
0	300,832	0
0	4,396,382	0
0	15,715,701	0
365,376	36,241,174	235,217
398,952	39,154,784	253,070
49,810	668,089	32,365
10,380	139,251	6,748
60,190	807,340	39,113
312,816	26,268,146	0
1,388,577	17,128,827	(203,094)
\$ 1,701,393	43,396,973	\$ (203,094)
	(85,845)	
	\$ 43,311,128	

CITY OF NAPOLEON, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 17,482,155	\$ 3,483,927	\$ 3,889,772
Other Charges for Services	56,911	106,720	43,215
Total Operating Revenues	17,539,066	3,590,647	3,932,987
Operating Expenses:			
Personal Services	1,587,073	1,181,617	818,440
Contractual Services	1,097,125	856,455	1,445,097
Purchased Power	14,327,389	0	0
Materials and Supplies	300,940	463,931	144,034
Utilities	66,881	253,304	189,991
Depreciation	453,335	468,136	696,111
Total Operating Expenses	17,832,743	3,223,443	3,293,673
Operating Income (Loss)	(293,677)	367,204	639,314
Nonoperating Revenue (Expenses):			
Investment Earnings	87,766	47,860	170,104
Interest Expense	0	(190,089)	(381,195)
Loss on Sale of Capital Assets	(81,175)	0	(103)
Other Local Taxes (kWh Tax)	118,656	0	0
Loss on Investment in Joint Venture	(19,315)	0	0
Other Nonoperating Expense (kWh Paid to State)	(107,472)	0	0
Total Nonoperating Revenues (Expenses)	(1,540)	(142,229)	(211,194)
Income (Loss) Before Transfers and Contributions	(295,217)	224,975	428,120
Transfers In	0	0	0
Capital Contributions	0	0	324,231
Change in Net Position	(295,217)	224,975	752,351
Net Position Beginning of Year, as Restated	20,525,609	7,267,745	13,220,117
Net Position End of Year	\$ 20,230,392	\$ 7,492,720	\$ 13,972,468

Change in Net Position - Total Enterprise Funds

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

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Sanitation	Total	Internal Service Fund
\$ 858,164	\$ 25,714,018	\$ 115,381
21,096	227,942	6,527
879,260	25,941,960	121,908
303,644	3,890,774	193,197
370,473	3,769,150	22,343
0	14,327,389	0
80,994	989,899	131,117
2,387	512,563	1,186
77,551	1,695,133	0
835,049	25,184,908	347,843
44,211	757,052	(225,935)
26,115	331,845	0
0	(571,284)	0
0	(81,278)	0
0	118,656	0
0	(19,315)	0
0	(107,472)	0
26,115	(328,848)	0
70,326	428,204	(225,935)
0	0	174,330
0	324,231	0
70,326	752,435	(51,605)
1,631,067	42,644,538	(151,489)
\$ 1,701,393	43,396,973	\$ (203,094)
	752,435	
	(57,108)	
	\$ 695,327	

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$17,545,554	\$3,563,320	\$3,952,622
Cash Payments for Goods and Services	(15,666,890)	(1,531,866)	(1,773,020)
Cash Payments to Employees	(1,344,273)	(965,753)	(735,007)
Net Cash Provided (Used) by Operating Activities	534,391	1,065,701	1,444,595
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	0
Receipts of Other Local Taxes	118,656	0	0
kWh Tax Paid to State	(107,472)	0	0
Net Cash Provided by Noncapital Financing Activities	11,184	0	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(250,181)	(7,701,272)	(400,003)
Sale of Capital Assets	991,772	0	0
Capital Contributions	0	2,997	346,089
General Obligation Notes Issued	0	2,500,000	0
OWDA Loan Issued	0	0	90,750
WSLRA Loans Issued	0	6,468,545	0
Principal Paid on General Obligation Notes	0	(3,900,000)	0
Principal Paid on Special Assessment Bond	0	0	(8,800)
Principal Paid on General Obligation Bonds	0	(175,000)	0
Principal Paid on Mortgage Revenue Bonds	0	(194,250)	(370,750)
Principal Paid on Ohio Public Works Commission Loan	0	0	(28,685)
Principal Paid on Ohio Water Development Authority Loans	0	(16,566)	(87,625)
Principal Paid on Water Pollution Control Loan Fund Loan	0	0	(372,214)
Interest Paid on All Debt	0	(216,989)	(281,942)
Net Cash Provided (Used) for Capital and Related Financing Activities	741,591	(3,232,535)	(1,113,180)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	78,854	50,040	64,350
Net Cash Provided by Investing Activities	78,854	50,040	64,350
Net Increase (Decrease) in Cash and Cash Equivalents	1,366,020	(2,116,794)	395,765
Cash and Cash Equivalents at Beginning of Year	9,013,594	5,026,960	4,639,807
Cash and Cash Equivalents at End of Year	\$10,379,614	\$2,910,166	\$5,035,572

CITY OF NAPOLEON, OHIO

Sanitation	Totals	Governmental Activities Internal Service Funds
\$885,164	\$25,946,660	\$126,066
(455,658)	(19,427,434)	(149,668)
(257,434)	(3,302,467)	(165,005)
172,072	3,216,759	(188,607)
0	0	174,330
0	118,656	0
0	(107,472)	0
0	11,184	174,330
0	(8,351,456)	0
0	991,772	0
0	349,086	0
0	2,500,000	0
0	90,750	0
0	6,468,545	0
0	(3,900,000)	0
0	(8,800)	0
0	(175,000)	0
0	(565,000)	0
0	(28,685)	0
0	(104,191)	0
0	(372,214)	0
0	(498,931)	0
0	(3,604,124)	0
23,938	217,182	0
23,938	217,182	0
196,010	(158,999)	(14,277)
1,429,105	20,109,466	51,397
\$1,625,115	\$19,950,467	\$37,120

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$293,677)	\$367,204	\$639,314
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	453,335	468,136	696,111
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	6,488	(27,327)	19,635
Decrease in Deferred Outflows of Resources	217,927	138,387	122,857
Decrease in Inventory	11,707	9,988	5,397
Increase (Decrease) in Accounts Payable	113,738	31,836	705
Increase (Decrease) in Accrued			
Wages and Benefits	(64)	24,483	(4,777)
Decrease in Net Pension Liability	(398,748)	(242,483)	(231,659)
Increase in Net OPEB Liability	95,169	67,095	49,393
Increase in Deferred Inflows of Resources	312,786	220,913	162,079
Increase (Decrease) in			
Compensated Absences	15,730	7,469	(14,460)
Total Adjustments	828,068	698,497	805,281
Net Cash Provided (Used) by Operating Activities	\$534,391	\$1,065,701	\$1,444,595

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2018, the Water Fund, and Sewer Fund had outstanding liabilities of \$75,240 and \$61,621, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Sanitation	Totals	Governmental Activities Internal Service Funds
\$44,211	\$757,052	(\$225,935)
77,551	1,695,133	0
5,904	4,700	4,158
39,525	518,696	24,450
0	27,092	10,410
(1,804)	144,475	(5,432)
(1,605)	18,037	(1,848)
(72,663)	(945,553)	(44,087)
17,048	228,705	11,082
56,018	751,796	36,446
7,887	16,626	2,149
127,861	2,459,707	37,328
\$172,072	\$3,216,759	(\$188,607)

CITY OF NAPOLEON, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2018***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 27,673
Total Assets	<u>27,673</u>
Liabilities:	
Due to Others	<u>27,673</u>
Total Liabilities	<u>\$ 27,673</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2018 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

1. Joint Ventures with Equity Interest

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Ventures with Equity Interest (Continued)

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

2. Joint Ventures without Equity Interest

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

3. Jointly Governed Organization:

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

B. Basis of Presentation - Fund Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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, 2018, but which are not intended to finance 2018 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 6 “Taxes”.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 11 and 12)

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process

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

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

1. Tax Budget

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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 2018.

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 2018, several supplemental appropriations were necessary to budget the use of contingency funds, intergovernmental grant proceeds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--General Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

4. Encumbrances

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

5. Lapsing of Appropriations

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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)	(\$173,255)
Increase (Decrease):	
Accrued Revenues at December 31, 2018 received during 2019	(746,304)
Accrued Revenues at December 31, 2017 received during 2018	643,705
Accrued Expenditures at December 31, 2018 paid during 2019	620,055
Accrued Expenditures at December 31, 2017 paid during 2018	(243,373)
2017 Adjustment to Fair Value	(159,198)
2018 Adjustment to Fair Value	247,112
Outstanding Encumbrances	(442,509)
Budget Basis	<u>(\$253,767)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

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

Interest revenue credited to the General Fund during fiscal year 2018 amounted to \$49,448, which includes \$45,726 assigned from other City funds.

H. Investments

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

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

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

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

J. Capital Assets and Depreciation

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

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

1. Property, Plant and Equipment - Governmental Activities

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

2. Property, Plant and Equipment – Business Type Activities

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

3. Depreciation

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

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

K. Long-Term Debt

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

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund Water Fund
Mortgage Revenue Bonds	Sewer Fund, Water Fund
Special Assessment Bonds	Special Assessment Bond Retirement Fund
with Governmental Commitment	Sewer Fund
Long-Term Note	Water Fund
Ohio Public Works	Special Assessment Bond Retirement Fund
Commission Loans	Sewer Fund
OWDA Loans	Water Fund, Sewer Fund
OSWRC Loans	Sewer Fund, Water Fund
WPCLF Loans	Sewer Fund
WSLRA Loans	Water Fund
Payable to Joint Venture	Electric Fund
Pension Liability/OPEB Liability	General Fund Electric Fund Water Fund Sewer Fund Sanitation Fund Central Garage Rotary Fund
Compensated Absences	General Fund Street Construction, Maintenance, and Repair Fund Recreation Fund Electric Fund Water Fund Sewer Fund Sanitation Fund Central Garage Rotary Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

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

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

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

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

M. Net Position

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances

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

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

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

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

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

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

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

O. Pensions/Other Postemployment Benefits (OPEB)

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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 2018.

T. Fair Value

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” Statement No. 85, “Omnibus 2017,” and Statement No. 86, “Certain Debt Extinguishment Issues.”

GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the City.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

The implementation of GASB 75 had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business-type Activities	Electric Fund	Water Fund
Net Position December 31, 2017	\$36,686,422	\$44,233,583	\$21,198,774	\$7,742,569
Adjustments:				
Net OPEB Liability	(4,773,280)	(1,640,621)	(682,701)	(481,310)
Deferred Outflow - Payments Subsequent to the Measurement Date	32,088	22,839	9,536	6,486
Restated Net Position December 31, 2017	<u>\$31,945,230</u>	<u>\$42,615,801</u>	<u>\$20,525,609</u>	<u>\$7,267,745</u>

	Sewer Fund	Sanitation Fund	Garage Fund
Net Position December 31, 2017	\$13,569,331	\$1,751,646	(\$73,088)
Adjustments:			
Net OPEB Liability	(354,315)	(122,295)	(79,497)
Deferred Outflow - Payments Subsequent to the Measurement Date	5,101	1,716	1,096
Restated Net Position December 31, 2017	<u>\$13,220,117</u>	<u>\$1,631,067</u>	<u>(\$151,489)</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2018 of \$48 in the Probation Improvement Fund, \$28,438 in the Police Pension Fund and \$16,149 in the Fire Pension Fund (special revenue funds) and \$2,799 in the Fire Facility Training Grant Fund (capital project fund) arise from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis and the posting of an interfund loan payable. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

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CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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	\$9,005	\$0	\$0	\$344,474	\$353,479
Unclaimed Monies	7,399	0	0	0	7,399
Total Nonspendable	16,404	0	0	344,474	360,878
Restricted:					
Special Assessment Debt Service Payments	0	582,276	0	0	582,276
Street Construction and Maintenance	0	0	0	316,103	316,103
State Highway Improvements	0	0	0	15,834	15,834
Motor Vehicle License Tax	0	0	0	369,266	369,266
Cemetery	0	0	0	70,748	70,748
Hotel/Motel	0	0	0	19,585	19,585
Fire Equipment	0	0	0	573,872	573,872
Fire Claims Loss	0	0	0	62,000	62,000
CDBG Grant	0	0	0	69,050	69,050
Indigent Drivers Alcohol Treatment	0	0	0	75,038	75,038
Law Enforcement and Education	0	0	0	4,213	4,213
Law Enforcement	0	0	0	1,137	1,137
Court Computerization	0	0	0	137,213	137,213
Mandatory Drug Fine	0	0	0	19,301	19,301
Municipal Probation Service	0	0	0	124,008	124,008
Probation Officer Grant	0	0	0	13,948	13,948
Court Improvement	0	0	0	240,759	240,759
Handicap Parking	0	0	0	1,100	1,100
Certified Police Training	0	0	0	19,004	19,004
Indigent Drivers Interlock/Alcohol	0	0	0	54,032	54,032
Justice Reinvestment Grant	0	0	0	30,245	30,245
Total Restricted	0	582,276	0	2,216,456	2,798,732
Committed:					
Special Events	589	0	0	0	589
Economic Development	53,216	0	0	0	53,216
Employee Benefits	393	0	0	0	393
EMS Transport Service	0	0	0	169,610	169,610
Recreation	0	0	0	333,097	333,097
Capital Improvement	0	0	931,877	0	931,877
CIP	0	0	0	177,879	177,879
Total Committed	54,198	0	931,877	680,586	1,666,661
Assigned:					
Encumbrances for Purchase Orders	109,116	0	0	0	109,116
Budget Resource	945,410	0	0	0	945,410
Debt Service	0	0	0	34,596	34,596
Total Assigned	1,054,526	0	0	34,596	1,089,122
Unassigned					
	655,332	0	0	(47,434)	607,898
Total Fund Balances	\$1,780,460	\$582,276	\$931,877	\$3,228,678	\$6,523,291

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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

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

A. Deposits

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was \$3,459,757, including \$2,500 of cash on hand, and the bank balance was \$3,961,790. Federal depository insurance covered \$807,476 of the bank balance and \$3,154,314 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

B. Investments

The City's investments at December 31, 2018 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years)		
				less than 1	1-3	3-5
FFCB	\$991,265	AAA ¹ / Aaa ²	Level 2	\$0	\$0	\$991,265
FHLB	976,949	AAA ¹ / Aaa ²	Level 2	0	732,804	244,145
FHLMC	4,500,103	AAA ¹ / Aaa ²	Level 2	2,132,272	2,367,831	0
FNMA	6,155,876	AAA ¹ / Aaa ²	Level 2	1,734,953	3,290,266	1,130,657
STAR Ohio	3,539,924	AAAm ¹	N/A	3,539,924	0	0
Negotiable CD's	6,320,569	N/A	Level 1	3,670,563	1,457,566	1,192,440
Total Investments	<u>\$22,484,686</u>			<u>\$11,077,712</u>	<u>\$7,848,467</u>	<u>\$3,558,507</u>

¹ Standard & Poor's

² Moody's Investor Service

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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

B. Investments (Continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments FFCB, FHLB, FHLMC and FNMA in the amounts of \$991,265, \$976,949, \$4,500,103, and \$6,155,876 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 \$6,320,569 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 4% in FFCB, 4% in FHLB, 20% in FHLMC, 27% in FNMA, 28% in negotiable certificates of deposit and 17% in STAR Ohio.

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2018 were levied after October 1, 2017 on assessed values as of January 1, 2017, 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 2017 and the equalization adjustment was completed in 2014. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

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

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

The full tax rate for the City's operations for the year ended December 31, 2018 was \$2.90 per \$1,000 of assessed value. The assessed value upon which the 2018 receipts were based was \$151,096,730. This amount constitutes \$148,169,160 in real property assessed value and \$2,927,570 in public utility assessed value.

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

B. Income Tax

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 7 – TAX ABATEMENT DISCLOSURES

As of December 31, 2018, the City of Napoleon provides tax incentives under a Community Reinvestment Area Program (CRA).

Real Estate Tax Abatements

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

Income Tax Abatement Programs

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

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2018.

Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2018 In Actual Dollars)
<i>Napoleon 1, LLC (2010 - 2022) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2018	\$0
<i>Koester Land Acquisitions, LLC (2011 - 2023) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2018	24,752
<i>MWA Enterprises, Ltd. (2013 - 2025) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2018	0
<i>Defiance Stamping Company (2015 - 2024) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2018	23,625
Total	\$48,377

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 8 - RECEIVABLES

Receivables at December 31, 2018 consisted of taxes, interest, accounts receivable, special assessments and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes and the stable condition of State programs.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2018:

Transfers In:	Transfers Out:			Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
General Fund	\$0	\$792,850	\$49,032	\$841,882
Capital Improvement Fund	1,294,562	0	2,793	1,297,355
Nonmajor Governmental Funds	573,435	125,310	114,750	813,495
Internal Service Fund	174,330	0	0	174,330
Total	\$2,042,327	\$918,160	\$166,575	\$3,127,062

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2018:

<i>Historical Cost:</i>				
Class	December 31, 2017	Additions	Deletions	December 31, 2018
<i>Capital assets not being depreciated:</i>				
Land	\$10,434,759	\$0	(\$378,788)	\$10,055,971
Construction in Progress	557,124	2,355,354	(422,419)	2,490,059
Subtotal	10,991,883	2,355,354	(801,207)	12,546,030
<i>Capital assets being depreciated:</i>				
Improvements	4,882,587	598,939	0	5,481,526
Buildings	5,783,614	272,221	0	6,055,835
Machinery and Equipment	5,912,734	546,563	(191,114)	6,268,183
Infrastructure	32,637,019	684,256	(51,996)	33,269,279
Subtotal	49,215,954	2,101,979	(243,110)	51,074,823
Total Cost	\$60,207,837	\$4,457,333	(\$1,044,317)	\$63,620,853
 <i>Accumulated Depreciation:</i>				
Class	December 31, 2017	Additions	Deletions	December 31, 2018
Improvements	(\$877,641)	(\$313,109)	\$0	(\$1,190,750)
Buildings	(2,568,183)	(69,972)	0	(2,638,155)
Machinery and Equipment	(3,511,089)	(242,978)	166,214	(3,587,853)
Infrastructure	(17,071,862)	(639,455)	51,996	(17,659,321)
Total Depreciation	(\$24,028,775)	(\$1,265,514) *	\$218,210	(\$25,076,079)
<i>Net Value:</i>	\$36,179,062			\$38,544,774

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$137,231
Public Health and Welfare Services	2,691
Leisure Time Activities	67,080
Transportation	993,275
General Government	65,237
Total Depreciation Expense	\$1,265,514

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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, 2018:

<i>Historical Cost:</i>				
Class	December 31, 2017	Additions	Deletions	December 31, 2018
<i>Capital assets not being depreciated:</i>				
Land	\$289,525	\$0	\$0	\$289,525
Construction in Progress	11,359,806	7,747,036	(386,640)	18,720,202
Subtotal	11,649,331	7,747,036	(386,640)	19,009,727
<i>Capital assets being depreciated:</i>				
Buildings	9,330,578	0	0	9,330,578
Improvements	53,292,910	0	(1,060,824)	52,232,086
Machinery and Equipment	6,541,541	257,124	(91,734)	6,706,931
Subtotal	69,165,029	257,124	(1,152,558)	68,269,595
Total Cost	\$80,814,360	\$8,004,160	(\$1,539,198)	\$87,279,322
 <i>Accumulated Depreciation:</i>				
Class	December 31, 2017	Additions	Deletions	December 31, 2018
Buildings	(\$5,961,572)	(\$292,174)	\$0	(\$6,253,746)
Improvements	(18,493,144)	(1,225,891)	14,574	(19,704,461)
Machinery and Equipment	(4,699,125)	(177,068)	91,631	(4,784,562)
Total Depreciation	(\$29,153,841)	(\$1,695,133)	\$106,205	(\$30,742,769)
<i>Net Value:</i>	\$51,660,519			\$56,536,553

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

	<u>State and Local</u>
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$657,251 for 2018.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2018 through December 31, 2018	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2018 through December 31, 2018	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$306,945 for 2018.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$5,767,324	\$4,067,121	\$9,834,445
Proportion of the Net Pension Liability-2018	0.036763%	0.066267%	
Proportion of the Net Pension Liability-2017	<u>0.034863%</u>	<u>0.064993%</u>	
Percentage Change	<u>0.001900%</u>	<u>0.001275%</u>	
Pension Expense	\$1,304,146	\$446,075	\$1,750,221

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$689,234	\$177,226	\$866,460
Differences between expected and actual experience	5,887	61,721	67,608
Change in proportionate share	198,934	61,338	260,272
City contributions subsequent to the measurement date	657,251	306,945	964,196
Total Deferred Outflows of Resources	<u>\$1,551,306</u>	<u>\$607,230</u>	<u>\$2,158,536</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,238,169	\$140,693	\$1,378,862
Differences between expected and actual experience	113,653	7,356	121,009
Change in proportionate share	36,976	206,720	243,696
Total Deferred Inflows of Resources	<u>\$1,388,798</u>	<u>\$354,769</u>	<u>\$1,743,567</u>

\$964,196 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2019	\$584,309	\$63,625	\$647,934
2020	(25,045)	26,633	1,588
2021	(545,224)	(119,087)	(664,311)
2022	(508,783)	(91,474)	(600,257)
2023	0	52,107	52,107
2024	0	13,712	13,712
Total	<u>(\$494,743)</u>	<u>(\$54,484)</u>	<u>(\$549,227)</u>

Actuarial Assumptions - OPERS

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$10,241,297	\$5,767,324	\$2,037,378

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below:

Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Increases	3.25 percent
Inflation Assumptions	2.75 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent for increases based on the lesser of the increase in CPI and 3%.

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

	Age	Police	Fire
Healthy Mortality			
	67 or less	77%	68%
	68-77	105%	87%
	78 and up	115%	120%
Disabled Mortality			
	59 or less	35%	35%
	60-69	60%	45%
	70-79	75%	70%
	80 and up	100%	90%

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2017 are summarized below:

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

* levered 2x

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$5,638,097	\$4,067,121	\$2,785,847

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$7,448 for 2018.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$3,883,467	\$3,754,610	\$7,638,077
Proportion of the Net OPEB Liability-2018	0.035762%	0.066267%	
Proportion of the Net OPEB Liability-2017	<u>0.033745%</u>	<u>0.064993%</u>	
Percentage Change	<u>0.002017%</u>	<u>0.001275%</u>	
OPEB Expense	\$389,390	\$301,491	\$690,881

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$282,758	\$366,370	\$649,128
Differences between expected and actual experience	3,026	0	3,026
Change in proportionate share	137,825	52,785	190,610
City contributions subsequent to the measurement date	0	7,448	7,448
Total Deferred Outflows of Resources	<u>\$423,609</u>	<u>\$426,603</u>	<u>\$850,212</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$289,292	\$24,715	\$314,007
Differences between expected and actual experience	0	18,936	18,936
Total Deferred Inflows of Resources	<u>\$289,292</u>	<u>\$43,651</u>	<u>\$332,943</u>

\$7,448 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	\$130,204	\$52,334	\$182,538
2020	130,204	52,334	182,538
2021	(53,769)	52,334	(1,435)
2022	(72,322)	52,331	(19,991)
2023	0	58,512	58,512
2024	0	58,512	58,512
2025	0	49,147	49,147
Total	<u>\$134,317</u>	<u>\$375,504</u>	<u>\$509,821</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$5,159,351	\$3,883,467	\$2,851,286

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$3,715,648	\$3,883,467	\$4,056,816

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

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

Note: Assumptions are geometric.

* levered 2x

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$4,693,308	\$3,754,610	\$3,032,324

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$2,916,649	\$3,754,610	\$4,883,899

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City’s NOL is not known.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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, 2018, the City's accumulated, unpaid compensated absences amounted to \$1,169,525, of which \$736,564 is recorded as a liability of the Governmental Activities and \$432,961 is recorded as a liability of the Business-Type Activities.

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2018 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2017	Additions	(Reductions)	Balance December 31, 2018	Amount Due Within One Year
Business-Type Activities:								
General Obligation Notes:								
2017	2.00%	Water Plant Renovation and Improvements	2018	\$3,900,000	\$0	(\$3,900,000)	\$0	\$0
2018	2.75%	Water Plant Renovation and Improvements	2019	0	2,500,000	0	2,500,000	2,500,000
Total General Obligation Notes				3,900,000	2,500,000	(3,900,000)	2,500,000	2,500,000
General Obligation Bonds:								
2005	3.00% - 5.00%	Waterworks System Improvements (Refunding)	2019	245,000	0	(120,000)	125,000	125,000
2004	2.50% - 5.12%	Capital Facilities Improvement	2024	450,000	0	(55,000)	395,000	60,000
Total General Obligation Bonds				695,000	0	(175,000)	520,000	185,000
Revenue Bonds:								
2008	3.50% - 4.50%	Water - Water System Improvements	2028	2,265,000	0	(170,000)	2,095,000	175,000
2010	4.60%	Water - Woodlawn Avenue Reconstruction	2040	266,400	0	(7,200)	259,200	7,200
2010	4.60%	Water - West Washington Avenue Reconstruction	2040	473,600	0	(12,800)	460,800	12,800
2010	4.60%	Sewer - Sewer System Improvement (Refunding 1998)	2040	954,000	0	(156,350)	797,650	21,200
2010	4.60%	Sewer - Woodlawn Avenue Reconstruction	2040	846,000	0	(138,650)	707,350	18,800
2010	7.50%	Sewer - West Washington Avenue Reconstruction	2040	2,235,000	0	(55,000)	2,180,000	55,000
2012	4.00%	Water - Clairmont Avenue Project	2042	169,150	0	(4,250)	164,900	4,250
2012	4.00%	Sewer - Haley I & I Reduction Project	2042	825,850	0	(20,750)	805,100	20,750
Total Revenue Bonds				8,035,000	0	(565,000)	7,470,000	315,000
Special Assessment Bond: (with Governmental Commitment)								
2000	5.09% - 5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	26,246	0	(8,800)	17,446	8,800
Ohio Sewer and Water Rotary Commission Deferred Loans:								
1998		OSWRC - Palmer Ditch Project		48,060	0	0	48,060	0
2005		OSWRC - North Pointe Water and Sewer Project		252,772	0	0	252,772	0
Total OSWRC Loans				300,832	0	0	300,832	0
Ohio Public Works Commission Loans (OPWC):								
2000		Railroad Street Sewer Separation	2020	7,366	0	(3,685)	3,681	3,681
2008		Woodlawn Avenue Improvements	2029	275,000	0	(25,000)	250,000	25,000
Total Ohio Public Works Commission Loans				282,366	0	(28,685)	253,681	28,681
Ohio Water Development Authority Loans (OWDA):								
2005	4.490%	OWDA - Water - NP Waterline Improvements	2025	144,185	0	(16,566)	127,619	17,318
2005	4.490%	OWDA - Sewer - E. Maumee Sewer Tap	2025	289,210	0	(38,697)	250,513	40,454
2005	4.490%	OWDA - Sewer - NP Sewerline Improvements	2025	391,972	0	(39,566)	352,406	41,363
2018	1.000%	OWDA - Sewer - Williams Pump Station Improvements	2025	0	90,750	(9,362)	81,388	0
Total Ohio Water Development Authority Loans				825,367	90,750	(104,191)	811,926	99,135
Water Pollution Control Loan Fund Loans (WPCLF):								
2008		EQ Basin Storm Water Retention	2030	5,140,810	0	(372,214)	4,768,596	372,214
WSRLA Loan:								
2017	0.000%	Water Plant Reconstruction	2048	9,247,156	6,468,545	0	15,715,701	0
Compensated Absences				416,335	432,961	(416,335)	432,961	186,596
Net Pension Liability				3,721,684	0	(945,553)	2,776,131	0
Net OPEB Liability				1,640,621	228,705	0	1,869,326	0
Total Business-Type Long-Term Debt				<u>\$34,231,417</u>	<u>\$9,720,961</u>	<u>(\$6,515,778)</u>	<u>\$37,436,600</u>	<u>\$3,695,426</u>

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 14 - LONG-TERM DEBT (Continued)

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2017	Additions	(Reductions)	Balance December 31, 2018	Amount Due Within One Year
Governmental Activities:								
Special Assessment Bonds:								
1998	4.50-5.125%	Street Improvements	2018	\$15,000	\$0	(\$15,000)	\$0	\$0
1998	4.50-5.125%	Street Improvements	2018	5,000	0	(5,000)	0	0
2000	5.875%	West Main, Wested and Vine and Palmer Ditch Improvements	2020	6,754	0	(2,200)	4,554	2,200
Total Special Assessment Bonds (with Governmental Commitment)				26,754	0	(22,200)	4,554	2,200
General Obligation Bonds:								
2005	3.00% - 5.00%	Northcrest Drive	2025	190,000	0	(20,000)	170,000	20,000
2005	3.00% - 5.00%	SR 424 Resurfacing	2025	145,000	0	(15,000)	130,000	15,000
2010	4.50%	Courthouse Renovations	2025	450,000	0	(50,000)	400,000	50,000
Total General Obligation Bonds				785,000	0	(85,000)	700,000	85,000
Compensated Absences				655,012	736,564	(655,012)	736,564	335,723
Net Pension Liability				8,311,628	0	(1,253,314)	7,058,314	0
Net OPEB Liability				4,773,280	995,471	0	5,768,751	0
Total Governmental Activities Long-Term Debt				\$14,551,674	\$1,732,035	(\$2,015,526)	\$14,268,183	\$422,923

The principal amount of the City's special assessment debt outstanding at December 31, 2018, \$22,000, 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 \$582,276 in the Special Assessment Bond Retirement Fund at December 31, 2018 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 \$372,214 during 2018 to a year end balance of \$4,768,596.

Ohio Water Development Authority Loans - The City entered into two loan agreements with Ohio Water Development Authority (OWDA) in 2005. This was on May 16, 2005 to finance the Sewer System Extension and Improvement and the East Maumee Sewer Tap Project (loan number 4334) and the Waterline Construction (loan number 4333) projects. The City also entered into a loan agreement with OWDA in 2018. This was for the Sewer Pump improvements at the Williams Station (loan number 7871). The sources of payments for the obligations are to be derived from user charges and assessments on property owners.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 14 - LONG-TERM DEBT (Continued)

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

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 14 - LONG-TERM DEBT (Continued)

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

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2019	125,000

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

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

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 14 - LONG-TERM DEBT (Continued)

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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 two loan agreements with Ohio Public Works Commission (OPWC). The first was on July 1, 2000, in the amount of \$73,686, to finance the Railroad Street Sewer Separation Project and the second 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.

2018 Bond Anticipation Notes - During 2018, 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 2.75%. These notes will be retired from the City's Water Fund through user charges.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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, 2018 follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$270,000	\$57,868	\$315,000	\$386,782	\$11,000	\$1,293
2020	150,000	51,668	355,000	384,289	11,000	646
2021	165,000	41,894	340,000	358,978	0	0
2022	165,000	34,112	360,000	342,858	0	0
2023	175,000	20,582	375,000	326,000	0	0
2024-2028	295,000	15,944	1,850,000	1,363,493	0	0
2029-2033	0	0	1,215,000	952,378	0	0
2034-2038	0	0	1,570,000	519,498	0	0
2039-2042	0	0	1,090,000	87,090	0	0
Totals	<u>\$1,220,000</u>	<u>\$222,068</u>	<u>\$7,470,000</u>	<u>\$4,721,366</u>	<u>\$22,000</u>	<u>\$1,939</u>

Years	OWDA Loans		OPWC Loans		WPCLF Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$99,135	\$31,700	\$28,681	\$0	\$372,214	\$46,748
2020	103,637	27,199	25,000	0	379,715	42,979
2021	108,341	23,316	25,000	0	383,521	39,173
2022	113,261	18,435	25,000	0	387,366	35,328
2023	118,403	13,331	25,000	0	391,250	31,445
2024-2028	187,761	10,664	125,000	0	2,015,874	97,597
2029	0	0	0	0	838,656	10,463
Totals	<u>\$730,538</u>	<u>\$124,645</u>	<u>\$253,681</u>	<u>\$0</u>	<u>\$4,768,596</u>	<u>\$303,733</u>

OWDA loan number 7871 payable in the amount of \$81,388 is not included in the above maturity tables. The construction has started, but we do not have a final amortization schedule from OWDA.

B. Deferred Loan Payable to the Ohio Sewer and Water Rotary Commission

The City has received advances to meet the portion of costs of sewer and water improvements to be financed by assessments which collections are deferred or exempt pursuant to division (B) of Section 6103.052 of the Ohio Revised Code. The City is responsible for collecting the assessments for which the deferments were made when the property no longer meets the exemption criteria.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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 527 members in the PEP Pool. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. During 2017, the City paid \$123,748 for property and casualty coverage from 12/01/17 – 11/30/2018 and during 2018, paid \$156,652 for property and casualty coverage from 12/01/18 – 11/30/2019.

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, 2018, PEP retained \$350,000 casualty claims and \$100,000 for property claims.

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

Financial Position

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 15 - RISK MANAGEMENT (Continued)

A. PEP Property and Casualty Pool (Continued)

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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 2018, the pool included the following Ohio Cities and Villages as members: Archbold, Bowling Green, Bucyrus, Carey, Defiance, Fayette, Fremont, Hunting Valley, Hicksville, Napoleon, Oberlin, Oregon and Sandusky County Health Department. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2018, the pool had total reported assets of \$7,880,882.

Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool. The 2018 premiums paid by the City of Napoleon into the employee benefits pool were a monthly cost of \$1,763.23 for family coverage and \$587.74 for single coverage. The life insurance monthly premium was \$3.60 for \$20,000 in coverage, and \$5.40 for \$30,000 in coverage. Coverage levels were determined by bargaining agreements or personnel code. During 2018, the City employees paid \$1,353,869 into the pool for health benefits coverage. The City's cost of coverage for premiums is paid out of each respective fund and department that pays the salary of the individuals covered under the plan. The amount of risk retained by the pool was \$200,000 per individual for 2018 with excess coverage provided by Aetna Life Insurance Company.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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 2018, the City paid a net of \$122,214 for Workers Compensation premiums. It should be noted that premiums are based on the prior fiscal year's (2015) gross payroll. Starting in 2017, Workers' Compensation changed from a perspective billing to a prospective billing basis. Premium payment is trued up in the next fiscal year.

D. State Unemployment Benefits

The City pays Unemployment Benefits Claims as they occur directly to the Ohio Department of Job and Family Services of the State of Ohio. Political Subdivisions in Ohio are not required to pay the unemployment tax. During 2018, the City paid \$75 to the Ohio Department of Job and Family Services for unemployment benefit claims.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - JOINT VENTURES

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

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

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$13,270 at December 31, 2018. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 16 - JOINT VENTURES (Continued)

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

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2018 are:

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - JOINT VENTURES (Continued)

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

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

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

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

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2018 Napoleon has met their debt coverage obligation.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - JOINT VENTURES (Continued)

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

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

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$219,609 at December 31, 2018. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - JOINT VENTURES (Continued)

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

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

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

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$202,605 at December 31, 2018. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - JOINT VENTURES (Continued)

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

The ten participating subdivisions and their respective ownership shares at December 31, 2018 are:

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - JOINT VENTURES (Continued)

D. Prairie State Energy Campus (68 Members)

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

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “*Initial Prairie State Bonds*”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of December 31, 2018, AMP had \$1,537,430,000 aggregate principal amount of Prairie State Bonds.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - JOINT VENTURES (Continued)

E. AMP Fremont Energy Center (AFEC)

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

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

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2018, \$499,105,000 aggregate principal amount of AFEC Bonds was outstanding.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - JOINT VENTURES (Continued)

F. Combined Hydroelectric Projects (79 Members)

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

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the “*Combined Hydroelectric Bonds*”), in an original aggregate principal amount of \$2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2018, \$2,222,975,882 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$126.9 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - JOINT VENTURES (Continued)

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

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

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds (“*Meldahl Bonds*”) in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2018, \$685,215,000 aggregate principal amount of the Meldahl Bonds and approximately \$15 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Meldahl Bonds.

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

H. Napoleon Solar

AMP owns the Napoleon Solar Project, a 3.54 MW solar installation, located in Napoleon, Ohio. The Napoleon Solar Project entered commercial operation in August 2012. The output of the Napoleon Solar Project is sold pursuant to the terms of a take-or-pay power sales contract with three of AMP’s Members. The cost of the Napoleon Solar Project was financed with the proceeds of a draw on the Line of Credit. As of December 31, 2018, \$6,450,558 on AMP’s Line of Credit was allocable to the financing or refinancing of costs related to the Napoleon Solar Project.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - JOINT VENTURES (Continued)

I. Greenup Hydroelectric Project

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the “AMP Interest”) in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “2016 Greenup Bonds”) and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2018, \$125,300,000 aggregate principal amount of the 2016 Greenup Bonds and approximately \$2.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the 2016 Greenup Bonds.

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

J. Community Improvement Corporation (CIC)

The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. The CIC is governed by a Board of 10 Trustees. Five of these trustees are residents of the City of Napoleon and the remaining five are residents of Henry County. The City's degree of control over the Board is limited to its representation on the Board. The City has no equity interest in the CIC. The City paid \$37,550 to the CIC during 2018. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 17 - CONTINGENCIES

A. American Municipal Power Generating Station Project (AMPGS)

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

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

Since March 31, 2014 the City has made payments of \$846,879 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the City's allocation of additional costs incurred by the project is \$24,924 and interest expense incurred on AMP's line-of-credit of \$4,133, resulting in a net impaired cost estimate at December 31, 2018 of \$3,169.

The City does have a potential PHFU Liability of \$584,974 resulting in a net total potential liability of \$588,143, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

B. Litigation

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 18 – SIGNIFICANT COMMITMENTS

There were significant encumbrances outstanding at year-end in the Capital Improvement Fund (capital projects fund) in the amount of \$507,252. This amount is reported as part of the committed fund balance.

NOTE 19 – SUBSEQUENT EVENT

On February 26, 2019 the City issued \$2,428,000 in one year General Obligation Notes to pay for Water Plant Improvements. The notes, which mature on February 26, 2020, have an interest rate of 2.50%.



REQUIRED SUPPLEMENTAL INFORMATION

CITY OF NAPOLEON, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

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

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

See accompanying notes to required supplementary information

CITY OF NAPOLEON, OHIO

<u>2017</u>	<u>2018</u>
0.034863%	0.036763%
\$7,916,741	\$5,767,324
\$4,506,742	\$4,748,600
175.66%	121.45%
77.25%	84.66%

<u>2017</u>	<u>2018</u>
0.064993%	0.066267%
\$4,116,571	\$4,067,121
\$1,468,432	\$1,524,027
280.34%	266.87%
68.36%	70.91%

CITY OF NAPOLEON, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

See accompanying notes to required supplementary information

CITY OF NAPOLEON, OHIO

<u>2017</u>	<u>2018</u>
\$631,563	\$657,251
<u>631,563</u>	<u>657,251</u>
<u>\$0</u>	<u>\$0</u>
\$4,748,600	\$4,694,650
13.00%	14.00%

<u>2017</u>	<u>2018</u>
\$306,177	\$306,945
<u>306,177</u>	<u>306,945</u>
<u>\$0</u>	<u>\$0</u>
\$1,524,027	\$1,527,850
20.09%	20.09%



CITY OF NAPOLEON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2017</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.033745%	0.035762%
City's proportionate share of the net OPEB liability (asset)	\$3,408,342	\$3,883,467
City's covered payroll	\$4,506,742	\$4,748,600
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	75.63%	81.78%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%

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

Ohio Police and Fire Pension Fund

Year	<u>2017</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.064993%	0.066267%
City's proportionate share of the net OPEB liability (asset)	\$3,085,056	\$3,754,610
City's covered payroll	\$1,468,432	\$1,524,027
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	210.09%	246.36%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

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

See accompanying notes to required supplementary information

CITY OF NAPOLEON, OHIO

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

Ohio Public Employees Retirement System

Year	2013	2014	2015	2016
Contractually required contribution	\$34,600	\$89,006	\$95,900	\$90,135
Contributions in relation to the contractually required contribution	34,600	89,006	95,900	90,135
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$3,460,008	\$4,450,275	\$4,795,008	\$4,506,742
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%	2.00%

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

Ohio Police and Fire Pension Fund

Year	2013	2014	2015	2016
Contractually required contribution	\$5,951	\$7,487	\$7,547	\$7,342
Contributions in relation to the contractually required contribution	5,951	7,487	7,547	7,342
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$1,190,129	\$1,497,328	\$1,509,393	\$1,468,432
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2013 is not available.

See accompanying notes to required supplementary information

CITY OF NAPOLEON, OHIO

<u>2017</u>	<u>2018</u>
\$47,486	\$0
<u>47,486</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>
\$4,748,600	\$4,694,650
1.00%	0.00%

<u>2017</u>	<u>2018</u>
\$7,441	\$7,448
<u>7,441</u>	<u>7,448</u>
<u>\$0</u>	<u>\$0</u>
\$1,524,027	\$1,527,850
0.50%	0.50%

***Notes to the Supplemental Required Information
For the Year Ended December 31, 2018***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

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

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

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

***Notes to the Supplemental Required Information
For the Year Ended December 31, 2018***

NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

OHIO POLICE AND FIRE (OP&F)

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 3.79% to 3.24%.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Motor Vehicle License Tax Fund

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

EMS Transport Service Fund

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

Recreation Fund

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

Probation Improvement Fund

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

Hotel/Motel Tax Fund

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

Fire Loss Claims Fund

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

Community Development Block Grant (CDBG) Income Fund

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

Indigent Drivers Alcohol Treatment Fund

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

(Continued)

Special Revenue Funds (Continued)

Law Enforcement and Education Fund

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

Court Computerization Fund

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

Law Enforcement Trust Fund

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

Mandatory Drug Fine Fund

To account for mandatory fines collected for drug related offenses.

Fire Equipment Fund

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

Municipal Probation Service Fund

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

Probation Officer Grant Fund

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

Court Improvement Fund

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

Handicap Parking Fines Fund

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

Police Pension Fund

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

Fire Pension Fund

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

(Continued)

Special Revenue Funds (Continued)

Cemetery Fund

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

Justice Reinvestment Incentive Grant Fund

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

Certified Police Training Fund

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

Indigent Drivers Interlock/Alcohol Fund

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

Debt Service Fund

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

General Bond Retirement Fund

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

(Continued)

Capital Projects Funds

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

Fire Facility Training Grant Fund

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

Capital Improvement Project (CIP) Funding Reserve Fund

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

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,523,696	\$ 34,596	\$ 177,880	\$ 2,736,172
Receivables:				
Taxes	140,267	0	0	140,267
Accounts	492,544	0	0	492,544
Intergovernmental	318,363	0	0	318,363
Interest	6,524	0	0	6,524
Inventory of Supplies, at Cost	344,474	0	0	344,474
Total Assets	<u>\$ 3,825,868</u>	<u>\$ 34,596</u>	<u>\$ 177,880</u>	<u>\$ 4,038,344</u>
Liabilities:				
Accounts Payable	\$ 20,511	\$ 0	\$ 0	\$ 20,511
Accrued Wages and Benefits Payable	77,138	0	0	77,138
Interfund Loans Payable	0	0	2,800	2,800
Total Liabilities	<u>97,649</u>	<u>0</u>	<u>2,800</u>	<u>100,449</u>
Deferred Inflows of Resources:				
Unavailable Amounts	573,948	0	0	573,948
Property Tax for Next Fiscal Year	135,269	0	0	135,269
Total Deferred Inflows of Resources	<u>709,217</u>	<u>0</u>	<u>0</u>	<u>709,217</u>
Fund Balances:				
Nonspendable	344,474	0	0	344,474
Restricted	2,216,456	0	0	2,216,456
Committed	502,707	0	177,879	680,586
Assigned	0	34,596	0	34,596
Unassigned	(44,635)	0	(2,799)	(47,434)
Total Fund Balances	<u>3,019,002</u>	<u>34,596</u>	<u>175,080</u>	<u>3,228,678</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,825,868</u>	<u>\$ 34,596</u>	<u>\$ 177,880</u>	<u>\$ 4,038,344</u>

CITY OF NAPOLEON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$ 118,392	\$ 0	\$ 0	\$ 118,392
Intergovernmental Revenues	749,656	0	0	749,656
Charges for Services	597,570	0	0	597,570
Investment Earnings	29,437	0	0	29,437
Fines and Forfeitures	156,003	0	0	156,003
All Other Revenue	153,940	21,900	0	175,840
Total Revenue	1,804,998	21,900	0	1,826,898
Expenditures:				
Current:				
Security of Persons and Property	677,253	0	0	677,253
Leisure Time Activities	879,372	0	0	879,372
Community Environment	7,660	0	0	7,660
Transportation	498,793	0	0	498,793
General Government	72,092	0	0	72,092
Capital Outlay	19,947	0	19,558	39,505
Debt Service:				
Principal Retirement	50,000	35,000	0	85,000
Interest and Fiscal Charges	17,750	40,811	0	58,561
Total Expenditures	2,222,867	75,811	19,558	2,318,236
Excess (Deficiency) of Revenues Over Expenditures	(417,869)	(53,911)	(19,558)	(491,338)
Other Financing Sources (Uses):				
Sale of Capital Assets	30,801	0	0	30,801
Transfers In	736,745	51,750	25,000	813,495
Transfers Out	(76,472)	0	(90,103)	(166,575)
Total Other Financing Sources (Uses)	691,074	51,750	(65,103)	677,721
Net Change In Fund Balance	273,205	(2,161)	(84,661)	186,383
Fund Balances at Beginning of Year	2,731,515	36,757	259,741	3,028,013
Increase in Inventory Reserve	14,282	0	0	14,282
Fund Balances End of Year	\$ 3,019,002	\$ 34,596	\$ 175,080	\$ 3,228,678

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018**

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Assets:				
Cash and Cash Equivalents	\$ 265,190	\$ 10,987	\$ 357,848	\$ 113,535
Receivables:				
Taxes	0	0	0	0
Accounts	3,805	0	0	398,015
Intergovernmental	178,821	14,502	32,769	0
Interest	962	34	1,283	0
Inventory of Supplies, at Cost	333,890	0	0	0
Total Assets	\$ 782,668	\$ 25,523	\$ 391,900	\$ 511,550
Liabilities:				
Accounts Payable	\$ 904	\$ 0	\$ 0	\$ 3,140
Accrued Wages and Benefits Payable	11,966	0	0	0
Total Liabilities	12,870	0	0	3,140
Deferred Inflows of Resources:				
Unavailable Amounts	119,805	9,689	22,634	338,800
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	119,805	9,689	22,634	338,800
Fund Balances:				
Nonspendable	333,890	0	0	0
Restricted	316,103	15,834	369,266	0
Committed	0	0	0	169,610
Unassigned	0	0	0	0
Total Fund Balances	649,993	15,834	369,266	169,610
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 782,668	\$ 25,523	\$ 391,900	\$ 511,550

CITY OF NAPOLEON, OHIO

Recreation	Probation Improvement	Hotel/Motel Tax	Fire Loss Claims	CDBG Income	Indigent Drivers Alcohol Treatment	Law Enforcement and Education
\$ 364,999	\$ 0	\$ 0	\$ 0	\$ 69,050	\$ 74,836	\$ 4,146
0	0	0	0	0	0	0
220	0	20,331	62,000	0	93	60
0	0	0	0	0	0	0
1,260	0	0	0	0	283	18
10,584	0	0	0	0	0	0
<u>\$ 377,063</u>	<u>\$ 0</u>	<u>\$ 20,331</u>	<u>\$ 62,000</u>	<u>\$ 69,050</u>	<u>\$ 75,212</u>	<u>\$ 4,224</u>
\$ 14,954	\$ 0	\$ 746	\$ 0	\$ 0	\$ 0	\$ 0
17,654	48	0	0	0	0	0
<u>32,608</u>	<u>48</u>	<u>746</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
774	0	0	0	0	174	11
0	0	0	0	0	0	0
<u>774</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>174</u>	<u>11</u>
10,584	0	0	0	0	0	0
0	0	19,585	62,000	69,050	75,038	4,213
333,097	0	0	0	0	0	0
0	(48)	0	0	0	0	0
<u>343,681</u>	<u>(48)</u>	<u>19,585</u>	<u>62,000</u>	<u>69,050</u>	<u>75,038</u>	<u>4,213</u>
<u>\$ 377,063</u>	<u>\$ 0</u>	<u>\$ 20,331</u>	<u>\$ 62,000</u>	<u>\$ 69,050</u>	<u>\$ 75,212</u>	<u>\$ 4,224</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018**

	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine	Fire Equipment
Assets:				
Cash and Cash Equivalents	\$ 134,979	\$ 1,137	\$ 19,026	\$ 573,210
Receivables:				
Taxes	0	0	0	0
Accounts	2,053	0	248	0
Intergovernmental	0	0	0	0
Interest	470	0	69	1,716
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	<u>\$ 137,502</u>	<u>\$ 1,137</u>	<u>\$ 19,343</u>	<u>\$ 574,926</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:				
Unavailable Amounts	289	0	42	1,054
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	<u>289</u>	<u>0</u>	<u>42</u>	<u>1,054</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	137,213	1,137	19,301	573,872
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	<u>137,213</u>	<u>1,137</u>	<u>19,301</u>	<u>573,872</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 137,502</u>	<u>\$ 1,137</u>	<u>\$ 19,343</u>	<u>\$ 574,926</u>

CITY OF NAPOLEON, OHIO

Municipal Probation Service	Probation Officer Grant	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension
\$ 122,146	\$ 4,245	\$ 237,066	\$ 1,100	\$ 0	\$ 0
0	0	0	0	93,514	46,753
1,697	0	3,693	0	0	0
0	61,612	0	0	4,901	2,450
429	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 124,272</u>	<u>\$ 65,857</u>	<u>\$ 240,759</u>	<u>\$ 1,100</u>	<u>\$ 98,415</u>	<u>\$ 49,203</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	2,619	0	0	28,617	16,234
0	2,619	0	0	28,617	16,234
264	49,290	0	0	8,057	4,028
0	0	0	0	90,179	45,090
264	49,290	0	0	98,236	49,118
0	0	0	0	0	0
124,008	13,948	240,759	1,100	0	0
0	0	0	0	0	0
0	0	0	0	(28,438)	(16,149)
<u>124,008</u>	<u>13,948</u>	<u>240,759</u>	<u>1,100</u>	<u>(28,438)</u>	<u>(16,149)</u>
<u>\$ 124,272</u>	<u>\$ 65,857</u>	<u>\$ 240,759</u>	<u>\$ 1,100</u>	<u>\$ 98,415</u>	<u>\$ 49,203</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018**

	Cemetery	Justice Reinvestment Incentive Grant	Certified Police Training	Indigent Drivers Interlock/Alcohol
Assets:				
Cash and Cash Equivalents	\$ 70,748	\$ 26,741	\$ 19,004	\$ 53,703
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	329
Intergovernmental	0	23,308	0	0
Interest	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	<u>\$ 70,748</u>	<u>\$ 50,049</u>	<u>\$ 19,004</u>	<u>\$ 54,032</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 767	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	<u>0</u>	<u>767</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:				
Unavailable Amounts	0	19,037	0	0
Property Tax for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>19,037</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	70,748	30,245	19,004	54,032
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	<u>70,748</u>	<u>30,245</u>	<u>19,004</u>	<u>54,032</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 70,748</u>	<u>\$ 50,049</u>	<u>\$ 19,004</u>	<u>\$ 54,032</u>

CITY OF NAPOLEON, OHIO

Total Nonmajor
Special Revenue
Funds

\$ 2,523,696

140,267

492,544

318,363

6,524

344,474

\$ 3,825,868

\$ 20,511

77,138

97,649

573,948

135,269

709,217

344,474

2,216,456

502,707

(44,635)

3,019,002

\$ 3,825,868

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	Street Construction, Maintenance and Repair	State Highway Improvement	Motor Vehicle License Tax	EMS Transport Service
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	384,835	31,204	114,455	7,552
Charges for Services	6,830	0	0	395,398
Investment Earnings	4,130	157	5,852	0
Fines and Forfeitures	0	0	0	809
All Other Revenue	4,358	0	0	0
Total Revenue	<u>400,153</u>	<u>31,361</u>	<u>120,307</u>	<u>403,759</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	347,881
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	355,180	28,745	112,429	0
General Government	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	<u>355,180</u>	<u>28,745</u>	<u>112,429</u>	<u>347,881</u>
Excess (Deficiency) of Revenues				
Over Expenditures	44,973	2,616	7,878	55,878
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	(27,440)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(27,440)</u>
Net Change In Fund Balance	44,973	2,616	7,878	28,438
Fund Balances (Deficit) at Beginning of Year	591,478	13,218	361,388	141,172
Increase in Inventory Reserve	13,542	0	0	0
Fund Balances (Deficit) End of Year	<u>\$ 649,993</u>	<u>\$ 15,834</u>	<u>\$ 369,266</u>	<u>\$ 169,610</u>

CITY OF NAPOLEON, OHIO

Recreation	Probation Improvement	Hotel/Motel Tax	Fire Loss Claims	CDBG Income	Indigent Drivers Alcohol Treatment
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	93,887	0	23,179	0
190,250	0	0	0	0	0
6,235	0	0	0	0	3,084
0	0	0	0	0	4,284
60,867	47	0	88,666	0	0
<u>257,352</u>	<u>47</u>	<u>93,887</u>	<u>88,666</u>	<u>23,179</u>	<u>7,368</u>
0	0	0	0	0	5,545
879,372	0	0	0	0	0
0	0	0	0	3,000	0
0	0	0	0	0	0
0	0	45,426	26,666	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>879,372</u>	<u>0</u>	<u>45,426</u>	<u>26,666</u>	<u>3,000</u>	<u>5,545</u>
(622,020)	47	48,461	62,000	20,179	1,823
0	0	0	0	0	0
573,435	0	0	0	0	0
0	0	(49,032)	0	0	0
<u>573,435</u>	<u>0</u>	<u>(49,032)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(48,585)	47	(571)	62,000	20,179	1,823
391,526	(95)	20,156	0	48,871	73,215
740	0	0	0	0	0
<u>\$ 343,681</u>	<u>\$ (48)</u>	<u>\$ 19,585</u>	<u>\$ 62,000</u>	<u>\$ 69,050</u>	<u>\$ 75,038</u>

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Law Enforcement and Education	Court Computerization	Law Enforcement Trust	Mandatory Drug Fine
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	80	1,981	18	301
Fines and Forfeitures	833	39,068	0	1,776
All Other Revenue	0	0	0	0
Total Revenue	913	41,049	18	2,077
Expenditures:				
Current:				
Security of Persons and Property	1,603	15,758	0	569
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	1,603	15,758	0	569
Excess (Deficiency) of Revenues Over Expenditures	(690)	25,291	18	1,508
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change In Fund Balance	(690)	25,291	18	1,508
Fund Balances (Deficit) at Beginning of Year	4,903	111,922	1,119	17,793
Increase in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	\$ 4,213	\$ 137,213	\$ 1,137	\$ 19,301

CITY OF NAPOLEON, OHIO

Fire Equipment	Municipal Probation Service	Probation Officer Grant	Court Improvement	Handicap Parking Fines	Police Pension	Fire Pension
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 78,931	\$ 39,461
0	0	49,289	0	0	13,086	6,542
0	0	0	0	0	0	0
5,762	1,837	0	0	0	0	0
0	32,338	0	70,389	0	0	0
0	0	0	0	0	0	0
<u>5,762</u>	<u>34,175</u>	<u>49,289</u>	<u>70,389</u>	<u>0</u>	<u>92,017</u>	<u>46,003</u>
88,373	6,739	49,657	0	0	94,992	47,245
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	2,439	0	0	0	0	0
0	0	0	0	0	0	0
0	19,947	0	0	0	0	0
0	0	0	50,000	0	0	0
0	0	0	17,750	0	0	0
<u>88,373</u>	<u>29,125</u>	<u>49,657</u>	<u>67,750</u>	<u>0</u>	<u>94,992</u>	<u>47,245</u>
(82,611)	5,050	(368)	2,639	0	(2,975)	(1,242)
30,801	0	0	0	0	0	0
163,310	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>194,111</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
111,500	5,050	(368)	2,639	0	(2,975)	(1,242)
462,372	118,958	14,316	238,120	1,100	(25,463)	(14,907)
0	0	0	0	0	0	0
<u>\$ 573,872</u>	<u>\$ 124,008</u>	<u>\$ 13,948</u>	<u>\$ 240,759</u>	<u>\$ 1,100</u>	<u>\$ (28,438)</u>	<u>\$ (16,149)</u>

(Continued)

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	Cemetery	Justice Reinvestment Incentive Grant	Certified Police Training	Indigent Drivers Interlock/Alcohol
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	25,627	0	0
Charges for Services	5,092	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	6,506
All Other Revenue	0	0	0	2
Total Revenue	5,092	25,627	0	6,508
Expenditures:				
Current:				
Security of Persons and Property	0	17,241	0	1,650
Leisure Time Activities	0	0	0	0
Community Environment	4,660	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	4,660	17,241	0	1,650
Excess (Deficiency) of Revenues Over Expenditures	432	8,386	0	4,858
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change In Fund Balance	432	8,386	0	4,858
Fund Balances (Deficit) at Beginning of Year	70,316	21,859	19,004	49,174
Increase in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	\$ 70,748	\$ 30,245	\$ 19,004	\$ 54,032

CITY OF NAPOLEON, OHIO

Total
Nonmajor
Special
Revenue Funds

\$ 118,392
749,656
597,570
29,437
156,003
153,940
1,804,998

677,253
879,372
7,660
498,793
72,092
19,947

50,000
17,750
2,222,867

(417,869)

30,801
736,745
(76,472)
691,074

273,205
2,731,515
14,282
\$ 3,019,002

CITY OF NAPOLEON, OHIO

***Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018***

	<u>Fire Facility Training Grant</u>	<u>CIP Funding Reserve</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 1	\$ 177,879	\$ 177,880
Total Assets	<u>\$ 1</u>	<u>\$ 177,879</u>	<u>\$ 177,880</u>
Liabilities:			
Interfund Loans Payable	<u>2,800</u>	<u>0</u>	<u>2,800</u>
Total Liabilities	<u>2,800</u>	<u>0</u>	<u>2,800</u>
Fund Balances:			
Committed	0	177,879	177,879
Unassigned	<u>(2,799)</u>	<u>0</u>	<u>(2,799)</u>
Total Fund Balances	<u>(2,799)</u>	<u>177,879</u>	<u>175,080</u>
Total Liabilities and Funds Balances	<u>\$ 1</u>	<u>\$ 177,879</u>	<u>\$ 177,880</u>

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018***

	Fire Facility Training Grant	CIP Funding Reserve	Total Nonmajor Capital Project Funds
Revenues:			
Total Revenue	\$ 0	\$ 0	\$ 0
Expenditures:			
Capital Outlay	0	19,558	19,558
Total Expenditures	0	19,558	19,558
Excess (Deficiency) of Revenues Over Expenditures	0	(19,558)	(19,558)
Other Financing Sources (Uses):			
Transfers In	0	25,000	25,000
Transfers Out	(90,103)	0	(90,103)
Total Other Financing Sources (Uses)	(90,103)	25,000	(65,103)
Net Change In Fund Balance	(90,103)	5,442	(84,661)
Fund Balances at Beginning of Year	87,304	172,437	259,741
Fund Balances (Deficit) End of Year	\$ (2,799)	\$ 177,879	\$ 175,080

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 246,890	\$ 263,285	\$ 263,285	\$ 0
Municipal Income Taxes	4,039,540	3,139,794	3,139,794	0
Other Local Taxes	520,000	497,718	497,718	0
Intergovernmental Revenues	226,170	234,572	234,572	0
Charges for Services	286,350	289,636	289,636	0
Licenses and Permits	62,700	71,387	71,387	0
Investment Earnings	119,570	134,700	134,700	0
Fines and Forfeitures	185,300	170,784	170,784	0
All Other Revenues	266,640	260,979	260,982	3
Total Revenues	5,953,160	5,062,855	5,062,858	3
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	1,683,180	1,607,267	1,607,267	0
Materials and Supplies	84,693	62,498	55,725	6,773
Contractual Services	179,716	131,722	131,620	102
Other Expenditures	6,797	2,445	2,445	0
Capital Outlay	3,835	22,087	21,887	200
Total Police	1,958,221	1,826,019	1,818,944	7,075
Fire:				
Personal Services	928,250	879,067	879,067	0
Materials and Supplies	63,153	49,883	48,395	1,488
Contractual Services	129,620	103,251	100,759	2,492
Capital Outlay	0	332	332	0
Total Fire	1,121,023	1,032,533	1,028,553	3,980
Police Code Enforcement:				
Personal Services	38,810	18,921	18,921	0
Materials and Supplies	2,500	1,148	1,148	0
Contractual Services	7,740	2,537	2,537	0
Other Expenditures	500	0	0	0
Total Police Code Enforcement	49,550	22,606	22,606	0
Total Security of Persons and Property	3,128,794	2,881,158	2,870,103	11,055
Public Health and Welfare Services:				
Cemetery:				
Personal Services	101,630	88,418	88,418	0
Materials and Supplies	13,000	12,584	12,584	0
Contractual Services	14,160	8,993	8,993	0
Total Public Health and Welfare Services	128,790	109,995	109,995	0

(Continued)

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Economic Development:				
Contractual Services	37,400	38,492	38,492	0
Total Community Environment	37,400	38,492	38,492	0
General Government:				
City Council:				
Personal Services	4,066	6,015	5,997	18
Materials and Supplies	600	273	273	0
Contractual Services	610	615	613	2
Other Expenditures	1,000	424	424	0
Total City Council	6,276	7,327	7,307	20
Mayor:				
Personal Services	1,725	2,546	2,538	8
Materials and Supplies	200	112	112	0
Contractual Services	2,800	0	0	0
Other Expenditures	100	35	35	0
Total Mayor	4,825	2,693	2,685	8
City Manager - Administration:				
Personal Services	23,185	34,092	33,989	103
Materials and Supplies	141	149	149	0
Contractual Services	3,106	5,685	5,668	17
Other Expenditures	500	361	361	0
Total City Manager - Administration	26,932	40,287	40,167	120
City Manager - Human Resources:				
Personal Services	9,203	10,811	10,778	33
Materials and Supplies	130	54	54	0
Contractual Services	1,861	2,724	2,716	8
Other Expenditures	200	0	0	0
Total City Manager - Human Resources	11,394	13,589	13,548	41

(Continued)

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	19,789	30,486	30,394	92
Materials and Supplies	150	105	105	0
Contractual Services	4,757	1,677	1,672	5
Other Expenditures	500	250	250	0
Total Law Director	25,196	32,518	32,421	97
Finance - Administration:				
Personal Services	43,625	64,280	64,087	193
Materials and Supplies	2,650	1,786	1,786	0
Contractual Services	10,205	13,675	13,634	41
Other Expenditures	1,300	444	444	0
Total Finance - Administration	57,780	80,185	79,951	234
Finance - Utility Billing:				
Personal Services	13,000	18,090	18,035	55
Materials and Supplies	4,181	5,156	5,140	16
Contractual Services	5,083	6,068	6,050	18
Total Finance - Utility Billing	22,264	29,314	29,225	89
Finance - Income Tax Collection:				
Personal Services	130,080	119,075	119,075	0
Materials and Supplies	10,950	8,228	8,228	0
Contractual Services	32,130	24,284	24,284	0
Capital Outlay	1,300	880	880	0
Total Finance - Income Tax Collection	174,460	152,467	152,467	0
Finance - Information Systems:				
Personal Services	163,390	94,216	94,216	0
Materials and Supplies	24,097	19,080	18,768	312
Contractual Services	23,500	22,120	22,120	0
Total Finance - Information Systems	210,987	135,416	135,104	312
City Engineer:				
Personal Services	44,117	38,069	37,954	115
Materials and Supplies	845	593	592	1
Contractual Services	6,008	13,256	13,077	179
Other Expenditures	1,000	135	135	0
Total City Engineer	51,970	52,053	51,758	295

(Continued)

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	461,105	437,403	437,403	0
Materials and Supplies	34,650	33,449	33,424	25
Contractual Services	61,799	56,101	55,823	278
Other Expenditures	230	495	495	0
Capital Outlay	0	337	337	0
Total Municipal Court	<u>557,784</u>	<u>527,785</u>	<u>527,482</u>	<u>303</u>
Service - Buildings, Property and Equipment:				
Personal Services	7,315	12,277	12,240	37
Materials and Supplies	1,413	1,133	1,098	35
Contractual Services	372	257	256	1
Other Expenditures	100	0	0	0
Total Service - Buildings, Property and E	<u>9,200</u>	<u>13,667</u>	<u>13,594</u>	<u>73</u>
Miscellaneous:				
Materials and Supplies	1,190	1,728	1,723	5
Contractual Services	27,633	40,579	40,439	140
Other Expenditures	26,317	42,401	42,273	128
Total Miscellaneous	<u>55,140</u>	<u>84,708</u>	<u>84,435</u>	<u>273</u>
Total General Government	<u>1,214,208</u>	<u>1,172,009</u>	<u>1,170,144</u>	<u>1,865</u>
Total Expenditures	<u>4,509,192</u>	<u>4,201,654</u>	<u>4,188,734</u>	<u>12,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,443,968	861,201	874,124	12,923
Other Financing Sources (Uses):				
Sale of Capital Assets	0	72,554	72,554	0
Transfers In	141,015	841,882	841,882	0
Transfers Out	(1,989,470)	(2,042,327)	(2,042,327)	0
Total Other Financing Sources (Uses)	<u>(1,848,455)</u>	<u>(1,127,891)</u>	<u>(1,127,891)</u>	<u>0</u>
Net Change In Fund Balance	(404,487)	(266,690)	(253,767)	12,923
Fund Balance at Beginning of Year	1,673,288	1,673,288	1,673,288	0
Prior Year Encumbrances	30,288	30,288	30,288	0
Fund Balance at End of Year	<u>\$ 1,299,089</u>	<u>\$ 1,436,886</u>	<u>\$ 1,449,809</u>	<u>\$ 12,923</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 8,030	\$ 9,247	\$ 9,247	\$ 0
Special Assessments	40,900	33,346	33,346	0
Total Revenues	48,930	42,593	42,593	0
Expenditures:				
General Government:				
Contractual Services	1,000	1,000	1,000	0
Debt Service:				
Principal Retirement	31,000	31,000	31,000	0
Interest and Fiscal Charges	2,980	2,961	2,961	0
Total Expenditures	34,980	34,961	34,961	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,950	7,632	7,632	0
Fund Balance at Beginning of Year	573,852	573,852	573,852	0
Fund Balance at End of Year	\$ 587,802	\$ 581,484	\$ 581,484	\$ 0

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2018***

CAPITAL IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,965,000	\$ 2,122,690	\$ 2,122,690	\$ 0
All Other Revenues	0	6,460	6,460	0
Total Revenues	<u>1,965,000</u>	<u>2,129,150</u>	<u>2,129,150</u>	<u>0</u>
Expenditures:				
Capital Outlay:				
City Council	19,229	13,729	13,229	500
City Manager	10,547	10,045	10,045	0
Law Director	7,000	6,035	6,035	0
Finance - Administration	82,890	32,517	32,162	355
Central Information System	48,500	48,414	48,414	0
Engineering	67,047	16,395	16,395	0
Municipal Court	15,422	10,422	10,422	0
Police	129,632	140,578	140,438	140
Fire	31,211	21,056	21,056	0
Parks and Recreation	35,000	26,965	26,965	0
Cemetery	10,000	7,500	7,500	0
Street Maintenance	4,079,284	3,546,993	3,546,993	0
Total Expenditures	<u>4,535,762</u>	<u>3,880,649</u>	<u>3,879,654</u>	<u>995</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,570,762)	(1,751,499)	(1,750,504)	995
Other Financing Sources (Uses):				
Transfers In	1,256,540	1,297,355	1,297,355	0
Transfers Out	(125,310)	(918,160)	(918,160)	0
Total Other Financing Sources (Uses)	<u>1,131,230</u>	<u>379,195</u>	<u>379,195</u>	<u>0</u>
Net Change In Fund Balance	(1,439,532)	(1,372,304)	(1,371,309)	995
Fund Balance at Beginning of Year	1,464,496	1,464,496	1,464,496	0
Prior Year Encumbrances	365,882	365,882	365,882	0
Fund Balance at End of Year	<u>\$ 390,846</u>	<u>\$ 458,074</u>	<u>\$ 459,069</u>	<u>\$ 995</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 365,000	\$ 385,757	\$ 385,757	\$ 0
Charges for Services	2,400	5,335	5,335	0
Investment Earnings	2,270	3,981	3,981	0
All Other Revenues	7,500	4,348	4,348	0
Total Revenues	377,170	399,421	399,421	0
Expenditures:				
Transportation:				
Street Maintenance:				
Personal Services	171,250	187,601	187,601	0
Materials and Supplies	93,760	54,008	54,008	0
Contractual Services	56,530	30,165	30,165	0
Other Expenditures	31,310	26,049	26,049	0
Capital Outlay	100	152	152	0
Total Street Maintenance	352,950	297,975	297,975	0
Ice and Snow Removal:				
Personal Services	32,000	17,727	17,727	0
Materials and Supplies	36,100	35,886	35,886	0
Contractual Services	18,500	0	0	0
Other Expenditures	7,000	6,123	6,123	0
Total Ice and Snow Removal	93,600	59,736	59,736	0
Storm Drainage:				
Personal Services	11,000	2,608	2,608	0
Materials and Supplies	5,000	642	642	0
Contractual Services	3,000	0	0	0
Other Expenditures	500	1,126	1,126	0
Total Storm Drainage	19,500	4,376	4,376	0
Total Expenditures	466,050	362,087	362,087	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,880)	37,334	37,334	0
Fund Balance at Beginning of Year	227,856	227,856	227,856	0
Fund Balance at End of Year	\$ 138,976	\$ 265,190	\$ 265,190	\$ 0

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 29,400	\$ 31,278	\$ 31,278	\$ 0
Investment Earnings	140	193	193	0
Total Revenues	<u>29,540</u>	<u>31,471</u>	<u>31,471</u>	<u>0</u>
Expenditures:				
Transportation:				
Materials and Supplies	16,200	3,995	3,995	0
Contractual Services	<u>20,000</u>	<u>24,750</u>	<u>24,750</u>	<u>0</u>
Total Expenditures	<u>36,200</u>	<u>28,745</u>	<u>28,745</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,660)	2,726	2,726	0
Fund Balance at Beginning of Year	<u>8,261</u>	<u>8,261</u>	<u>8,261</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,601</u>	<u>\$ 10,987</u>	<u>\$ 10,987</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 102,000	\$ 114,769	\$ 114,769	\$ 0
Investment Earnings	4,060	5,698	5,698	0
Total Revenues	<u>106,060</u>	<u>120,467</u>	<u>120,467</u>	<u>0</u>
Expenditures:				
Transportation:				
Materials and Supplies	135,186	82,868	82,865	3
Contractual Services	30,000	29,564	29,564	0
Total Expenditures	<u>165,186</u>	<u>112,432</u>	<u>112,429</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,126)	8,035	8,038	3
Fund Balance at Beginning of Year	340,124	340,124	340,124	0
Prior Year Encumbrances	9,686	9,686	9,686	0
Fund Balance at End of Year	<u>\$ 290,684</u>	<u>\$ 357,845</u>	<u>\$ 357,848</u>	<u>\$ 3</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

EMS TRANSPORT SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,000	\$ 10,802	\$ 10,802	\$ 0
Charges for Services	387,000	406,578	406,578	0
Fines and Forfeitures	0	809	809	0
Total Revenues	<u>390,000</u>	<u>418,189</u>	<u>418,189</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	39,040	32,407	32,003	404
Contractual Services	125,029	114,946	114,576	370
Other Expenditures	205,000	205,000	205,000	0
Capital Outlay	4,000	5,883	5,883	0
Total Expenditures	<u>373,069</u>	<u>358,236</u>	<u>357,462</u>	<u>774</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,931	59,953	60,727	774
Other Financing Sources (Uses):				
Transfers Out	(27,440)	(27,440)	(27,440)	0
Total Other Financing Sources (Uses)	<u>(27,440)</u>	<u>(27,440)</u>	<u>(27,440)</u>	<u>0</u>
Net Change In Fund Balance	(10,509)	32,513	33,287	774
Fund Balance at Beginning of Year	78,845	78,845	78,845	0
Prior Year Encumbrances	1,069	1,069	1,069	0
Fund Balance at End of Year	<u>\$ 69,405</u>	<u>\$ 112,427</u>	<u>\$ 113,201</u>	<u>\$ 774</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

RECREATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 187,250	\$ 190,050	\$ 190,050	\$ 0
Investment Earnings	2,240	6,144	6,144	0
All Other Revenues	48,200	61,655	61,655	0
Total Revenues	<u>237,690</u>	<u>257,849</u>	<u>257,849</u>	<u>0</u>
Expenditures:				
Leisure Time Activities:				
Administration:				
Personal Services	96,370	98,596	98,596	0
Materials and Supplies	1,384	62	60	2
Contractual Services	3,400	4,949	4,949	0
Other Expenditures	2,250	0	0	0
Total Administration	<u>103,404</u>	<u>103,607</u>	<u>103,605</u>	<u>2</u>
Golf Course Operations:				
Personal Services	148,460	147,015	147,015	0
Materials and Supplies	74,199	61,381	61,372	9
Contractual Services	16,650	18,004	18,004	0
Other Expenditures	0	45	45	0
Capital Outlay	12,000	12,303	12,303	0
Total Golf Course Operations	<u>251,309</u>	<u>238,748</u>	<u>238,739</u>	<u>9</u>
Pool Operations:				
Personal Services	47,380	43,461	43,461	0
Materials and Supplies	26,500	28,545	28,545	0
Contractual Services	30,290	27,047	27,047	0
Capital Outlay	56,000	61,911	61,911	0
Total Pool Operations	<u>160,170</u>	<u>160,964</u>	<u>160,964</u>	<u>0</u>
Parks and Programs:				
Personal Services	245,630	242,063	242,063	0
Materials and Supplies	85,615	82,975	82,975	0
Contractual Services	48,440	49,730	49,730	0
Total Parks and Programs	<u>379,685</u>	<u>374,768</u>	<u>374,768</u>	<u>0</u>
Total Expenditures	<u>894,568</u>	<u>878,087</u>	<u>878,076</u>	<u>11</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(656,878)	(620,238)	(620,227)	11

(Continued)

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	RECREATION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Other Financing Sources (Uses):				
Transfers In	558,600	573,435	573,435	0
Total Other Financing Sources (Uses)	558,600	573,435	573,435	0
Net Change In Fund Balance	(98,278)	(46,803)	(46,792)	11
Fund Balance at Beginning of Year	404,692	404,692	404,692	0
Prior Year Encumbrances	1,248	1,248	1,248	0
Fund Balance at End of Year	<u>\$ 307,662</u>	<u>\$ 359,137</u>	<u>\$ 359,148</u>	<u>\$ 11</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	PROBATION IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Security of Persons and Property:				
Contractual Services	0	2	2	0
Total Expenditures	0	2	2	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(2)	(2)	0
Fund Balance at Beginning of Year	2	2	2	0
Fund Balance at End of Year	\$ 2	\$ 0	\$ 0	\$ 0

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

HOTEL/MOTEL TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 84,000	\$ 98,062	\$ 98,062	\$ 0
Total Revenues	<u>84,000</u>	<u>98,062</u>	<u>98,062</u>	<u>0</u>
Expenditures:				
General Government:				
Contractual Services	42,000	49,030	49,030	0
Total Expenditures	<u>42,000</u>	<u>49,030</u>	<u>49,030</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,000	49,032	49,032	0
Other Financing Sources (Uses):				
Transfers Out	(42,000)	(49,032)	(49,032)	0
Total Other Financing Sources (Uses)	<u>(42,000)</u>	<u>(49,032)</u>	<u>(49,032)</u>	<u>0</u>
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	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 26,666	\$ 26,666	\$ 0
Total Revenues	0	26,666	26,666	0
Expenditures:				
General Government:				
Other Expenditures	0	26,666	26,666	0
Total Expenditures	0	26,666	26,666	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	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	CDBG INCOME FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 28,388	\$ 28,388	\$ 0
Total Revenues	<u>0</u>	<u>28,388</u>	<u>28,388</u>	<u>0</u>
Expenditures:				
Community Environment:				
Contractual Services	<u>42,000</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total Expenditures	<u>42,000</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,000)	25,388	25,388	0
Fund Balance at Beginning of Year	<u>43,662</u>	<u>43,662</u>	<u>43,662</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,662</u>	<u>\$ 69,050</u>	<u>\$ 69,050</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

INDIGENT DRIVERS ALCOHOL TREATMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 900	\$ 3,046	\$ 3,046	\$ 0
Fines and Forfeitures	5,000	4,307	4,307	0
Total Revenues	<u>5,900</u>	<u>7,353</u>	<u>7,353</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	25,000	5,545	5,545	0
Total Expenditures	<u>25,000</u>	<u>5,545</u>	<u>5,545</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,100)	1,808	1,808	0
Fund Balance at Beginning of Year	<u>73,028</u>	<u>73,028</u>	<u>73,028</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 53,928</u>	<u>\$ 74,836</u>	<u>\$ 74,836</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 60	\$ 78	\$ 78	\$ 0
Fines and Forfeitures	1,000	876	876	0
Total Revenues	1,060	954	954	0
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	840	840	0
Contractual Services	900	850	850	0
Capital Outlay	500	0	0	0
Total Expenditures	4,400	1,690	1,690	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,340)	(736)	(736)	0
Fund Balance at Beginning of Year	4,832	4,832	4,832	0
Fund Balance at End of Year	\$ 1,492	\$ 4,096	\$ 4,096	\$ 0

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,700	\$ 1,907	\$ 1,907	\$ 0
Fines and Forfeitures	28,000	39,196	39,196	0
Total Revenues	29,700	41,103	41,103	0
Expenditures:				
Security of Persons and Property:				
Contractual Services	6,000	0	0	0
Other Expenditures	10,000	10,000	10,000	0
Capital Outlay	36,100	5,758	5,758	0
Total Expenditures	52,100	15,758	15,758	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,400)	25,345	25,345	0
Fund Balance at Beginning of Year	109,634	109,634	109,634	0
Fund Balance at End of Year	\$ 87,234	\$ 134,979	\$ 134,979	\$ 0

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	LAW ENFORCEMENT TRUST FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 10	\$ 18	\$ 18	\$ 0
Total Revenues	<u>10</u>	<u>18</u>	<u>18</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	500	0	0	0
Capital Outlay	<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(990)	18	18	0
Fund Balance at Beginning of Year	<u>1,119</u>	<u>1,119</u>	<u>1,119</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 129</u>	<u>\$ 1,137</u>	<u>\$ 1,137</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 220	\$ 291	\$ 291	\$ 0
Fines and Forfeitures	1,000	1,558	1,558	0
Total Revenues	1,220	1,849	1,849	0
Expenditures:				
Security of Persons and Property:				
Personal Services	3,000	569	569	0
Other Expenditures	500	0	0	0
Total Expenditures	3,500	569	569	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,280)	1,280	1,280	0
Fund Balance at Beginning of Year	17,746	17,746	17,746	0
Fund Balance at End of Year	\$ 15,466	\$ 19,026	\$ 19,026	\$ 0

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

FIRE EQUIPMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 18,000	\$ 0	\$ 0	\$ 0
Investment Earnings	7,780	5,550	5,550	0
Total Revenues	<u>25,780</u>	<u>5,550</u>	<u>5,550</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	73,468	120,245	120,245	0
Total Expenditures	<u>73,468</u>	<u>120,245</u>	<u>120,245</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,688)	(114,695)	(114,695)	0
Other Financing Sources (Uses):				
Sale of Capital Assets	0	30,801	30,801	0
Transfers In	76,000	163,310	163,310	0
Total Other Financing Sources (Uses)	<u>76,000</u>	<u>194,111</u>	<u>194,111</u>	<u>0</u>
Net Change In Fund Balance	28,312	79,416	79,416	0
Fund Balance at Beginning of Year	404,454	404,454	404,454	0
Prior Year Encumbrances	57,468	57,468	57,468	0
Fund Balance at End of Year	<u>\$ 490,234</u>	<u>\$ 541,338</u>	<u>\$ 541,338</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

MUNICIPAL PROBATION SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,360	\$ 1,785	\$ 1,785	\$ 0
Fines and Forfeitures	20,000	32,991	32,991	0
Total Revenues	<u>21,360</u>	<u>34,776</u>	<u>34,776</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	6,940	6,739	6,739	0
Contractual Services	11,525	3,764	3,764	0
Other Expenditures	500	0	0	0
Capital Outlay	20,000	20,000	19,947	53
Total Expenditures	<u>38,965</u>	<u>30,503</u>	<u>30,450</u>	<u>53</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,605)	4,273	4,326	53
Fund Balance at Beginning of Year	95,170	95,170	95,170	0
Prior Year Encumbrances	21,325	21,325	21,325	0
Fund Balance at End of Year	<u>\$ 98,890</u>	<u>\$ 120,768</u>	<u>\$ 120,821</u>	<u>\$ 53</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 54,220	\$ 49,289	\$ 49,289	\$ 0
Total Revenues	<u>54,220</u>	<u>49,289</u>	<u>49,289</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>49,290</u>	<u>49,289</u>	<u>49,289</u>	<u>0</u>
Total Expenditures	<u>49,290</u>	<u>49,289</u>	<u>49,289</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,930	0	0	0
Fund Balance at Beginning of Year	<u>4,245</u>	<u>4,245</u>	<u>4,245</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,175</u>	<u>\$ 4,245</u>	<u>\$ 4,245</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 65,000	\$ 70,736	\$ 70,736	\$ 0
Total Revenues	<u>65,000</u>	<u>70,736</u>	<u>70,736</u>	<u>0</u>
Expenditures:				
Debt Service:				
Principal Retirement	50,000	50,000	50,000	0
Interest and Fiscal Charges	<u>17,750</u>	<u>17,750</u>	<u>17,750</u>	<u>0</u>
Total Expenditures	<u>67,750</u>	<u>67,750</u>	<u>67,750</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,750)	2,986	2,986	0
Fund Balance at Beginning of Year	<u>234,080</u>	<u>234,080</u>	<u>234,080</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 231,330</u>	<u>\$ 237,066</u>	<u>\$ 237,066</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

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

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 72,650	\$ 78,989	\$ 78,989	\$ 0
Intergovernmental Revenues	11,660	13,086	13,086	0
Total Revenues	84,310	92,075	92,075	0
Expenditures:				
Security of Persons and Property:				
Personal Services	84,310	92,075	92,075	0
Total Expenditures	84,310	92,075	92,075	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	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	FIRE PENSION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 33,090	\$ 39,489	\$ 39,489	\$ 0
Intergovernmental Revenues	9,060	6,542	6,542	0
Total Revenues	42,150	46,031	46,031	0
Expenditures:				
Security of Persons and Property:				
Personal Services	42,150	46,031	46,031	0
Total Expenditures	42,150	46,031	46,031	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	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

CEMETERY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 3,000	\$ 5,092	\$ 5,092	\$ 0
Total Revenues	<u>3,000</u>	<u>5,092</u>	<u>5,092</u>	<u>0</u>
Expenditures:				
Community Environment:				
Materials and Supplies	6,000	3,838	3,838	0
Capital Outlay	0	822	822	0
Total Expenditures	<u>6,000</u>	<u>4,660</u>	<u>4,660</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	432	432	0
Fund Balance at Beginning of Year	<u>70,316</u>	<u>70,316</u>	<u>70,316</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 67,316</u>	<u>\$ 70,748</u>	<u>\$ 70,748</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

JUSTICE REINVESTMENT INCENTIVE GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 21,356	\$ 21,356	\$ 0
Total Revenues	<u>0</u>	<u>21,356</u>	<u>21,356</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	14,740	3,364	3,364	0
Materials and Supplies	360	1,244	1,244	0
Contractual Services	<u>9,380</u>	<u>20,177</u>	<u>20,177</u>	<u>0</u>
Total Expenditures	<u>24,480</u>	<u>24,785</u>	<u>24,785</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,480)	(3,429)	(3,429)	0
Fund Balance at Beginning of Year	<u>24,484</u>	<u>24,484</u>	<u>24,484</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4</u>	<u>\$ 21,055</u>	<u>\$ 21,055</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Security of Persons and Property:				
Personal Services	5,000	0	0	0
Contractual Services	500	0	0	0
Total Expenditures	5,500	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,500)	0	0	0
Fund Balance at Beginning of Year	19,004	19,004	19,004	0
Fund Balance at End of Year	\$ 13,504	\$ 19,004	\$ 19,004	\$ 0

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 4,800	\$ 6,506	\$ 6,506	\$ 0
Total Revenues	<u>4,800</u>	<u>6,506</u>	<u>6,506</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>5,000</u>	<u>1,650</u>	<u>1,650</u>	<u>0</u>
Total Expenditures	<u>5,000</u>	<u>1,650</u>	<u>1,650</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200)	4,856	4,856	0
Fund Balance at Beginning of Year	<u>48,847</u>	<u>48,847</u>	<u>48,847</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 48,647</u>	<u>\$ 53,703</u>	<u>\$ 53,703</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 21,900	\$ 21,900	\$ 0
Total Revenues	<u>0</u>	<u>21,900</u>	<u>21,900</u>	<u>0</u>
Expenditures:				
Debt Service:				
Principal Retirement	35,000	35,000	35,000	0
Interest and Fiscal Charges	<u>40,820</u>	<u>40,811</u>	<u>40,811</u>	<u>0</u>
Total Expenditures	<u>75,820</u>	<u>75,811</u>	<u>75,811</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,820)	(53,911)	(53,911)	0
Other Financing Sources (Uses):				
Transfers In	<u>51,750</u>	<u>51,750</u>	<u>51,750</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>51,750</u>	<u>51,750</u>	<u>51,750</u>	<u>0</u>
Net Change In Fund Balance	(24,070)	(2,161)	(2,161)	0
Fund Balance at Beginning of Year	<u>36,757</u>	<u>36,757</u>	<u>36,757</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,687</u>	<u>\$ 34,596</u>	<u>\$ 34,596</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2018**

FIRE FACILITY TRAINING GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 90,005	\$ 90,005	\$ 0
Total Revenues	<u>0</u>	<u>90,005</u>	<u>90,005</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	90,005	90,005	0
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(90,103)</u>	<u>(90,103)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(90,103)</u>	<u>(90,103)</u>	<u>0</u>
Net Change In Fund Balance	0	(98)	(98)	0
Fund Balance at Beginning of Year	98	98	98	0
Fund Balance at End of Year	<u>\$ 98</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2018***

CIP FUNDING RESERVE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay:				
Street Maintenance	0	19,558	19,558	0
Total Expenditures	0	19,558	19,558	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(19,558)	(19,558)	0
Other Financing Sources (Uses):				
Transfers In	25,000	25,000	25,000	0
Total Other Financing Sources (Uses)	25,000	25,000	25,000	0
Net Change In Fund Balance	25,000	5,442	5,442	0
Fund Balance at Beginning of Year	172,437	172,437	172,437	0
Fund Balance at End of Year	\$ 197,437	\$ 177,879	\$ 177,879	\$ 0

Fiduciary Funds

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

Agency Funds

Municipal Court Fund

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

Law Library Fund

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

Payroll Withholding Fund

To account for withholding taxes until remitted to other entities.

CITY OF NAPOLEON, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018**

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$20,454	\$1,270,032	(\$1,281,976)	\$8,510
Total Assets	<u>\$20,454</u>	<u>\$1,270,032</u>	<u>(\$1,281,976)</u>	<u>\$8,510</u>
Liabilities:				
Due to Others	\$20,454	\$1,270,032	(\$1,281,976)	\$8,510
Total Liabilities	<u>\$20,454</u>	<u>\$1,270,032</u>	<u>(\$1,281,976)</u>	<u>\$8,510</u>
<u>Law Library</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$23,972	(\$23,972)	\$0
Total Assets	<u>\$0</u>	<u>\$23,972</u>	<u>(\$23,972)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$23,972	(\$23,972)	\$0
Total Liabilities	<u>\$0</u>	<u>\$23,972</u>	<u>(\$23,972)</u>	<u>\$0</u>
<u>Payroll Withholding</u>				
Assets:				
Cash and Cash Equivalents	\$20,302	\$64,470	(\$65,609)	\$19,163
Total Assets	<u>\$20,302</u>	<u>\$64,470</u>	<u>(\$65,609)</u>	<u>\$19,163</u>
Liabilities:				
Due to Others	\$20,302	\$64,470	(\$65,609)	\$19,163
Total Liabilities	<u>\$20,302</u>	<u>\$64,470</u>	<u>(\$65,609)</u>	<u>\$19,163</u>
<u>Totals - Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$40,756	\$1,358,474	(\$1,371,557)	\$27,673
Total Assets	<u>\$40,756</u>	<u>\$1,358,474</u>	<u>(\$1,371,557)</u>	<u>\$27,673</u>
Liabilities:				
Due to Others	\$40,756	\$1,358,474	(\$1,371,557)	\$27,673
Total Liabilities	<u>\$40,756</u>	<u>\$1,358,474</u>	<u>(\$1,371,557)</u>	<u>\$27,673</u>

STATISTICAL SECTION



Water Treatment Plant Napoleon Membranes
Photo by Jeff Weiss

STATISTICAL TABLES

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

Contents

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

City of Napoleon, Ohio

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

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

Source: Finance Director's Office

City of Napoleon, Ohio

2012	2013	2014	2015	2016	2017	2018
\$29,930,771	\$32,448,052	\$31,960,590	\$33,433,083	\$34,214,705	\$35,367,308	\$37,840,220
2,461,068	2,768,235	2,990,372	2,806,677	2,858,956	2,935,327	3,177,822
2,684,562	3,533,369	3,332,982	(1,392,832)	(1,146,059)	(1,616,213)	(8,420,054)
<u>\$35,076,401</u>	<u>\$38,749,656</u>	<u>\$38,283,944</u>	<u>\$34,846,928</u>	<u>\$35,927,602</u>	<u>\$36,686,422</u>	<u>\$32,597,988</u>
\$22,297,444	\$20,699,687	\$20,700,229	\$22,542,372	\$23,498,665	\$25,425,370	\$26,268,146
16,236,989	19,237,386	19,439,411	18,129,077	19,777,496	18,808,213	17,042,982
<u>\$38,534,433</u>	<u>\$39,937,073</u>	<u>\$40,139,640</u>	<u>\$40,671,449</u>	<u>\$43,276,161</u>	<u>\$44,233,583</u>	<u>\$43,311,128</u>
\$52,228,215	\$53,147,739	\$52,660,819	\$55,975,455	\$57,713,370	\$60,792,678	\$64,108,366
2,461,068	2,768,235	2,990,372	2,806,677	2,858,956	2,935,327	3,177,822
18,921,551	22,770,755	22,772,393	16,736,245	18,631,437	17,192,000	8,622,928
<u>\$73,610,834</u>	<u>\$78,686,729</u>	<u>\$78,423,584</u>	<u>\$75,518,377</u>	<u>\$79,203,763</u>	<u>\$80,920,005</u>	<u>\$75,909,116</u>

City of Napoleon, Ohio

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

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,099,089	\$3,125,458	\$3,318,795	\$3,461,564
Public Health and Welfare Services	103,153	112,440	123,641	109,157
Leisure Time Activities	899,442	904,829	868,775	920,814
Community Environment	757,040	517,452	1,263,518	381,223
Transportation	1,702,924	1,299,067	760,223	1,316,777
General Government	991,969	1,122,335	1,086,864	1,329,567
Interest and Fiscal Charges	77,480	85,901	96,494	63,709
<i>Total Governmental Activities Expenses</i>	<u>7,631,097</u>	<u>7,167,482</u>	<u>7,518,310</u>	<u>7,582,811</u>
Business-type Activities:				
Electric	13,852,433	14,396,085	14,714,910	14,533,499
Water	2,543,426	2,474,059	3,229,358	2,621,913
Sewer	3,235,829	2,782,393	2,921,313	2,663,795
Sanitation	626,167	768,173	733,632	793,380
<i>Total Business-type Activities Expenses</i>	<u>20,257,855</u>	<u>20,420,710</u>	<u>21,599,213</u>	<u>20,612,587</u>
<i>Total Primary Government Expenses</i>	<u>\$27,888,952</u>	<u>\$27,588,192</u>	<u>\$29,117,523</u>	<u>\$28,195,398</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,028,246	\$1,082,152	\$1,008,026	\$1,032,637
Public Health and Welfare Services	14,660	17,125	24,203	16,388
Leisure Time Activities	301,100	258,421	207,272	215,192
Community Environment	2,935	3,265	4,968	4,798
Transportation	10,083	16,311	6,267	11,267
General Government	148,898	109,391	113,089	103,218
Operating Grants and Contributions	618,192	894,469	1,323,169	830,875
Capital Grants and Contributions	154,816	157,440	104,301	111,784
<i>Total Governmental Activities Program Revenues</i>	<u>2,278,930</u>	<u>2,538,574</u>	<u>2,791,295</u>	<u>2,326,159</u>

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
\$3,509,977	\$3,897,632	\$3,654,789	\$3,546,651	\$4,052,817	\$4,181,547
119,347	121,621	130,226	107,520	121,144	166,772
837,829	979,834	885,152	896,040	1,037,985	1,069,024
889,241	152,816	133,083	1,057,736	543,782	53,119
1,081,351	1,646,040	1,508,973	225,516	721,483	1,065,866
1,037,778	1,089,719	895,716	1,108,794	1,118,076	2,079,503
67,818	71,185	49,078	64,017	43,997	59,666
<u>7,543,341</u>	<u>7,958,847</u>	<u>7,257,017</u>	<u>7,006,274</u>	<u>7,639,284</u>	<u>8,675,497</u>
15,784,619	16,111,027	14,525,667	15,578,395	16,376,184	17,946,062
2,471,001	2,725,757	2,483,792	2,820,862	3,165,477	3,425,305
3,175,055	3,114,530	3,298,500	3,322,734	3,601,304	3,711,983
718,019	742,677	756,482	829,618	848,385	837,422
<u>22,148,694</u>	<u>22,693,991</u>	<u>21,064,441</u>	<u>22,551,609</u>	<u>23,991,350</u>	<u>25,920,772</u>
<u>\$29,692,035</u>	<u>\$30,652,838</u>	<u>\$28,321,458</u>	<u>\$29,557,883</u>	<u>\$31,630,634</u>	<u>\$34,596,269</u>
\$1,204,603	\$1,103,728	\$1,062,603	\$1,045,704	\$1,135,063	\$1,189,906
18,877	18,668	22,665	14,655	16,752	21,152
275,990	278,108	240,539	260,055	243,119	252,546
4,742	6,288	5,280	3,270	4,222	5,092
13,878	8,997	14,115	7,486	6,783	11,188
100,503	42,022	21,996	51,590	138,934	97,747
1,517,992	950,214	586,830	621,783	697,848	664,597
66,201	76,151	931,660	802,876	237,473	2,156,969
<u>3,202,786</u>	<u>2,484,176</u>	<u>2,885,688</u>	<u>2,807,419</u>	<u>2,480,194</u>	<u>4,399,197</u>

(continued)

City of Napoleon, Ohio

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

	2009	2010	2011	2012
Business-type Activities:				
Charges for Services				
Electric	14,499,715	14,984,767	15,490,550	15,189,640
Water	2,448,655	2,822,576	2,610,784	3,154,088
Sewer	3,349,175	3,136,055	3,412,565	3,445,027
Sanitation	861,016	853,623	858,054	858,402
Capital Grants and Contributions	2,150,584	403,881	113,431	412,650
<i>Total Business-type Activities Program Revenues</i>	23,309,145	22,200,902	22,485,384	23,059,807
<i>Total Primary Government Program Revenues</i>	25,588,075	24,739,476	25,276,679	25,385,966
Net (Expense)/Revenue				
Governmental Activities	(5,352,167)	(4,628,908)	(4,727,015)	(5,256,652)
Business-type Activities	3,051,290	1,780,192	886,171	2,447,220
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$2,300,877)	(\$2,848,716)	(\$3,840,844)	(\$2,809,432)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
Property Taxes	\$146,252	\$386,482	\$382,639	\$369,498
Municipal Income Taxes	2,361,108	2,796,692	2,826,623	3,265,008
Other Local Taxes (kWh Tax)	493,053	515,545	522,615	524,942
Grants and Entitlements not				
Restricted to Specific Programs	788,511	629,483	691,333	509,026
Investment Earnings	202,278	92,083	91,360	67,633
Miscellaneous	485,517	123,757	139,873	165,688
Transfers	1,913,007	0	(118,388)	(113,475)
<i>Total Governmental Activities</i>	6,389,726	4,544,042	4,536,055	4,788,320
Business-type Activities:				
Investment Earnings	284,198	176,329	155,535	158,704
Transfers	(1,913,007)	0	118,388	113,475
<i>Total Business-type Activities</i>	(1,628,809)	176,329	273,923	272,179
<i>Total Primary Government</i>	\$4,760,917	\$4,720,371	\$4,809,978	\$5,060,499
Change in Net Position				
Governmental Activities	\$1,037,559	(\$84,866)	(\$190,960)	(\$468,332)
Business-type Activities	1,422,481	1,956,521	1,160,094	2,719,399
<i>Total Primary Government Change in Net Position</i>	\$2,460,040	\$1,871,655	\$969,134	\$2,251,067

Source: Finance Director's Office

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
15,693,889	15,391,341	14,970,816	16,250,617	15,591,655	17,557,232
2,862,800	3,218,817	3,309,819	3,233,144	3,390,516	3,590,647
3,340,375	3,343,019	3,904,365	4,054,675	4,036,930	3,932,884
867,760	867,626	860,787	874,071	892,891	879,260
3,455,321	0	167,351	624,929	839,103	324,231
<u>26,220,145</u>	<u>22,820,803</u>	<u>23,213,138</u>	<u>25,037,436</u>	<u>24,751,095</u>	<u>26,284,254</u>
29,422,931	25,304,979	26,098,826	27,844,855	27,231,289	30,683,451
(4,340,555)	(5,474,671)	(4,371,329)	(4,198,855)	(5,159,090)	(4,276,300)
4,071,451	126,812	2,148,697	2,485,827	759,745	363,482
<u>(\$269,104)</u>	<u>(\$5,347,859)</u>	<u>(\$2,222,632)</u>	<u>(\$1,713,028)</u>	<u>(\$4,399,345)</u>	<u>(\$3,912,818)</u>
\$368,837	\$371,815	\$365,123	\$358,670	\$350,199	\$385,234
3,588,267	3,821,982	4,097,468	4,120,044	4,212,894	3,272,728
524,529	512,414	520,952	515,950	483,133	497,718
448,430	50,375	798,480	5,422	340,970	335,637
49,515	40,475	8,164	99,506	64,846	93,922
277,279	211,898	397,832	79,387	465,868	343,819
2,756,953	0	116,754	100,550	0	0
<u>8,013,810</u>	<u>5,008,959</u>	<u>6,304,773</u>	<u>5,279,529</u>	<u>5,917,910</u>	<u>4,929,058</u>
88,142	75,755	103,486	219,435	197,677	331,845
(2,756,953)	0	(116,754)	(100,550)	0	0
<u>(2,668,811)</u>	<u>75,755</u>	<u>(13,268)</u>	<u>118,885</u>	<u>197,677</u>	<u>331,845</u>
<u>\$5,344,999</u>	<u>\$5,084,714</u>	<u>\$6,291,505</u>	<u>\$5,398,414</u>	<u>\$6,115,587</u>	<u>\$5,260,903</u>
\$3,673,255	(\$465,712)	\$1,933,444	\$1,080,674	\$758,820	\$652,758
1,402,640	202,567	2,135,429	2,604,712	957,422	695,327
<u>\$5,075,895</u>	<u>(\$263,145)</u>	<u>\$4,068,873</u>	<u>\$3,685,386</u>	<u>\$1,716,242</u>	<u>\$1,348,085</u>

City of Napoleon, Ohio

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

	2009	2010	2011	2012
General Fund				
Nonspendable	\$0	\$5,889	\$5,761	\$7,456
Committed	0	9,956	93,945	67,783
Assigned	0	43,792	42,032	67,913
Unassigned	0	1,961,094	1,810,169	1,714,410
Reserved	36,369	0	0	0
Unreserved	1,950,630	0	0	0
Total General Fund	1,986,999	2,020,731	1,951,907	1,857,562
All Other Governmental Funds				
Nonspendable	\$0	\$119,506	\$120,535	\$195,635
Restricted	0	2,530,239	2,105,312	2,269,103
Committed	0	898,911	1,010,839	800,226
Assigned	0	9,520	9,528	22,214
Unassigned	0	(82,196)	(81,974)	(73,767)
Reserved	251,799	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	981,549	0	0	0
Debt Service Funds	884,855	0	0	0
Capital Projects Funds	764,329	0	0	0
Total All Other Governmental Funds	2,882,532	3,475,980	3,164,240	3,213,411
Total Governmental Funds	\$4,869,531	\$5,496,711	\$5,116,147	\$5,070,973

Source: Finance Director's Office

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

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
\$7,706	\$9,120	\$9,409	\$44,283	\$47,322	\$16,404
19,966	11,772	13,022	11,196	32,808	54,198
871,172	777,758	838,819	590,274	498,796	1,054,526
1,030,178	1,162,723	1,265,731	1,301,015	1,405,609	655,332
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,929,022</u>	<u>1,961,373</u>	<u>2,126,981</u>	<u>1,946,768</u>	<u>1,984,535</u>	<u>1,780,460</u>
\$177,587	\$170,935	\$229,196	\$252,736	\$330,192	\$344,474
2,391,541	2,434,009	2,279,047	2,442,470	2,580,649	2,798,732
1,439,374	1,555,291	1,912,226	2,586,537	2,522,755	1,612,463
27,767	9,554	28,749	13,650	36,757	34,596
(29,206)	(27,902)	(28,492)	(29,300)	(40,465)	(47,434)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>4,007,063</u>	<u>4,141,887</u>	<u>4,420,726</u>	<u>5,266,093</u>	<u>5,429,888</u>	<u>4,742,831</u>
<u>\$5,936,085</u>	<u>\$6,103,260</u>	<u>\$6,547,707</u>	<u>\$7,212,861</u>	<u>\$7,414,423</u>	<u>\$6,523,291</u>

City of Napoleon, Ohio

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

	2009	2010	2011	2012
Revenues:				
Taxes	\$3,220,684	\$3,722,602	\$3,749,404	\$4,170,959
Intergovernmental Revenues	1,605,562	1,380,019	2,220,622	1,426,432
Charges for Services	803,479	807,930	800,287	805,926
Licenses and Permits	63,825	63,599	68,203	76,513
Investment Earnings	185,858	114,664	95,435	68,959
Special Assessments	106,700	101,853	92,238	84,532
Fines and Forfeitures	407,561	371,916	363,988	331,022
All Other Revenue	797,505	456,874	400,885	453,642
Total Revenue	<u>7,191,174</u>	<u>7,019,457</u>	<u>7,791,062</u>	<u>7,417,985</u>
Expenditures:				
Current:				
Security of Persons and Property	2,900,346	2,949,630	3,278,087	3,216,671
Public Health and Welfare Services	92,695	101,383	110,917	98,178
Leisure Time Activities	783,006	821,199	799,615	809,897
Community Environment	538,556	515,451	1,260,984	378,447
Transportation	539,327	582,589	596,226	530,317
General Government	847,258	1,027,824	962,827	1,009,104
Capital Outlay	688,609	873,383	650,487	1,095,962
Debt Service:				
Principal Retirement	112,550	112,557	142,751	138,951
Interest and Fiscal Charges	76,940	85,058	96,938	64,594
Total Expenditures	<u>6,579,287</u>	<u>7,069,074</u>	<u>7,898,832</u>	<u>7,342,121</u>
Excess (Deficiency) of Revenues Over Expenditures	611,887	(49,617)	(107,770)	75,864

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
\$4,458,946	\$4,660,798	\$4,969,922	\$4,998,063	\$5,045,738	\$4,131,094
1,719,738	1,248,507	2,272,156	1,283,816	1,223,001	3,107,470
1,012,086	819,227	869,489	865,305	997,003	952,986
73,435	70,252	70,735	75,027	70,563	71,387
54,013	34,162	11,047	89,533	61,866	88,365
49,694	28,815	37,142	33,107	11,526	22,995
369,351	354,229	306,292	363,060	332,305	327,219
365,253	464,363	339,064	343,855	429,527	477,490
<u>8,102,516</u>	<u>7,680,353</u>	<u>8,875,847</u>	<u>8,051,766</u>	<u>8,171,529</u>	<u>9,179,006</u>
3,293,773	3,559,821	3,426,149	3,271,532	3,664,792	3,510,952
105,132	107,365	111,598	100,039	104,137	108,592
722,535	717,360	792,662	808,066	858,514	879,372
885,933	151,254	132,277	192,306	137,222	45,707
503,534	554,015	671,335	498,095	507,430	498,793
897,863	936,313	852,115	1,030,993	795,734	1,332,128
471,986	1,177,632	2,271,611	1,337,778	1,683,118	3,439,910
129,951	119,151	124,151	124,351	119,349	107,200
70,247	71,499	49,428	64,423	44,456	59,971
<u>7,080,954</u>	<u>7,394,410</u>	<u>8,431,326</u>	<u>7,427,583</u>	<u>7,914,752</u>	<u>9,982,625</u>
1,021,562	285,943	444,521	624,183	256,777	(803,619)

(Continued)

City of Napoleon, Ohio

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

	2009	2010	2011	2012
Other Financing Sources (Uses):				
Sale of Capital Assets	10,941	11,224	26	19,300
General Obligation Notes Issued	0	0	0	0
General Obligation Bonds Issued	0	760,000	0	0
Transfers In	1,907,304	2,053,509	2,174,344	1,923,114
Transfers Out	(1,946,385)	(2,134,769)	(2,447,105)	(2,167,589)
Other Financing Sources - Capital Leases	0	0	0	28,818
Total Other Financing Sources (Uses)	<u>(28,140)</u>	<u>689,964</u>	<u>(272,735)</u>	<u>(196,357)</u>
Net Change in Fund Balance	<u>\$583,747</u>	<u>\$640,347</u>	<u>(\$380,505)</u>	<u>(\$120,493)</u>
Debt Service as a Percentage of Noncapital Expenditures	3.31%	3.33%	3.88%	3.27%

Source: Finance Director's Office

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
38,700	17,289	20,954	33,755	50,395	103,355
0	0	0	0	0	0
0	0	0	0	0	0
1,878,718	2,137,016	2,185,044	2,457,040	2,442,394	2,952,732
(2,056,218)	(2,266,206)	(2,264,290)	(2,508,340)	(2,628,344)	(3,127,062)
0	0	0	0	0	0
<u>(138,800)</u>	<u>(111,901)</u>	<u>(58,292)</u>	<u>(17,545)</u>	<u>(135,555)</u>	<u>(70,975)</u>
<u>\$882,762</u>	<u>\$174,042</u>	<u>\$386,229</u>	<u>\$606,638</u>	<u>\$121,222</u>	<u>(\$874,594)</u>
3.31%	3.16%	2.95%	4.02%	3.06%	2.81%

City of Napoleon, Ohio

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
	(1)			
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income	\$302,853,636	\$284,359,998	\$288,367,040	\$308,842,682
Total Tax Collected	\$2,905,178	\$3,378,498	\$3,453,702	\$3,653,543
Income Tax Receipts				
Withholding	2,212,313	2,529,184	2,620,422	2,819,529
Percentage	76.15%	74.86%	75.88%	77.17%
Corporate	263,809	366,726	333,369	343,738
Percentage	9.08%	10.85%	9.65%	9.41%
Individuals	429,056	482,588	499,911	490,276
Percentage	14.77%	14.29%	14.47%	13.42%

Source: City Income Tax Department

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

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$321,298,252	\$340,074,000	\$339,299,820	\$343,994,115	\$353,979,920	\$355,437,871
\$3,766,944	\$4,002,571	\$4,233,916	\$4,906,698	\$4,616,746	\$4,300,691
2,815,263	2,885,428	3,021,851	3,372,317	3,162,578	3,242,460
74.74%	72.09%	71.37%	68.73%	68.50%	75.39%
426,751	561,348	608,345	807,938	727,125	390,875
11.32%	14.02%	14.37%	16.47%	15.75%	9.09%
524,930	555,795	603,721	726,443	727,043	667,357
13.94%	13.89%	14.26%	14.80%	15.75%	15.52%



City of Napoleon, Ohio

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2018				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,427	45.90%	\$15,589,680	8.35%
20,000 - 49,999	1,542	29.16%	50,439,990	27.02%
50,000 - 74,999	656	12.41%	40,129,867	21.49%
75,000 - 99,999	314	5.94%	26,893,897	14.40%
Over 100,000	349	6.59%	53,654,527	28.74%
Total	5,288	100.00%	\$186,707,961	100.00%

Calendar Year 2009				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,830	53.58%	\$17,918,049	11.00%
20,000 - 49,999	1,339	25.35%	43,846,405	26.92%
50,000 - 74,999	578	10.94%	35,212,772	21.62%
75,000 - 99,999	274	5.19%	23,744,910	14.58%
Over 100,000	261	4.94%	42,179,443	25.88%
Total	5,282	100.00%	\$162,901,579	100.00%

Source: Finance Director's Office

City of Napoleon, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2009	2010	2011
Governmental Activities ⁽¹⁾			
General Obligation Bonds Payable	\$580,000	\$1,315,000	\$1,250,000
Special Assessment Bonds Payable	384,153	308,953	243,553
Ohio Public Works Commission Loan Payable	98,812	86,455	74,104
Business-type Activities ⁽¹⁾			
Ohio Water Development Authority Loans Payable	2,663,802	2,261,064	1,828,963
Ohio Public Works Commission Loans Payable	511,846	483,159	454,475
Ohio Water and Sewer Rotary Commission Loans Payable	666,070	659,186	310,945
Water Pollution Control Loan Fund Loans Payable	5,204,566	7,653,135	7,251,586
Long-Term Notes Payable	4,000,000	0	1,200,000
General Obligation Bonds Payable	1,870,000	1,740,000	1,610,000
Special Assessment Bond Payable	79,846	75,046	69,446
Revenue Bonds Payable	7,150,000	10,290,000	9,885,000
Total Primary Government	<u>\$23,209,095</u>	<u>\$24,871,998</u>	<u>\$24,178,072</u>
Population ⁽²⁾			
City of Napoleon	9,318	8,749	8,749
Outstanding Debt Per Capita	\$2,491	\$2,843	\$2,764
Income ⁽³⁾			
Personal (in thousands)	302,854	284,360	288,367
Percentage of Personal Income	7.66%	8.75%	8.38%

Sources:

- (1) City Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Napoleon, Ohio

2012	2013	2014	2015	2016	2017	2018
\$1,180,000	\$1,105,000	\$1,030,000	\$950,000	\$870,000	\$785,000	\$700,000
186,954	144,354	112,554	80,754	48,754	26,754	4,554
61,753	49,402	37,051	24,700	12,349	0	0
1,365,382	1,257,105	1,142,870	1,022,324	916,078	825,367	811,926
425,791	397,106	368,421	339,736	311,051	282,366	253,681
310,945	307,669	300,832	300,832	300,832	300,832	300,832
6,966,622	6,593,088	6,235,432	5,874,191	5,509,329	5,140,810	4,768,596
0	2,500,000	2,500,000	2,500,000	3,900,000	3,900,000	2,500,000
1,470,000	1,325,000	1,180,000	1,025,000	865,000	695,000	520,000
63,046	56,646	49,446	42,246	34,246	26,246	17,446
10,545,000	10,070,000	9,585,000	9,085,000	8,575,000	8,035,000	7,470,000
<u>\$22,575,493</u>	<u>\$23,805,370</u>	<u>\$22,541,606</u>	<u>\$21,244,783</u>	<u>\$21,342,639</u>	<u>\$20,017,375</u>	<u>\$17,347,035</u>
8,702	8,782	9,000	8,940	8,851	8,659	8,299
\$2,594	\$2,711	\$2,505	\$2,376	\$2,411	\$2,312	\$2,090
308,843	321,298	340,074	339,300	343,994	353,980	355,438
7.31%	7.41%	6.63%	6.26%	6.20%	5.65%	4.88%

City of Napoleon, Ohio

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2009	2010	2011	2012
Population (1)	9,318	8,749	8,749	8,702
Assessed Value (2)	\$150,647,060	\$152,001,940	\$143,316,660	\$144,228,260
General Bonded Debt (3)				
General Obligation Bonds	\$2,450,000	\$3,055,000	\$2,860,000	\$2,650,000
Resources Available to Pay Principal (4)	\$37,048	\$9,520	\$9,528	\$22,214
Net General Bonded Debt	\$2,412,952	\$3,045,480	\$2,850,472	\$2,627,786
Ratio of Net Bonded Debt to Assessed Value	1.60%	2.00%	1.99%	1.82%
Net Bonded Debt per Capita	\$258.96	\$348.09	\$325.81	\$301.97

Source:

- (1) U.S. Bureau of Census of Population
- (2) Henry County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
8,782	9,000	8,940	8,851	8,659	8,299
\$144,710,680	\$140,680,550	\$140,849,400	\$140,501,870	\$151,096,730	\$150,298,770
\$2,430,000	\$2,210,000	\$1,975,000	\$1,735,000	\$1,480,000	\$1,220,000
\$27,767	\$9,554	\$28,749	\$13,650	\$36,757	\$34,596
\$2,402,233	\$2,200,446	\$1,946,251	\$1,721,350	\$1,443,243	\$1,185,404
1.66%	1.56%	1.38%	1.23%	0.96%	0.79%
\$273.54	\$244.49	\$217.70	\$194.48	\$166.68	\$142.84



City of Napoleon, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2018*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Napoleon</u>	<u>Amount Applicable to the City of Napoleon</u>
Direct:			
City of Napoleon	\$3,724,554	100.00%	\$3,724,554
Overlapping:			
Napoleon City School District	30,010,000	41.65%	12,499,165
Liberty Center School District	18,779,508	2.56%	480,755
Four County Vocational School District	2,470,000	4.13%	102,011
		Subtotal	13,081,931
		Total	\$16,806,485

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	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Debt				
Net Assessed Valuation	\$150,647,060	\$152,001,940	\$143,316,660	\$144,228,260
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	15,817,941	15,960,204	15,048,249	15,143,967
City Debt Outstanding (2)	580,000	1,315,000	1,250,000	1,180,000
Less: Applicable Debt Service Fund Amounts	<u>(37,048)</u>	<u>(9,520)</u>	<u>(9,528)</u>	<u>(22,214)</u>
Net Indebtedness Subject to Limitation	<u>542,952</u>	<u>1,305,480</u>	<u>1,240,472</u>	<u>1,157,786</u>
Overall Legal Debt Margin	<u><u>\$15,274,989</u></u>	<u><u>\$14,654,724</u></u>	<u><u>\$13,807,777</u></u>	<u><u>\$13,986,181</u></u>
Unvoted Debt				
Net Assessed Valuation	\$150,647,060	\$152,001,940	\$143,316,660	\$144,228,260
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	8,285,588	8,360,107	7,882,416	7,932,554
City Debt Outstanding (2)	580,000	1,315,000	1,250,000	1,180,000
Less: Applicable Debt Service Fund Amounts	<u>(37,048)</u>	<u>(9,520)</u>	<u>(9,528)</u>	<u>(22,214)</u>
Net Indebtedness Subject to Limitation	<u>542,952</u>	<u>1,305,480</u>	<u>1,240,472</u>	<u>1,157,786</u>
Overall Legal Debt Margin	<u><u>\$7,742,636</u></u>	<u><u>\$7,054,627</u></u>	<u><u>\$6,641,944</u></u>	<u><u>\$6,774,768</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: Finance Director's Office

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
\$144,710,680	\$140,680,550	\$140,849,400	\$140,501,870	\$151,096,730	\$150,298,770
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
15,194,621	14,771,458	14,789,187	14,752,696	15,865,157	15,781,371
1,105,000	1,030,000	950,000	870,000	785,000	700,000
(27,767)	(9,554)	(28,749)	(13,650)	(36,757)	(34,596)
<u>1,077,233</u>	<u>1,020,446</u>	<u>921,251</u>	<u>856,350</u>	<u>748,243</u>	<u>665,404</u>
<u>\$14,117,388</u>	<u>\$13,751,012</u>	<u>\$13,867,936</u>	<u>\$13,896,346</u>	<u>\$15,116,914</u>	<u>\$15,115,967</u>
\$144,710,680	\$140,680,550	\$140,849,400	\$140,501,870	\$151,096,730	\$150,298,770
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
7,959,087	7,737,430	7,746,717	7,727,603	8,310,320	8,266,432
1,105,000	1,030,000	950,000	870,000	785,000	700,000
(27,767)	(9,554)	(28,749)	(13,650)	(36,757)	(34,596)
<u>1,077,233</u>	<u>1,020,446</u>	<u>921,251</u>	<u>856,350</u>	<u>748,243</u>	<u>665,404</u>
<u>\$6,881,854</u>	<u>\$6,716,984</u>	<u>\$6,825,466</u>	<u>\$6,871,253</u>	<u>\$7,562,077</u>	<u>\$7,601,028</u>

City of Napoleon, Ohio

Pledged Revenue Coverage Last Ten Years

	2009	2010	2011	2012
Sewer System Bonds (1 a)				
Gross Revenues (2)	\$3,463,044	\$3,225,591	\$3,484,605	\$3,513,056
Direct Operating Expenses (3)	2,440,970	2,286,816	1,862,369	1,886,347
Net Revenue Available for Debt Service	1,022,074	938,775	1,622,236	1,626,709
Annual Debt Service Requirement (4)	273,663	245,684	543,135	591,708
Coverage	3.73	3.82	2.99	2.75
Electric System Bonds (1 b)				
Gross Revenues (2)	\$14,398,829	\$14,892,869	\$15,414,354	\$15,361,398
Direct Operating Expenses (3)	13,225,462	13,496,084	14,214,131	14,001,754
Net Revenue Available for Debt Service	1,173,367	1,396,785	1,200,223	1,359,644
Annual Debt Service Requirement (4)	256,575	0	0	0
Coverage	4.57	N/A	N/A	N/A
Electric System Amp-Ohio (1 b)				
Gross Revenues (5)	\$14,283,334	\$14,823,120	\$15,353,250	\$15,299,299
Direct Operating Expenses (3)	12,434,280	13,496,084	14,214,131	14,001,754
Net Revenue Available for Debt Service	1,849,054	1,327,036	1,139,119	1,297,545
Annual Debt Service Requirement (4)	791,182	0	0	0
Coverage	2.34	N/A	N/A	N/A
Water System Bonds (1 c)				
Gross Revenues (2)	\$2,489,814	\$2,843,139	\$2,643,832	\$3,174,903
Direct Operating Expenses (3)	1,999,194	1,913,351	2,697,472	2,068,821
Net Revenue Available for Debt Service	490,620	929,788	(53,640)	1,106,082
Annual Debt Service Requirement (4)	263,819	264,619	321,889	525,902
Coverage	1.86	3.51	(0.17)	2.10

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

(a) The Sewer Bonds were issued in 1998, in the amount of \$3,480,000, in 2010 in the amounts of \$2,050,000, \$1,800,000 and \$2,535,000 and in 2012 in the amount of \$913,000.

(b) The Electric Bonds were issued in 1998, in the amount of \$3,245,000.

(c) The Water Bonds were issued in 2008, in the amount of \$3,505,000, in 2010 in the amounts of \$305,000 and \$540,000 and in 2012 in the amount of \$187,000.

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

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

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

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

Source: Finance Director's Office

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
\$3,373,988	\$3,412,809	\$3,936,723	\$4,159,750	\$4,102,182	\$4,103,091
2,159,341	2,118,671	2,309,699	2,295,638	2,596,558	2,597,562
1,214,647	1,294,138	1,627,024	1,864,112	1,505,624	1,505,529
650,633	640,676	636,597	636,732	644,217	641,274
1.87	2.02	2.56	2.93	2.34	2.35
\$15,603,439	\$15,991,230	\$14,965,308	\$16,208,908	\$15,561,372	\$17,626,832
15,220,282	15,555,991	13,960,055	14,997,692	15,782,123	17,379,408
383,157	435,239	1,005,253	1,211,216	(220,751)	247,424
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A
\$15,571,064	\$15,961,782	\$14,927,117	\$16,153,201	\$15,499,543	\$17,539,066
15,220,282	15,555,991	13,960,055	14,997,692	15,782,123	17,379,408
350,782	405,791	967,062	1,155,509	(282,580)	159,658
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A
\$2,889,431	\$3,317,029	\$3,335,865	\$3,278,782	\$3,441,821	\$3,638,507
1,856,073	2,123,585	1,884,289	2,212,787	2,436,100	2,755,307
1,033,358	1,193,444	1,451,576	1,065,995	1,005,721	883,200
544,556	529,806	538,471	528,884	537,699	542,279
1.90	2.25	2.70	2.02	1.87	1.63

City of Napoleon, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2009	2010	2011	2012
Population (1)				
City of Napoleon	9,318	8,749	8,749	8,702
Henry County	29,310	28,215	28,215	28,064
Income (2) (a)				
Total Personal (in thousands)	302,854	284,360	288,367	308,843
Per Capita	32,502	32,502	32,960	35,491
Unemployment Rate (3)				
Federal	9.3%	9.4%	8.9%	7.8%
State	10.2%	9.5%	8.6%	6.7%
Henry County	13.3%	11.0%	9.7%	7.5%
Civilian Work Force Estimates (3)				
State	5,970,000	5,894,000	5,806,000	5,729,000
Henry County	15,900	15,600	15,300	15,000

Sources:

(1) US Bureau of Census of Population

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

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

(3) State Department of Labor Statistics

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
8,782	9,000	8,940	8,851	8,659	8,299
28,045	28,092	27,937	27,816	27,629	27,185
321,298	340,074	339,300	343,994	353,980	355,438
36,586	37,786	37,953	38,865	40,880	42,829
6.7%	5.6%	5.0%	4.7%	4.1%	3.9%
7.1%	5.1%	4.8%	5.0%	4.9%	4.6%
7.2%	5.5%	5.5%	5.5%	5.1%	5.8%
5,758,000	5,726,000	5,694,000	5,687,000	5,782,000	5,758,000
15,300	13,700	13,500	13,500	13,500	13,100



City of Napoleon, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2018		
		Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	473	1	4.53%
Henry County	County Government	381	2	3.65%
Henry County Hospital Inc	Health Care	358	3	3.43%
Campbel Soup Supply Co LLC	Soup Manufacturer	334	4	3.20%
Wal-Mart Stores	Retail	323	5	3.09%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	258	6	2.47%
City of Napoleon	Local Government	213	7	2.04%
Custom Agri System	Millwright Grain Handeling	110	8	1.05%
Defiance Stamping	Engineered & fabricated parts stamping	88	9	0.84%
Automatic Feed	Steel Handling Equipment	87	10	0.83%
Total		<u>2,625</u>		
Total Employment within the City		<u>10,444</u>		

Employer	Nature of Business	2009		
		Number of Employees	Rank	Percentage of Total Employment
Napoleon City School District	Education	471	1	4.34%
Campbell Soup Co *	Soup Manufacturer	398	2	3.67%
Henry County	County Government	386	3	3.56%
Wal-Mart Stores	Retail	341	4	3.14%
Henry County Hospital	Health Care	273	5	2.52%
The Lutheran Home	Long-term Health Care	241	6	2.22%
City of Napoleon	Local Government	224	7	2.07%
Tenneco Automotive (Pullman Company)	Automobile Parts Manufacturer	210	8	1.94%
Cloverleaf Cold Storage	Food Storage	154	9	1.42%
Automatic Feed Company	Steel Handling Equipment	66	10	0.61%
Total		<u>2,764</u>		
Total Employment within the City		<u>10,845</u>		

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

City of Napoleon, Ohio

Full Time Equivalent Employees by Function Last Ten Years

	2009	2010	2011	2012
Governmental Activities				
General Government				
Finance	11.00	10.00	10.00	10.00
Legal/Court	9.00	8.00	9.00	9.00
Administration	11.00	9.00	10.00	10.00
Maintenance	3.00	4.00	4.00	3.00
Security of Persons and Property				
Police	22.00	22.00	22.00	22.00
Fire	8.00	8.00	10.00	8.00
Transportation				
Street	6.00	7.00	6.00	4.00
Leisure Time Activities				
Recreation/Seniors	4.00	5.00	4.00	5.00
Community Environment				
Service - Cemetery	1.00	1.00	1.00	1.00
Business-Type Activities				
Utilities - Electric	14.00	14.00	13.00	13.00
Water	9.00	10.00	9.00	8.00
Sewer	7.00	7.00	7.00	7.00
Solid Waste	3.00	3.00	3.00	3.00
<i>Total Employees</i>	<u>108.00</u>	<u>108.00</u>	<u>108.00</u>	<u>103.00</u>

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

Source: Finance Director's Office

City of Napoleon, Ohio

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
9.00	9.00	9.00	9.00	9.00	9.00
10.00	10.00	9.00	9.00	10.00	10.00
10.00	10.00	10.00	10.00	9.00	11.00
3.00	3.00	3.00	3.00	3.00	3.00
21.00	22.00	21.00	23.00	20.00	19.00
9.00	9.00	9.00	9.00	10.00	8.00
3.00	3.00	3.00	3.00	3.00	2.00
5.00	5.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00
14.00	14.00	14.00	14.00	14.00	14.00
9.00	9.00	9.00	10.00	11.00	10.00
7.00	7.00	7.00	7.00	8.00	8.00
3.00	3.00	2.00	3.00	3.00	2.00
<u>104.00</u>	<u>105.00</u>	<u>102.00</u>	<u>106.00</u>	<u>106.00</u>	<u>102.00</u>

City of Napoleon, Ohio

Operating Indicators by Function Last Ten Years

	2009	2010	2011	2012
Governmental Activities				
General Government				
Licenses and Permits				
Number of Building Permits	302	222	222	117
Number of Commercial Permits	21	15	18	14
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	878	834	816	596
Number of Parking Tickets	191	125	142	28
Number of Law Violations:				
Criminal/Juvenile Citations	1,644	1,508	611	1,392
Fire				
Number of Fire Calls Answered	144	178	133	220
Number of EMS Runs	919	1,003	1,041	1,149
Number of Inspections	30	45	67	96
Transportation				
Street				
Facilities and Services: Miles of Streets	72	72	72	72
Business-Type Activities				
Water				
Number of Service Connections	4,114	4,114	4,114	4,114
Daily Average Consumption (gallons)	1.3M	1.3M	1.3M	1.3M
Maximum Daily Capacity of Treatment (gallons)	4.5M	4.5M	4.5M	4.5M
Sewer				
Number of Service Connections	3,593	3,593	3,593	4
Daily Average Sewage Treatment (gallons)	1.8M	1.8M	1.8M	1.8M
Maximum Daily Capacity of Treatment (gallons)	4.5M	4.5M	4.5M	4.5M

Source: Finance Director's Office

City of Napoleon, Ohio

2013	2014	2015	2016	2017	2018
99	87	181	139	186	171
13	17	7	13	31	60
1,070	741	741	565	427	456
16	83	83	59	53	28
832	713	713	827	1,054	927
246	237	227	170	167	210
1,135	1,147	1,237	1,339	1,428	1,370
97	36	188	107	270	463
72	72	72	72	72	72
3,663	3,663	3,663	3,663	3,895	3,895
1.3M	1.3M	1.3M	1.3M	1.3M	1.3M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M
4,360	3,553	3,553	3,553	3,683	3,683
1.8M	1.8M	1.8M	1.8M	1.8M	1.8M
4.5M	4.5M	4.5M	4.5M	4.5M	4.5M

City of Napoleon, Ohio

Capital Asset Statistics by Function Last Ten Years

	2009	2010	2011	2012	2013
Governmental Activities					
General Government					
Area (square miles)	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	8	8	7	7	7
Fire					
Stations	1	1	1	1	1
Vehicles	11	11	11	11	11
Transportation					
Street					
Vehicles	9	9	10	10	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	1	1	1
Baseball/Softball Diamonds	7	7	7	7	7
Golf Courses	1	1	1	1	1
Business-Type Activities					
Utilities					
Water					
Waterlines (Miles)	58	58	58	63	63
Number of Purification Plants	2	2	2	2	2
Number of Hydrants	599	599	599	653	653
Number of Water Towers	2	2	2	2	2
Sewer					
Sewerlines (Miles)	47	47	47	47	47
Number of Treatment Plants	1	1	1	1	1
Storm Water Drainage					
Miles of Storm Sewers	37	37	37	37	37

Source: Finance Director's Office

City of Napoleon, Ohio

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
7	7	7	7	7
1	1	1	1	1
7	7	7	8	8
1	1	1	1	1
11	11	11	11	10
9	9	9	9	9
225	225	225	225	225
9	9	9	9	9
1	1	1	1	1
1	1	1	1	1
7	7	7	7	7
1	1	1	1	1
63	63	63	63	63
2	2	2	2	1
653	653	653	658	658
2	2	2	2	2
47	47	47	47	47
1	1	1	1	1
37	37	37	37	37





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OHIO AUDITOR OF STATE
KEITH FABER



CITY OF NAPOLEON

HENRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 23, 2019**