

**CITY OF NORTHWOOD
WOOD COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

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



Dave Yost • Auditor of State

City Council
City of Northwood
6000 Wales Road
Northwood, Ohio 43619

We have reviewed the *Independent Auditor's Report* of the City of Northwood, Wood County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 Northwood is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

July 1, 2013

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**CITY OF NORTHWOOD
WOOD COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

Certified Public Accountants

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Members of City Council
City of Northwood, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Northwood, Wood County, Ohio, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Northwood, Ohio's basic financial statements, and have issued our report thereon dated May 9, 2013, wherein we noted that the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Northwood, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Northwood, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Northwood, Ohio's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Northwood, Ohio's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Northwood, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Northwood, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Northwood, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

May 9, 2013

**CITY OF NORTHWOOD, OHIO
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain.
2011-001	ORC Section 5705.41 (D) Failure to certify availability of funds.	No	Partially corrected. Issued a Management Comment

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

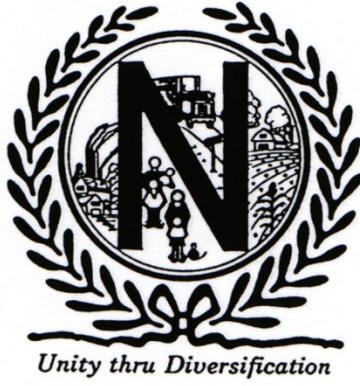
CITY OF NORTHWOOD, OHIO

Wood County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

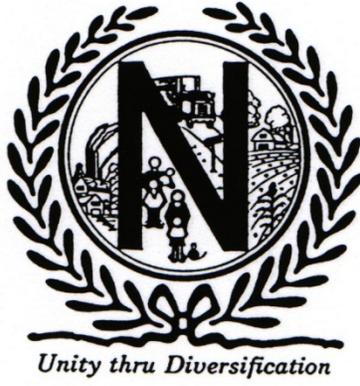
FOR THE YEAR ENDED
DECEMBER 31, 2012



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012

Issued by:
Department of Finance
Ken Yant
Director



Unity thru Diversification

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WOOD COUNTY, OHIO

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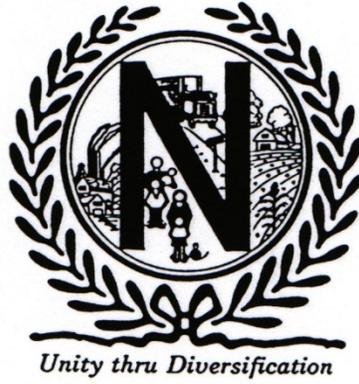
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City of Northwood, Ohio

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Northwood, Ohio 43619

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May 9, 2013

Introduction

To the Honorable Mayor, Members of City Council and
All Citizens of the City of Northwood, Ohio:

I am pleased to present the fourteenth Comprehensive Annual Financial Report for the City of Northwood, Ohio for the fiscal year ended December 31, 2012. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Generally Accepted Auditing Standards (GAAS) by James G Zupka, CPA, Inc. GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A) to accompany the basic financial statements. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Report

State law, along with *Administrative Rules* of the Auditor of State, requires all city governments to publish an Annual Report within 150 days of the close of each fiscal year. This report must present a complete set of financial statements presented in conformity with GAAP. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAAS. Pursuant to these requirements, we hereby issue the CAFR of the City of Northwood, Ohio, for the fiscal year ended December 31, 2012.

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.

Management of the City has established various internal controls designed to compile reliable information for the preparation of the City's 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, 2012***

The City's financial statements have been audited by the audit staff of James G Zupka, CPA, Inc. The Auditor 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, 2012. The report from the Auditor is presented as the first component of the financial section of this report.

PROFILE OF THE CITY OF NORTHWOOD

Early History

In 1846, John Mossler built a log cabin on the east side of Plank Road, later named Goss Road and now called East Broadway. This road was made of logs, smoothed on one side. The curved side sunk into mud. The road was maintained with dirt and stone. There were no school boundary lines and children could attend any place of learning that was desirable.

In 1896 Edward Ross Ford purchased property along the Maumee River. In 1898, Mr. Ford built the Edward Ford Plate Glass Factory, which is now situated in the City of Rossford. He also built rows of homes for his employees because of a lack of transportation. At that time the people did not want to be part of Perrysburg and Lake Townships so they petitioned the Wood County Commissioners and the State of Ohio to establish a new township. Ross Township was formed, bound by the Maumee River on the West, Lucas County on the North, Ottawa County on the East and Lake and Perrysburg Townships on the South. The Village of Northwood was incorporated at a special election on August 7, 1962 and comprises all of Ross Township. Northwood acquired its name by residents submitting suggestions. Larry Brough, editor of the Rossford Township News, said it was located in the "Northern" most part of "Wood" County, hence, the name "Northwood" was selected. The Village of Northwood became a City on January 1, 1982 as designated by the State of Ohio after the voters passed the Charter of the City of Northwood on November 3, 1981.

Location

Located in northern Wood County, Northwood occupies approximately eight square miles and is bounded by Rossford on the West, Lucas County (Oregon and Toledo) on the North, Ottawa County on the East and Lake and Perrysburg Townships on the South. Three highways pass through the City including State Route 51 (locally known as Woodville Road) and Interstates 280 and 75. I-280 connects with the Ohio Turnpike six miles south of the City, while I-75 joins I-80/90 three miles south of Northwood. The City is also served by Norfolk Southern and the CSX Transportation railroads as well as the Toledo Express Airport located 20 miles west and Metcalf Field 3 miles south, providing lighted and paved runways for private aircraft.

Form of Government

The City of Northwood is a home-rule municipal corporation created under the laws of the State of Ohio operating under its own Charter. The current charter, which was adopted in 1981 and became effective in 1982, provides for a Council/Mayor form of government.

***Letter of Transmittal
For the Year Ended December 31, 2012***

Legislative authority is vested in a seven member City Council. Four members are elected at-large to four-year terms and the other three members are also elected at-large to staggered four year terms, with each term of office beginning January 1st, following the November election. The Council sets compensation of City Officials and employees, enacts ordinances and resolutions relating to City services and tax levies, appropriating and borrowing funds, licensing and regulating business and trades as well as other municipal purposes. The presiding officer is the Mayor who has no vote unless there is a tie in the votes cast by the members of City Council. The Charter establishes certain administrative departments and the City Council may establish various divisions of those departments.

The City's chief executive officer is the Mayor. The Mayor appoints, subject to the approval of City Council, the City Administrator and all Directors of the City's departments. The City Administrator serves as the Chief Administrative Officer and may appoint or remove subordinate officers or employees of the City under the direct supervision of the Mayor.

The Clerk of Council/City Clerk is appointed by City Council. The City Treasurer's role is assumed by the Finance & Revenue Director, who is appointed by the Mayor and confirmed by City Council.

City Services

Police:

The Northwood Police Department is a full-time department with an authorized strength of 17 sworn full-time positions. Current staffing includes the Chief, a Captain, 4 sergeants, 11 patrol officers, and a seasonal crossing guard. The City received partial grant funding for High Intensity Drug Trafficking Area Training, Bulletproof Vest Partnership Program, and Operating a Vehicle while Intoxicated Enforcement.

The department includes dispatching services for police, fire, and public works and is staffed by 4 full-time and 2 part-time dispatchers.

The Northwood Police Department serves the community in many different capacities. The police are involved in the protection of life and property, law enforcement and community education. Community service programs include Ohio Public Safety Department's Third Grade Safety Belt Program, A.L.E.I.A. (Area Law Enforcement Investigators Association), and Bike Patrol.

Fire:

The City of Northwood Fire Department operates out of two stations. An ambulance is staffed on a 24 hour basis by two trained personnel to ensure rapid response to emergencies in the city. The fire department is led by a part-time Fire Chief and is supported by 40 part-paid firefighters. The department provides a full range of fire, EMS and rescue services to its residents. Their equipment includes; 3 ambulances, 3 class A pumpers, 1 102' aerial ladder, 1 mini pumper and other support units. Northwood has a Class 5 ISO rating.

***Letter of Transmittal
For the Year Ended December 31, 2012***

Parks and Recreation:

The City owns four major parks. Nature Trails Park located on Curtice Road features a one mile walking or jogging trail that is partially wooded. Brentwood Park, located on Brentwood Road, features a shelter house, tennis courts, picnic facilities and playground equipment. Central Park, located on Wales Road, features a shelter house, picnic facilities, a baseball diamond, tennis courts and playground equipment. Ranger Park located on Curtice Road features a pond and walking trail.

The City provides a Summer T-Ball, Softball and Baseball Recreation Program for boys and girls ages 6 to 16. The City contracts with the YMCA for a Senior Program.

Public Works:

The Public Works Department maintains the 47 miles of streets in the City. The department's functions include repairs to City streets as well as cleaning and snow removal. Weekly refuse collection is provided through a contract with Waste Management, one of Northwood's largest employers. The Street Department provides a brush pick up service to the residents as well as a fall leaf collection and a Christmas tree recycling/mulching program. Tree maintenance and new tree plantings are planned each year.

Water and Wastewater:

The City of Northwood has separate water and wastewater services. The western portion of the City is served by water treated by the City of Toledo and purchased through the Northwestern Water & Sewer District. The water is delivered through the distribution system owned and maintained by the Northwestern Water & Sewer District. The eastern portion of the City is served by water treated by the City of Oregon and purchased through the Northwestern Water & Sewer District. The Northwestern Water & Sewer District also provides wastewater services.

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Economic Outlook

The City of Northwood is located in the middle of the rapid economic growth of Wood County, in the northwestern corner of Ohio. Just across the river from the City of Toledo, the downtown skyline is visible from vantage points in Northwood. The Ohio Turnpike and I-75 intersect just a few miles south of the city limits – a major crossroads to consumer and industrial markets. 18,000,000 people are within a four-hour driving radius from the I-75 and I-80/90 link. There is easy access to the metropolitan areas of Detroit, Chicago, Cleveland, Cincinnati and beyond.

***Letter of Transmittal
For the Year Ended December 31, 2012***

Numerous rail lines intersect Northwood and provide excellent access to local, state and national and international markets. In addition, an international seaport, an inland port, an air cargo hub and an international airport are all minutes away. Getting products to and from markets is a key focus with over 100 truck lines serving the area. A strong industrial base contributes to the economic stability of the City and schools. Several industrial parks for light or heavy industry offer available sites. Sites with high-tech infrastructure are available in a privately owned industrial park. Many businesses have been long time residents of Northwood, and two hospitals service the area and create employment opportunities.

Setting Northwood apart from surrounding areas is it's available commercial and industrial sites plus a "can-do" attitude reinforced by City elected and appointed officials. With an available workforce of nearly 67,000 strong, the City is ideally situated for economic expansion and growth. Numerous economic opportunities and incentives are offered through the City, County and State. The City of Northwood is happy to assist companies interested in moving here.

The number of permits for commercial, industrial and residential totaled 193 in 2012. The Planning and Zoning Department will continue to work on economic development issues and plan for the future of the city through promotion of the Comprehensive Plan and continue to support and encourage the necessary enforcement of our Zoning Code to promote the livability and desirability of Northwood.

City Council is looking forward to the growth of the new Central Business District (CBD). Phase I includes all of Woodville Road, Commerce Park Blvd., The Woodville Mall and Great Eastern Shopping Center. There are new zoning regulations for the CBD. Some regulations will include design standards, a stricter sign code and smaller front yard setbacks. The purpose of the CBD is to help make Woodville Road more aesthetically pleasing and pedestrian friendly, with the promotion design standards, uniform street lights and street trees.

The City of Northwood has established two Community Reinvestment Areas (CRAs) comprising the western part of the City and the Woodville Road I-280 interchange area. A third CRA composed of the area between the existing CRAs is being planned. These areas grant property tax relief based upon real estate construction and improvement. In addition, the City of Northwood has a J.E.D.Z. (Joint Economic Development Zone) agreement each with the Cities of Oregon and Rossford. The City established a TIF (Tax Increment Financing) for the issuance and sale of bonds to pay for construction improvements to the Route 280 interchange at Curtice Road which revolved around the construction of a Menard's store on Curtice Road. The Cities of Oregon and Northwood have signed a cooperative tax sharing agreement and the Northwood and Oregon school systems have signed compensation agreements with Menard's.

***Letter of Transmittal
For the Year Ended December 31, 2012***

Unemployment Rates

According to the Ohio Bureau of Employment Services, the 2012 annual average unemployment rate for Wood County was 8.1% which was higher than the state rate of 7.0% and also higher than the national rate of 7.7%.

Employee Relations

The City has 35 full-time and 48 part-time employees. A statewide public employee collective bargaining law applies to public employee relations and collective bargaining. There are three bargaining units representing 28 full-time employees. The A.F.S.C.M.E. (American Federation of State, County and Municipal Employees) Local 755 Ohio represents 8 full-time employees. The O.P.B.A. (Ohio Patrolmen's Benevolent Association) represents 11 patrol officers and 4 police dispatchers. The FOP/OLC represents 4 sergeants.

The City negotiated in 2012 with A.F.S.C.M.E. for a 3-year term ending on March 31, 2015. The contract with O.P.B.A. was negotiated in 2011 for a 3-year term ending December 31, 2014. The City reached agreement with FOP/OLC in 2010 for a 3-year term ending June 30, 2013.

Major City Initiatives

During 2012, the City continued focusing on improving the quality of life and employment opportunities for its residents and taxpayers. The City pursued possible assistance such as federal, state and local grant funds. In 2011 the City received the following Police related grants; Third Grade Safety Belt, Bulletproof Vest, and D.U.I. Task Force. The City also received grants from Wood County Recycling, Landfill Sponsorship, and training and equipment grants for the Fire Department.

During 2012, the City completed the Street Resurfacing Improvements project.

Continuing and Future Projects

Major projects started in 2012 include the Wales Road Rail Overpass and engineering and property acquisition for a storm water retention pond.

The City will continue making infrastructure improvements throughout the City in 2013 wherever they are needed.

***Letter of Transmittal
For the Year Ended December 31, 2012***

AWARDS AND ACKNOWLEDGEMENTS

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 governments who 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 conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. I believe this, our fifteenth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to the GFOA.

Public Disclosure

The publication of this report represents an important achievement in the ability of the City of Northwood to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City Administration and investors. In addition to the citizens of Northwood, the recipients of this report will include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City of Northwood to improve its overall financial accounting, management and reporting capabilities.

Acknowledgements

The City of Northwood is proud to be submitting this GAAP financial report utilizing the guidelines recommended by GFOA. This report is the result of continued cooperation, and combined services of the Mayor, City Council, Administrative Officials, City employees, the Wood County Auditor's Office and the Auditor's Division of the State of Ohio.

Sincere appreciation and acknowledgement is extended to Donald J. Schonhardt & Associates, Inc, for their guidance in the preparation of this report.

Respectfully,



Kenneth A. Yant
Finance & Revenue Director

CITY OF NORTHWOOD, OHIO

***List of Principal Officials
For the Year Ended December 31, 2012***

Elected Official

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mark A. Stoner	Mayor	12/31/14
Edward Schimmel	City Council, President	12/31/14
James D. Barton	City Council	12/31/13
David A. Gallaher	City Council	12/31/13
Connie S. Hughes	City Council	12/31/13
Randy Kozina	City Council	12/31/13
Mike Myers	City Council	12/31/13
Dean Edwards	City Council	12/31/14

Administrative Personnel

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>	<u>Surety</u>
Brian Ballenger	Director of Law	Indefinite	
Robert Anderson	City Administrator	Indefinite	\$50,000 Bond
Tom Cairl	Chief of Police	Indefinite	
Joel Whitmore	Chief of Fire	Indefinite	
Craig Meier	Director of Public Service	Indefinite	
Kenneth A. Yant	Director of Finance	Indefinite	\$50,000 Bond
Paul Gercak	Director of Recreation	Indefinite	
Kimberly Grames	Zoning Inspector	Indefinite	
Laura Schroeder	Clerk of Mayor's Courts	Indefinite	
C. Drew Griffith	Court Magistrate	Indefinite	

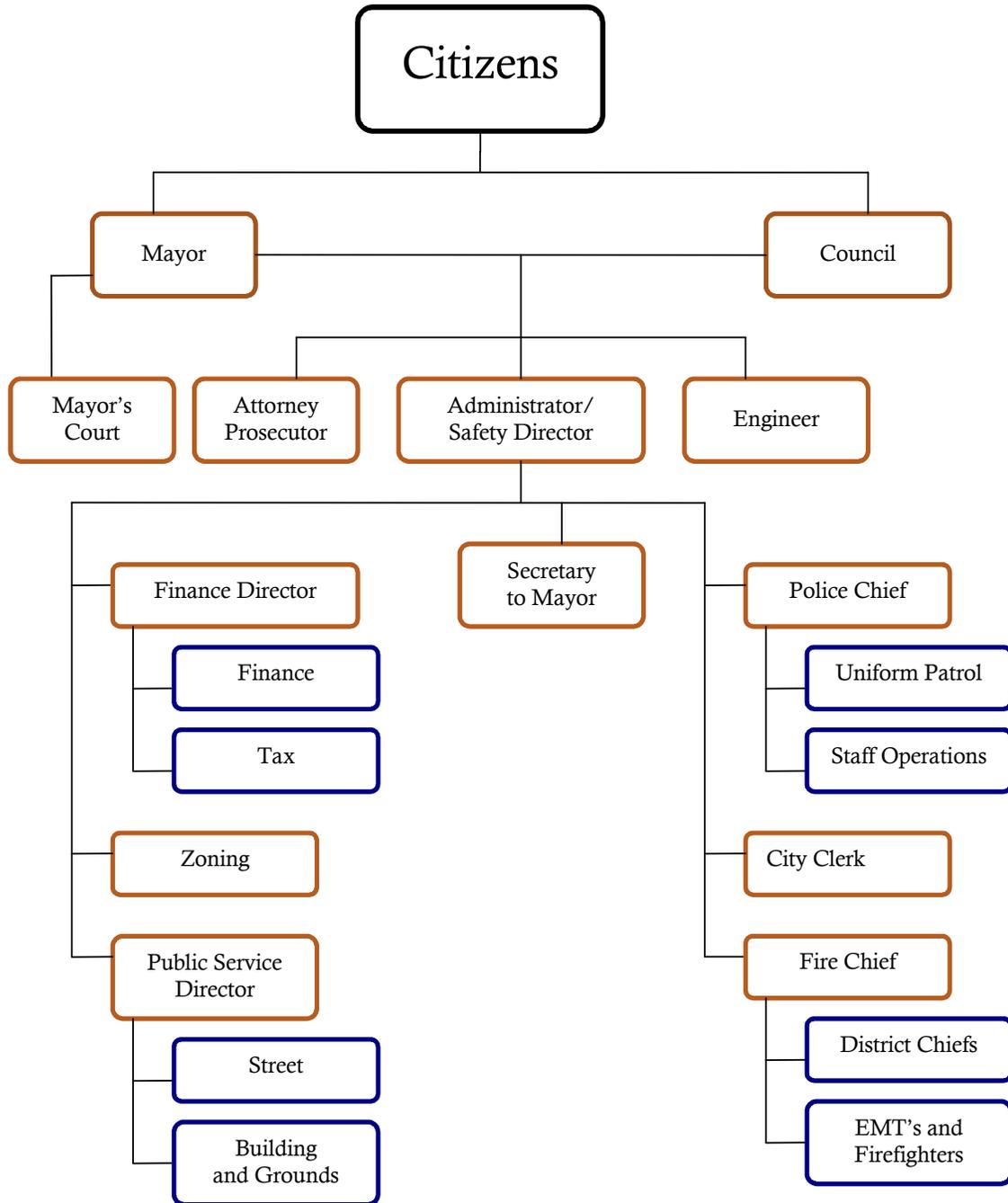
Applies to All Elected Officials

Public officials \$5 million/occurrence, \$7 million aggregate general liability.
Term July 9, 2012 to July 9, 2013

City Address:

City of Northwood
6000 Wales Road
Northwood, Ohio 43619-1480
419-693-9327 FAX 419-693-6705

*City Organizational Chart
For the Year Ended December 31, 2012*



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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Northwood
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moine
President

Jeffrey R. Emer
Executive Director

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Northwood, Ohio

The Honorable David Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Northwood, Wood County, Ohio, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Northwood, Ohio, as of December 31, 2012, and the respective changes in financial position, and, the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 4 to the financial statements, during 2012 the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

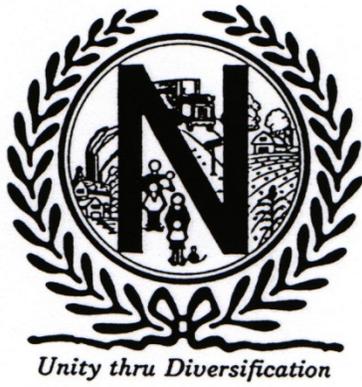
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2013, on our consideration of the City of Northwood, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Northwood, Ohio's internal control over financial reporting and compliance.



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

May 9, 2013



***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

The discussion and analysis of the City of Northwood's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the 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 2012 are as follows:

- ❑ In total, net position increased \$1,250,524, which represents an 8.9% increase from 2011.
- ❑ General revenues accounted for \$5.5 million in revenue or 81% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 19% of total revenues of \$6.8 million.
- ❑ The City had \$5.6 million in expenses related to governmental activities; only \$1.3 million of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$4.4 million in revenues and \$4.2 million in expenditures. The general fund's fund balance increased \$246,427 to \$1,986,111.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, 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 accepting 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 plus deferred outflows of resources and the City's liabilities plus deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position is 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 continued 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 has no 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 City activities. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

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 separate Statements of Fiduciary Net position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position between 2012 and 2011:

	Governmental	
	Activities	
	2012	2011
Current and other assets	\$9,087,556	\$8,986,924
Capital assets, Net	9,614,525	8,629,961
Total assets	18,702,081	17,616,885
Long-term debt outstanding	2,868,222	2,968,380
Other liabilities	338,931	606,152
Total liabilities	3,207,153	3,574,532
Property Tax Levy for Next Fiscal Year	202,051	0
Net Investment in Capital Assets	9,368,500	8,284,546
Restricted	5,056,816	5,989,880
Unrestricted	867,561	(232,073)
Total net position	\$15,292,877	\$14,042,353

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***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2012 and 2011:

	Governmental Activities	
	2012	2011
Revenues		
Program revenues:		
Charges for Services and Sales	\$908,953	\$1,123,325
Operating Grants and Contributions	376,964	375,248
Capital Grants and Contributions	2,500	4,779
General revenues:		
Property Taxes	413,241	427,146
Municipal Income Taxes	4,720,735	4,359,623
Other Local Taxes	37,077	44,816
Grants and Entitlements not Restricted to Specific Programs	239,456	474,873
Investment Earnings	20,512	15,983
Miscellaneous	86,992	59,965
Total revenues	<u>6,806,430</u>	<u>6,885,758</u>
Program Expenses		
Security of Persons and Property	2,708,090	2,372,014
Public Health and Welfare Services	6,695	8,682
Leisure Time Activities	80,200	87,105
Community Environment	102,235	107,373
Basic Utility Services	86,753	214,271
Transportation	972,133	598,193
General Government	1,518,514	1,381,014
Interest and Fiscal Charges	81,286	112,882
Total expenses	<u>5,555,906</u>	<u>4,881,534</u>
Total Change in Net Position	1,250,524	2,004,224
Beginning Net Position	<u>14,042,353</u>	<u>12,038,129</u>
Ending Net Position	<u>\$15,292,877</u>	<u>\$14,042,353</u>

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

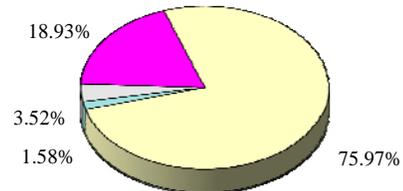
Governmental Activities

Net position of the City's governmental activities increased by \$1,250,524. This was due primarily to an increase in municipal income tax collections and a decrease in basic utility services.

The City also 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. Residents who work outside the City and are subject to a municipal income tax receive a 100% credit against the income tax liability due to Northwood.

Property taxes and income taxes made up 6% and 69% respectively of revenues for governmental activities for the City in fiscal year 2012. The City's reliance upon tax revenues is demonstrated by the following graph indicating 76% of total revenues from general tax revenues:

Revenue Sources	2012	Percent of Total
General Shared Revenues	\$239,456	3.52%
Program Revenues	1,288,417	18.93%
General Tax Revenues	5,171,053	75.97%
General Other	107,504	1.58%
Total Revenue	\$6,806,430	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$7,740,305, which is an increase from last year's balance of \$7,526,193. The schedule below indicates the fund balance and the total change in fund balance by major and nonmajor fund as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$1,986,111	\$1,739,684	\$246,427
General Obligation Debt Retirement	577,167	466,997	110,170
Capital Improvement	2,623,282	3,047,965	(424,683)
Capital Replacement	911,353	871,622	39,731
Other Governmental	1,642,392	1,399,925	242,467
Total	\$7,740,305	\$7,526,193	\$214,112

CITY OF NORTHWOOD, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

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

	2012	2011	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Property Taxes	\$212,914	\$229,764	(\$16,850)
Municipal Income Tax	3,380,536	3,447,358	(66,822)
Other Local Taxes	21,171	28,322	(7,151)
Intergovernmental Revenue	348,183	561,667	(213,484)
Charges for Services	64,674	87,650	(22,976)
Licenses and Permits	120,377	93,000	27,377
Investment Earnings	19,271	13,574	5,697
Special Assessments	85,338	91,002	(5,664)
Fines & Forfeitures	107,424	142,576	(35,152)
Donations	950	650	300
All Other Revenue	<u>72,380</u>	<u>190,738</u>	<u>(118,358)</u>
Total	<u>\$4,433,218</u>	<u>\$4,886,301</u>	<u>(\$453,083)</u>

General Fund revenues in 2012 decreased 9.2% compared to revenues in fiscal year 2011. The most significant factors contributing to this decrease was a decrease of \$213,484 in intergovernmental revenue during 2012.

	2012	2011	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$2,496,089	\$2,278,251	\$217,838
Public Health and Welfare Services	6,695	8,682	(1,987)
Leisure Time Activities	52,933	55,894	(2,961)
Community Environment	94,316	95,607	(1,291)
Transportation	124,598	193,091	(68,493)
General Government	<u>1,413,552</u>	<u>1,260,391</u>	<u>153,161</u>
Total	<u>\$4,188,183</u>	<u>\$3,891,916</u>	<u>\$296,267</u>

General Fund expenditures increased by \$296,267 or 7.6% from the prior year mostly due to increases in security of persons and property and general government.

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

The General Obligation Debt Retirement Fund balance increased by \$110,170 in 2012 due to the decrease in principal and interest payments compared to 2011.

The Capital Improvement Fund balance decreased by \$424,683 to \$2,623,282 in 2012. This decrease was due to an increase in capital related expenditures in 2012.

The Capital Replacement Fund balance increased by \$39,731 to \$911,353 in 2012. This increase was due to an increase in municipal income tax collections during 2012.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, final budget basis revenue of \$4.6 million did not change over the original budget estimates of \$4.6 million. There were no significant variances between the final budget and actual results for the General Fund. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012 the City had \$9,614,525 net of accumulated depreciation invested in land, improvements, infrastructure, buildings and machinery and equipment. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$426,051	\$407,945	\$18,106
Construction in Progress	846,250	0	846,250
Land Improvements	33,100	33,100	0
Buildings and Improvements	3,963,944	3,963,944	0
Machinery and Equipment	941,822	1,102,144	(160,322)
Vehicles	2,762,019	2,559,290	202,729
Infrastructure	5,155,445	4,735,579	419,866
Less: Accumulated Depreciation	(4,514,106)	(4,172,041)	(342,065)
Totals	<u>\$9,614,525</u>	<u>\$8,629,961</u>	<u>\$984,564</u>

The primary increase occurred in construction in progress. This increase is the result construction of the Wales Road railroad overpass project.

As of December 31, 2012, the City had contractual commitments of \$363,000. This is related to the Wales Road railroad overpass project. Additional information on the City's capital assets can be found in Note 10.

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

Debt

The following table summarizes the City's debt outstanding as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
General Obligation Bonds	\$2,360,000	\$2,475,000
Ohio Public Works Commission	61,025	70,415
Compensated Absences	447,197	422,965
Totals	<u>\$2,868,222</u>	<u>\$2,968,380</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 that of other political subdivisions within the respective counties in which Northwood lies, is limited to 11.5 mills. At December 31, 2012, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

The City's original budget for 2012 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be less than 1% higher than the actual receipts for 2012. This difference was due mainly to actual collections being slightly less than original estimates of income tax receipts, fines and forfeitures and intergovernmental revenue.

General Fund expenditures were originally budgeted at 9% more than 2012 actual expenditures. Department requests were reduced from original submissions and in general, departments closely monitored spending.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

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. If you have questions about this report or need additional financial information contact the Finance Department by calling 419-693-9328 or writing to City of Northwood Finance Department, 6000 Wales Road, Northwood, Ohio 43619.

CITY OF NORTHWOOD, OHIO

**Statement of Net Position
December 31, 2012**

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 3,018,310
Investments	4,038,964
Receivables:	
Taxes	1,084,025
Accounts	444,132
Intergovernmental	321,045
Special Assessments	79,950
Inventory of Supplies at Cost	69,636
Prepaid Items	31,494
Capital Assets:	
Capital Assets Not Being Depreciated	1,272,301
Capital Assets Being Depreciated, Net	8,342,224
Total Assets	18,702,081
Liabilities:	
Accounts Payable	45,533
Accrued Wages and Benefits	275,804
Claims Payable	2,446
Accrued Interest Payable	15,148
Long-Term Liabilities:	
Due Within One Year	255,703
Due in More Than One Year	2,612,519
Total Liabilities	3,207,153
Deferred Inflows of Resources:	
Property Tax Levy for Next Fiscal Year	202,051
Net Position:	
Net Investment in Capital Assets	9,368,500
Restricted For:	
Capital Projects	3,596,191
Debt Service	594,879
Street Construction, Maintenance and Repair	662,119
Other Purposes	203,627
Unrestricted	867,561
Total Net Position	\$ 15,292,877

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

**Statement of Activities
For the Year Ended December 31, 2012**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Security of Persons and Property	\$ 2,708,090	\$ 213,543	\$ 19,838	\$ 0	\$ (2,474,709)
Public Health and Welfare Services	6,695	0	0	0	(6,695)
Leisure Time Activities	80,200	5,975	0	0	(74,225)
Community Environment	102,235	26,956	5,265	2,500	(67,514)
Basic Utility Services	86,753	273,409	0	0	186,656
Transportation	972,133	6,172	351,861	0	(614,100)
General Government	1,518,514	382,898	0	0	(1,135,616)
Interest and Fiscal Charges	81,286	0	0	0	(81,286)
Total Governmental Activities	\$ 5,555,906	\$ 908,953	\$ 376,964	\$ 2,500	(4,267,489)
General Revenues					
Property Taxes					413,241
Municipal Income Taxes					4,720,735
Other Local Taxes					37,077
Grants and Entitlements not Restricted to Specific Programs					239,456
Investment Earnings					20,512
Miscellaneous					86,992
Total General Revenues					<u>5,518,013</u>
Change in Net Position					1,250,524
Net Position Beginning of Year					<u>14,042,353</u>
Net Position End of Year					<u>\$ 15,292,877</u>

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

**Balance Sheet
Governmental Funds
December 31, 2012**

	General	General Obligation Debt Retirement	Capital Improvement	Capital Replacement
Assets:				
Cash and Cash Equivalents	\$ 312,518	\$ 577,167	\$ 451,375	\$ 162,181
Investments	1,327,588	0	2,022,422	688,954
Receivables:				
Taxes	824,805	0	168,133	84,067
Accounts	422,956	0	11,212	0
Intergovernmental	126,855	32,860	0	0
Special Assessments	79,950	0	0	0
Inventory of Supplies, at Cost	6,640	0	0	0
Prepaid Items	31,494	0	0	0
Total Assets	\$ 3,132,806	\$ 610,027	\$ 2,653,142	\$ 935,202
Liabilities:				
Accounts Payable	\$ 21,140	\$ 0	\$ 9,335	\$ 13,586
Accrued Wages and Benefits Payable	271,489	0	0	0
Claims Payable	2,446	0	0	0
Total Liabilities	295,075	0	9,335	13,586
Deferred Inflows of Resources:				
Unavailable Amounts	649,569	32,860	20,525	10,263
Property Tax for Next Fiscal Year	202,051	0	0	0
Total Deferred Inflows of Resources	851,620	32,860	20,525	10,263
Fund Balances:				
Nonspendable	38,134	0	0	0
Restricted	0	577,167	0	0
Committed	0	0	2,623,282	911,353
Assigned	215	0	0	0
Unassigned	1,947,762	0	0	0
Total Fund Balances	1,986,111	577,167	2,623,282	911,353
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,132,806	\$ 610,027	\$ 2,653,142	\$ 935,202

See accompanying notes to the basic financial statements

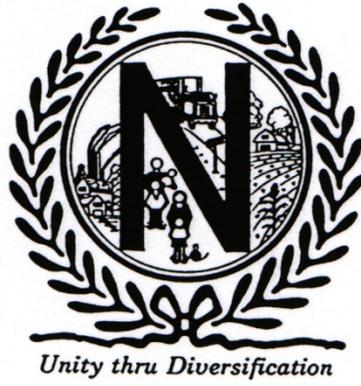
CITY OF NORTHWOOD, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,515,069	\$ 3,018,310
0	4,038,964
7,020	1,084,025
9,964	444,132
161,330	321,045
0	79,950
62,996	69,636
0	31,494
<u>\$ 1,756,379</u>	<u>\$ 9,087,556</u>
\$ 1,472	\$ 45,533
4,315	275,804
0	2,446
<u>5,787</u>	<u>323,783</u>
108,200	821,417
0	202,051
<u>108,200</u>	<u>1,023,468</u>
62,996	101,130
815,280	1,392,447
764,116	4,298,751
0	215
0	1,947,762
<u>1,642,392</u>	<u>7,740,305</u>
<u>\$ 1,756,379</u>	<u>\$ 9,087,556</u>

***Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2012***

Total Governmental Fund Balances	\$ 7,740,305
 <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.	9,614,525
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	821,417
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,883,370)</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 15,292,877</u>

See accompanying notes to the basic financial statements



CITY OF NORTHWOOD, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012**

	General	General Obligation Debt Retirement	Capital Improvement	Capital Replacement
Revenues:				
Property Taxes	\$ 212,914	\$ 206,632	\$ 0	\$ 0
Municipal Income Tax	3,380,536	0	943,138	392,016
Other Local Taxes	21,171	0	0	0
Intergovernmental Revenues	348,183	4,695	0	0
Charges for Services	64,674	0	0	0
Licenses and Permits	120,377	0	0	0
Investment Earnings	19,271	0	0	0
Special Assessments	85,338	0	6,172	0
Fines and Forfeitures	107,424	0	142,141	0
Donations	950	0	0	0
All Other Revenue	72,380	0	0	0
Total Revenue	4,433,218	211,327	1,091,451	392,016
Expenditures:				
Current:				
Security of Persons and Property	2,496,089	0	0	0
Public Health and Welfare Services	6,695	0	0	0
Leisure Time Activities	52,933	0	0	0
Community Environment	94,316	0	0	0
Basic Utility Services	0	0	0	0
Transportation	124,598	0	0	0
General Government	1,413,552	0	0	0
Capital Outlay	0	0	1,411,134	371,341
Debt Service:				
Principal Retirement	0	124,390	0	0
Interest & Fiscal Charges	0	81,767	0	0
Total Expenditures	4,188,183	206,157	1,411,134	371,341
Excess (Deficiency) of Revenues Over Expenditures	245,035	5,170	(319,683)	20,675

CITY OF NORTHWOOD, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 419,546
0	4,715,690
15,906	37,077
342,460	695,338
273,409	338,083
8,846	129,223
2,141	21,412
0	91,510
15,091	264,656
0	950
0	72,380
<u>657,853</u>	<u>6,785,865</u>

533	2,496,622
0	6,695
0	52,933
6,680	100,996
84,886	84,886
323,233	447,831
9,930	1,423,482
0	1,782,475
0	124,390
0	81,767
<u>425,262</u>	<u>6,602,077</u>

232,591 183,788

(Continued)

CITY OF NORTHWOOD, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012**

	General	General Obligation Debt Retirement	Capital Improvement	Capital Replacement
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	19,056
Transfers In	0	105,000	0	0
Transfers Out	0	0	(105,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>105,000</u>	<u>(105,000)</u>	<u>19,056</u>
Net Change in Fund Balances	245,035	110,170	(424,683)	39,731
Fund Balances at Beginning of Year	1,739,684	466,997	3,047,965	871,622
Increase in Inventory Reserve	<u>1,392</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances End of Year	<u>\$ 1,986,111</u>	<u>\$ 577,167</u>	<u>\$ 2,623,282</u>	<u>\$ 911,353</u>

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
0	19,056
0	105,000
<u>0</u>	<u>(105,000)</u>
<u>0</u>	<u>19,056</u>
232,591	202,844
1,399,925	7,526,193
<u>9,876</u>	<u>11,268</u>
<u>\$ 1,642,392</u>	<u>\$ 7,740,305</u>

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to
The Statement of Activities
For the Year Ended December 31, 2012***

Net Change in Fund Balances - Total Governmental Funds	\$ 202,844
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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.	980,970
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.	(46,706)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	50,300
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(48,791)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	124,390
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	481
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	<u>(12,964)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 1,250,524</u></u>

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, 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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 242,000	\$ 240,398	\$ 212,914	\$ (27,484)
Municipal Income Tax	3,280,000	3,258,281	3,237,876	(20,405)
Other Local Taxes	27,000	26,821	23,438	(3,383)
Intergovernmental Revenue	456,000	452,981	375,528	(77,453)
Charges for Services	110,000	109,272	60,567	(48,705)
Licenses and Permits	108,000	107,285	119,215	11,930
Special Assessments	109,000	108,278	85,338	(22,940)
Investment Earnings	15,000	14,901	19,271	4,370
Fines and Forfeitures	175,000	173,841	107,424	(66,417)
Donations	2,000	1,987	950	(1,037)
All Other Revenues	76,000	75,496	80,011	4,515
Total Revenues	<u>4,600,000</u>	<u>4,569,541</u>	<u>4,322,532</u>	<u>(247,009)</u>
Expenditures:				
Current:				
Security of Persons and Property	2,640,000	2,650,700	2,472,828	177,872
Public Health and Welfare Services	10,000	10,000	6,695	3,305
Leisure Time Activities	66,000	70,370	53,225	17,145
Community Environment	103,000	104,200	93,800	10,400
Transportation	227,000	227,000	120,239	106,761
General Government	1,404,000	1,516,100	1,433,045	83,055
Total Expenditures	<u>4,450,000</u>	<u>4,578,370</u>	<u>4,179,832</u>	<u>398,538</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000	(8,829)	142,700	151,529
Fund Balance at Beginning of Year	<u>1,496,316</u>	<u>1,496,316</u>	<u>1,496,316</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,646,316</u>	<u>\$ 1,487,487</u>	<u>\$ 1,639,016</u>	<u>\$ 151,529</u>

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

***Statement of Assets and Liabilities
Fiduciary Fund
For the Year Ended December 31, 2012***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 350
Total Assets	<u>\$ 350</u>
Liabilities:	
Due to Others	\$ 350
Total Liabilities	<u>\$ 350</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Northwood, Ohio (the "City") is a charter municipal corporation operating under the charter and the laws of the State of Ohio. Northwood became a City on January 1, 1982. The City operates under a council/mayor form of government. Legislative power is vested in a seven-member council, including the President, each elected to four-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. The Administrator is appointed by the Mayor with Council approval and handles the operational activities of the City's departments. All other City officials are appointed by the Mayor with Council approval.

The accompanying basic financial statements of the City present the financial position of the various fund types and the results of operations of the various fund types. The financial statements are presented as of December 31, 2012 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*," 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 includes the following services: police protection, fire protection, ambulance transport, parks and recreation and street maintenance and repair, as well as a staff to provide administrative support (i.e., payroll processing, accounts payable and revenue collection) to the service providers.

B. Basis of Presentation - Fund Accounting

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, liabilities, fund equity, revenues and expenditures. 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, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

The governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities 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.

General Obligation Debt Retirement Fund - This fund is used to account for the accumulation of resources for and the payment of, principal and interest on general obligation debt.

Capital Improvement Fund - This fund is used to account for 20% of the City's income tax collections which is used for capital projects financing or related capital expenditures attributable to various capital improvements.

Capital Replacement Fund - This fund is used to account for resources designated for planned replacement of major capital items for various departments within the City.

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

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 one agency fund. This fund is used to account for monies received by the City in situations where the City's role is purely custodial in nature. The only agency fund is the Mayor's Court Fund, which accounts for monies that flow through the mayor's court office.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 City has no activities considered business-type activities.

Interfund receivables and payables between governmental funds have been eliminated in the government-wide Statement of Net position. These eliminations minimize the duplicating effect on assets and liabilities within the governmental activities total column; however, the interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This 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 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 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 current liabilities, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 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, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, is recorded as revenue when received in cash because it is generally not measurable until received.

The accrual basis of accounting is utilized for reporting purposes for the government-wide financial statements. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred inflows of resources. Property taxes measurable as of December 31, 2012, but which are not intended to finance 2012 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources as further described in Note 7.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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. The legal level of budgetary control is by the object level within each fund. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the object level within each fund without the approval of City Council. Budgetary modifications above the object level by fund may only be made by ordinance of the City Council.

1. Tax Budget

The City Finance Director submits 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.

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 first and final amended official certificate of estimated resources issued during 2012.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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, object level, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined 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.

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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	<u>Net Change In Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$245,035
Increase (Decrease):	
Accrued Revenues at December 31, 2012 received during 2013	(602,946)
Accrued Revenues at December 31, 2011 received during 2012	492,260
Accrued Expenditures at December 31, 2012 paid during 2013	295,075
Accrued Expenditures at December 31, 2011 paid during 2012	(298,855)
2011 Prepays for 2012	44,715
2012 Prepays for 2013	(31,494)
Outstanding Encumbrances	(1,090)
Budget Basis	<u><u>\$142,700</u></u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits. 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. See Note 6, "Pooled Cash, Cash Equivalents and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and local ordinances. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$19,271, which includes \$14,792 assigned from other City funds. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 6, "Pooled Cash, Cash Equivalents and Investments."

H. Inventory

Inventories are stated at cost (first-in, first-out). The costs of inventory items are recorded as expenditures in the governmental funds when purchased.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$15,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net position, but they are not reported in the Fund Financial Statements. 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 not been reported. Only additions to infrastructure since the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*", have been reported.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

2. 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:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Buildings & Improvements	15 - 40
Machinery, Equipment, Furniture and Fixtures	5-10
Vehicles	5
Infrastructure	50

K. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund
Ohio Public Works Commission Loan	General Bond Retirement Fund
Compensated Absences	General Fund

L. 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 that 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources 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 "Compensated Absences Payable." In the government wide statement of net position, "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.

M. Net position

Net position represents the difference between assets plus the deferred outflow of resources and liabilities plus the deferred inflow of resources. 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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances (Continued)

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 unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

O. Pensions

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

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. 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 2012.

S. Deferred Inflows of Resources

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, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

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

Delinquent Income Tax Revenue	\$102,626
Delinquent Property Tax Revenue	30,903
Shared Revenues	220,639
Charges for Services	387,299
Special Assessment Revenue	79,950
	<hr/>
	\$821,417

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$2,360,000)
Ohio Public Works Commission Loan	(61,025)
Accrued Interest on Long-Term Debt	(15,148)
Compensated Absences Payable	(447,197)
	<hr/>
	(\$2,883,370)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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

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

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

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

Capital Outlay	\$1,408,531
Depreciation Expense	<u>(427,561)</u>
	\$980,970

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$5,045
Decrease in Delinquent Property Tax	(6,305)
Decrease in Shared Revenue	(76,418)
Decrease in Interest Revenue	(900)
Decrease in Charges for Services	(49,058)
Increase in Special Assessment Revenue	<u>78,845</u>
	(\$48,791)

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$24,232)
Increase in supplies inventory	<u>11,268</u>
	(\$12,964)

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Excess Appropriations over Estimated Resources - The Northwood Waste/Environmental Fund had appropriations exceeding estimated resources contrary to Ohio Revised Code Section 5705.39.

CITY OF NORTHWOOD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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	General Obligation Debt Retirement Fund	Capital Improvement Fund	Capital Replacement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Supplies Inventory	\$6,640	\$0	\$0	\$0	\$62,996	\$69,636
Prepaid Items	31,494	0	0	0	0	31,494
Total Nonspendable	38,134	0	0	0	62,996	101,130
Restricted:						
General Obligation Debt Service Payments	0	577,167	0	0	0	577,167
Street Construction and Maintenance	0	0	0	0	566,365	566,365
Motor Vehicle License Tax	0	0	0	0	17,695	17,695
State Highway Improvements	0	0	0	0	67,880	67,880
Drug Fines	0	0	0	0	4,441	4,441
Law Enforcement	0	0	0	0	10,651	10,651
Enforcement and Education	0	0	0	0	4,541	4,541
Computerized Research	0	0	0	0	25,643	25,643
Recreation Parks	0	0	0	0	30,768	30,768
Keep Northwood Beautiful	0	0	0	0	87,296	87,296
Total Restricted	0	577,167	0	0	815,280	1,392,447
Committed:						
Capital Improvements	0	0	2,623,282	0	0	2,623,282
Capital Replacement	0	0	0	911,353	0	911,353
Storm Water Management	0	0	0	0	761,883	761,883
Northwood Environment	0	0	0	0	2,233	2,233
Total Committed	0	0	2,623,282	911,353	764,116	4,298,751
Assigned	215	0	0	0	0	215
Unassigned	1,947,762	0	0	0	0	1,947,762
Total Fund Balances	\$1,986,111	\$577,167	\$2,623,282	\$911,353	\$1,642,392	\$7,740,305

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012 the City implemented GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*,” GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 6 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" 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 not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be 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;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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

A. Deposits

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

At year end the carrying amount of the City's deposits was \$7,056,924 and the bank balance was \$6,664,927. In addition, the City had \$700 petty cash on hand. Federal depository insurance covered \$4,568,989 of the bank balance and \$2,095,938 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$2,095,938</u>
Total Balance	<u><u>\$2,095,938</u></u>

B. Investments

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The City adheres to the Ohio Revised Code's five year policy.

Credit Risk – The City's investment policy 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.

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 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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

B. Investments (Continued)

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. The City had no investments at year end.

NOTE 7 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 7 – TAXES (Continued)

A. Property Taxes (Continued)

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

The full tax rate for all City operations for the year ended December 31, 2012 was \$1.60 per \$1,000 of assessed value. The assessed value upon which the 2012 tax receipts were based was \$130,722,140. This amount constitutes \$127,698,420 in real property assessed value and \$3,023,720 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 .16% (1.60 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 the total amount assessed.

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

NOTE 8 - RECEIVABLES

Receivables at December 31, 2012 consisted of taxes, special assessments, accounts receivable and intergovernmental receivables.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2012:

	<u>Transfers In:</u>
	General
	Obligation
	Debt Retirement
<u>Transfers Out:</u>	<u>Fund</u>
Capital Improvement Fund	<u>\$105,000</u>
	<u>\$105,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 10 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$407,945	\$18,106	\$0	\$426,051
Construction in Progress	0	846,250	0	846,250
	407,945	864,356	0	1,272,301
<i>Capital assets being depreciated:</i>				
Land Improvements	33,100	0	0	33,100
Buildings and Improvements	3,963,944	0	0	3,963,944
Machinery and Equipment	1,011,709	0	(69,887)	941,822
Vehicles	2,619,721	204,613	(62,315)	2,762,019
Infrastructure	4,765,583	389,862	0	5,155,445
	12,394,057	594,475	(132,202)	12,856,330
Total Cost	\$12,802,002	\$1,458,831	(\$132,202)	\$14,128,631

Accumulated Depreciation:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Land Improvements	(\$33,100)	\$0	\$0	(\$33,100)
Buildings and Improvements	(1,485,959)	(82,899)	0	(1,568,858)
Machinery and Equipment	(602,540)	(59,896)	35,206	(627,230)
Vehicles	(1,473,281)	(161,642)	50,290	(1,584,633)
Infrastructure	(577,161)	(123,124)	0	(700,285)
Total Depreciation	(\$4,172,041)	(\$427,561) *	\$85,496	(\$4,514,106)
<i>Net Value:</i>	\$8,629,961			\$9,614,525

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$115,031
Leisure Time Activities	27,267
Community Environment	1,450
Basic Utility Services	19,973
Transportation	172,684
General Government	91,156
Total Depreciation Expense	\$427,561

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$139,056, \$137,418 and \$152,612, respectively, or 88.7% of the required contributions for 2012 and 100% of the required contributions for 2011 and 2010. The unpaid contribution to fund pension obligations for 2012, in the amount of \$17,654, is recorded as a liability within the respective funds.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2012, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2012, 2011, and 2010 were \$165,370, \$205,473 and \$214,186 for police and \$0, \$5,450 and \$15,259 for firefighters, respectively, or 72.4% of the required contributions for 2012 and 100% of the required contributions for 2011 and 2010. The unpaid contribution to fund pension obligations for 2012, in the amount of \$62,917, is recorded as a liability within the respective funds.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2012, 2011, and 2010 were \$39,715, \$39,262 and \$49,896, respectively, or 88.7% of the required contributions for 2012 and 100% of the required contributions for 2011 and 2010.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

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

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 2012, the employer contribution allocated to the health care plan was 6.75% 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 also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2012, 2011, and 2010 were \$57,212, \$71,125 and \$74,141 for police and \$0, \$1,533 and \$4,292 for firefighters, respectively, or 72.4% of the required contributions for 2012 and 100% of the required contributions for 2011 and 2010.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 13 - COMPENSATED ABSENCES

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

The costs of vacation and sick leave benefits are recorded as they are earned. Employees earn vacation leave at varying rates based upon length of service. Sick leave is earned at various rates as defined by City policy and union contracts. Employees are paid for 100 percent of earned, unused vacation leave upon termination. Any employee with more than ten years of full-time service with the City who elects to retire is entitled to receive one-fourth of the value of their accumulated unused sick leave up to a maximum of thirty to forty-five days.

At December 31, 2012, the City's accumulated, unpaid compensated absences amounted to \$447,197, which has been recorded as a liability of the Governmental Activities.

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CITY OF NORTHWOOD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2012 is as follows:

	Issue Date	Original Issue Amount	Balance December 31, 2011	Issued	(Retired)	Balance December 31, 2012	Amounts Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
4.20% Fire Station Improvement	2005	\$800,000	\$275,000	\$0	(\$90,000)	\$185,000	\$90,000
8.00% TIF Improvement	2007	2,200,000	2,200,000	0	(25,000)	2,175,000	25,000
Total General Obligation Bonds			2,475,000	0	(115,000)	2,360,000	115,000
Ohio Public Works Commission Loan:							
0.00% Wales Road Pavement & Storm Drainage	1999	187,790	70,415	0	(9,390)	61,025	9,390
Compensated Absences			422,965	447,197	(422,965)	447,197	131,313
Total Governmental Activities Long-Term Debt			\$2,968,380	\$447,197	(\$547,355)	\$2,868,222	\$255,703

During 2007, the City issued TIF bonds to finance certain public improvements within the City limits of Northwood. This was done to help pay for infrastructure associated with the construction of a building paid for by Menard's, Inc.

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2012, follow:

Years	General Obligation Bonds		OPWC Loan	
	Principal	Interest	Principal	Interest
2013	\$115,000	\$181,770	\$9,390	\$0
2014	125,000	175,990	9,389	0
2015	30,000	169,600	9,389	0
2016	35,000	167,658	9,389	0
2017	35,000	164,400	9,389	0
2018-2022	235,000	773,624	14,079	0
2023-2027	350,000	662,378	0	0
2028-2032	505,000	499,744	0	0
2033-2037	745,000	256,914	0	0
2038	185,000	14,800	0	0
Totals	\$2,360,000	\$3,066,878	\$61,025	\$0

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 15 - CONSTRUCTION COMMITMENTS

As of December 31, 2012 the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Greenway Estates Detention Pond	\$363,000	2014

NOTE 16 - 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; and natural disasters. The City purchases insurance coverage to provide employee health benefits and pays unemployment claims to the State of Ohio as incurred.

The City contracted with Wells Fargo from January 1, 2012 through December, 2012 for various insurance coverages, as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Auto Fleet Liability/Physical Damage	\$5,000,000	\$250/500
Law Enforcement Liability	\$5,000,000	\$5,000
General Liability	\$5,000,000	\$1,000
Stop Gap Liability	\$5,000,000	\$1,000
Real and Personal Property	\$6,750,361	\$1,000
Emergency Medical Services Liability	\$7,670,944	\$5,000
Inland Marine Equipment	\$1,521,078	\$1,000
Boiler and Machinery Property Damage	\$7,670,944	\$1,000
Public Officials Liability	\$5,000,000	\$5,000
Valuable Papers/EDP/Account Receivable	\$250,000	\$1,000
Employee Benefit Liability	\$5,000,000	\$1,000

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 16 - RISK MANAGEMENT (Continued)

The City provides a self-funded dental insurance program for its employees which is funded through the general fund. GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amount in fiscal 2011 and 2012 were:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
2011	\$1,873	\$35,040	(\$36,604)	\$309
2012	309	33,517	(31,380)	2,446

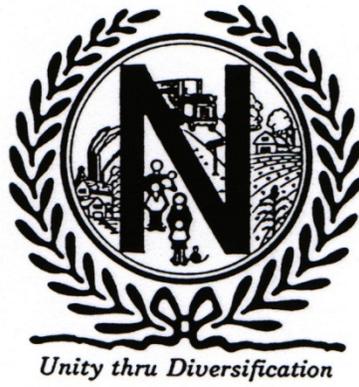
Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 17 - CONTINGENCIES

The City is a party to various legal proceeding, 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 on the financial condition of the City.

The City has received several federal and state grants for specific purposes, which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.



*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 that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of dedicated streets.

Motor Vehicle License Tax Fund

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

State Highway Improvement Fund

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

Northwood Waste/Environmental Fund

To account for the portion of disposal fees designated by City Ordinance to be used for monitoring and related expenses associated with a privately owned and operated solid waste disposal site located within the City.

Drug Fine Fund

To account for proceeds from mandatory drug fines disbursed for law enforcement purposes.

Special Law Enforcement Fund

To account for proceeds received from the sale of property confiscated/forfeited during criminal related arrests. Expenditures are to be used solely for law enforcement purposes.

Enforcement and Education Fund

To account for 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.

Computerized Research Fund

To account for the acquisition, improvement, replacement and repair of the computerized research system of the Mayor's Court.

(Continued)

Special Revenue Funds

Water Fund

To account for water related fees and surcharges used for maintenance and repair of waterlines within the City.

Keep Northwood Beautiful Fund

To account for donations used to promote Northwood Clean-Up Day and for a recycling program.

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.

Recreation Parks Combined Fund

To account for funds received from tax on new residential and mobile homes to be used for the development, maintenance and operation of public owned recreational facilities.

CITY OF NORTHWOOD, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 1,484,301	\$ 30,768	\$ 1,515,069
Receivables:			
Taxes	7,020	0	7,020
Accounts	9,964	0	9,964
Intergovernmental	161,330	0	161,330
Inventory of Supplies, at Cost	62,996	0	62,996
Total Assets	<u>\$ 1,725,611</u>	<u>\$ 30,768</u>	<u>\$ 1,756,379</u>
Liabilities:			
Accounts Payable	\$ 1,472	\$ 0	\$ 1,472
Accrued Wages and Benefits Payable	4,315	0	4,315
Total Liabilities	<u>5,787</u>	<u>0</u>	<u>5,787</u>
Deferred Inflows of Resources:			
Unavailable Amounts	108,200	0	108,200
Total Deferred Inflows of Resources	<u>108,200</u>	<u>0</u>	<u>108,200</u>
Fund Balances:			
Nonspendable	62,996	0	62,996
Restricted	784,512	30,768	815,280
Committed	764,116	0	764,116
Total Fund Balances	<u>1,611,624</u>	<u>30,768</u>	<u>1,642,392</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,725,611</u>	<u>\$ 30,768</u>	<u>\$ 1,756,379</u>

CITY OF NORTHWOOD, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Other Local Taxes	\$ 15,906	\$ 0	\$ 15,906
Intergovernmental Revenues	339,960	2,500	342,460
Charges for Services	273,409	0	273,409
Licenses and Permits	8,846	0	8,846
Investment Earnings	2,141	0	2,141
Fines and Forfeitures	15,091	0	15,091
Total Revenue	<u>655,353</u>	<u>2,500</u>	<u>657,853</u>
Expenditures:			
Current:			
Security of Persons and Property	533	0	533
Community Environment	6,680	0	6,680
Basic Utility Services	84,886	0	84,886
Transportation	323,233	0	323,233
General Government	9,930	0	9,930
Total Expenditures	<u>425,262</u>	<u>0</u>	<u>425,262</u>
Excess (Deficiency) of Revenues Over Expenditures	230,091	2,500	232,591
Fund Balances at Beginning of Year	1,371,657	28,268	1,399,925
Increase in Inventory Reserve	9,876	0	9,876
Fund Balances End of Year	<u>\$ 1,611,624</u>	<u>\$ 30,768</u>	<u>\$ 1,642,392</u>

CITY OF NORTHWOOD, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012**

	Street Construction, Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste / Environmental
Assets:				
Cash and Cash Equivalents	\$ 516,569	\$ 16,654	\$ 63,873	\$ 2,270
Receivables:				
Taxes	0	7,020	0	0
Accounts	0	0	0	61
Intergovernmental	149,227	0	12,103	0
Inventory of Supplies, at Cost	62,996	0	0	0
Total Assets	\$ 728,792	\$ 23,674	\$ 75,976	\$ 2,331
Liabilities:				
Accounts Payable	\$ 0	\$ 1,299	\$ 0	\$ 0
Accrued Wages and Benefits Payable	3,677	0	330	98
Total Liabilities	3,677	1,299	330	98
Deferred Inflows of Resources:				
Unavailable Amounts	95,754	4,680	7,766	0
Total Deferred Inflows of Resources	95,754	4,680	7,766	0
Fund Balances:				
Nonspendable	62,996	0	0	0
Restricted	566,365	17,695	67,880	0
Committed	0	0	0	2,233
Total Fund Balances	629,361	17,695	67,880	2,233
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 728,792	\$ 23,674	\$ 75,976	\$ 2,331

CITY OF NORTHWOOD, OHIO

Drug Fine	Special Law Enforcement	Enforcement and Education	Computerized Research	Water	Keep Northwood Beautiful	Total Nonmajor Special Revenue Funds
\$ 4,441	\$ 10,651	\$ 4,591	\$ 25,766	\$ 752,190	\$ 87,296	\$ 1,484,301
0	0	0	0	0	0	7,020
0	0	0	0	9,903	0	9,964
0	0	0	0	0	0	161,330
0	0	0	0	0	0	62,996
<u>\$ 4,441</u>	<u>\$ 10,651</u>	<u>\$ 4,591</u>	<u>\$ 25,766</u>	<u>\$ 762,093</u>	<u>\$ 87,296</u>	<u>\$ 1,725,611</u>
\$ 0	\$ 0	\$ 50	\$ 123	\$ 0	\$ 0	\$ 1,472
0	0	0	0	210	0	4,315
0	0	50	123	210	0	5,787
0	0	0	0	0	0	108,200
0	0	0	0	0	0	108,200
0	0	0	0	0	0	62,996
4,441	10,651	4,541	25,643	0	87,296	784,512
0	0	0	0	761,883	0	764,116
<u>4,441</u>	<u>10,651</u>	<u>4,541</u>	<u>25,643</u>	<u>761,883</u>	<u>87,296</u>	<u>1,611,624</u>
<u>\$ 4,441</u>	<u>\$ 10,651</u>	<u>\$ 4,591</u>	<u>\$ 25,766</u>	<u>\$ 762,093</u>	<u>\$ 87,296</u>	<u>\$ 1,725,611</u>

CITY OF NORTHWOOD, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012***

	Street Construction, Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste / Environmental
Revenues:				
Other Local Taxes	\$ 0	\$ 15,906	\$ 0	\$ 0
Intergovernmental Revenues	309,591	0	25,104	0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	8,846
Investment Earnings	1,285	214	214	214
Fines and Forfeitures	0	0	0	0
Total Revenue	<u>310,876</u>	<u>16,120</u>	<u>25,318</u>	<u>9,060</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Community Environment	0	0	0	6,680
Basic Utility Services	0	0	0	0
Transportation	296,146	13,983	13,104	0
General Government	0	0	0	0
Total Expenditures	<u>296,146</u>	<u>13,983</u>	<u>13,104</u>	<u>6,680</u>
Excess (Deficiency) of Revenues Over Expenditures	14,730	2,137	12,214	2,380
Fund Balances at Beginning of Year	604,755	15,558	55,666	(147)
Increase in Inventory Reserve	9,876	0	0	0
Fund Balances End of Year	<u>\$ 629,361</u>	<u>\$ 17,695</u>	<u>\$ 67,880</u>	<u>\$ 2,233</u>

CITY OF NORTHWOOD, OHIO

Drug Fine	Special Law Enforcement	Enforcement and Education	Computerized Research	Water	Keep Northwood Beautiful	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,906
0	0	0	0	0	5,265	339,960
0	0	0	0	273,409	0	273,409
0	0	0	0	0	0	8,846
0	214	0	0	0	0	2,141
345	2,477	753	11,516	0	0	15,091
<u>345</u>	<u>2,691</u>	<u>753</u>	<u>11,516</u>	<u>273,409</u>	<u>5,265</u>	<u>655,353</u>
0	533	0	0	0	0	533
0	0	0	0	0	0	6,680
0	0	0	0	84,886	0	84,886
0	0	0	0	0	0	323,233
0	0	1,443	8,487	0	0	9,930
<u>0</u>	<u>533</u>	<u>1,443</u>	<u>8,487</u>	<u>84,886</u>	<u>0</u>	<u>425,262</u>
345	2,158	(690)	3,029	188,523	5,265	230,091
4,096	8,493	5,231	22,614	573,360	82,031	1,371,657
0	0	0	0	0	0	9,876
<u>\$ 4,441</u>	<u>\$ 10,651</u>	<u>\$ 4,541</u>	<u>\$ 25,643</u>	<u>\$ 761,883</u>	<u>\$ 87,296</u>	<u>\$ 1,611,624</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 242,000	\$ 240,398	\$ 212,914	\$ (27,484)
Municipal Income Taxes	3,280,000	3,258,281	3,237,876	(20,405)
Other Local Taxes	27,000	26,821	23,438	(3,383)
Intergovernmental Revenues	456,000	452,981	375,528	(77,453)
Charges for Services	110,000	109,272	60,567	(48,705)
Licenses and Permits	108,000	107,285	119,215	11,930
Investment Earnings	15,000	108,278	85,338	(22,940)
Special Assessments	109,000	14,901	19,271	4,370
Fines and Forfeitures	175,000	173,841	107,424	(66,417)
Donations	2,000	1,987	950	(1,037)
All Other Revenues	76,000	75,496	80,011	4,515
Total Revenues	<u>4,600,000</u>	<u>4,569,541</u>	<u>4,322,532</u>	<u>(247,009)</u>
Expenditures:				
Security of Persons and Property:				
Police Department:				
Personal Services	1,595,000	1,595,000	1,532,111	62,889
Materials and Supplies	88,000	88,000	78,568	9,432
Contractual Services	41,000	43,200	41,545	1,655
Other Expenditures	4,000	4,000	1,415	2,585
Total Police Department	<u>1,728,000</u>	<u>1,730,200</u>	<u>1,653,639</u>	<u>76,561</u>
Fire Department:				
Personal Services	453,500	453,500	393,929	59,571
Materials and Supplies	98,500	107,000	101,957	5,043
Contractual Services	32,000	32,000	28,032	3,968
Total Fire Department	<u>584,000</u>	<u>592,500</u>	<u>523,918</u>	<u>68,582</u>
Civil Defense:				
Contractual Services	3,000	3,000	2,632	368

(Continued)

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Police and Fire Communications:				
Personal Services	304,900	304,800	283,181	21,619
Materials and Supplies	3,300	3,300	3,135	165
Contractual Services	6,800	6,900	6,323	577
Total Police and Fire Communications	315,000	315,000	292,639	22,361
Street Lighting:				
Contractual Services	5,000	5,000	0	5,000
Railroad Lighting:				
Contractual Services	5,000	5,000	0	5,000
Total Security of Persons and Property	2,640,000	2,650,700	2,472,828	177,872
Public Health and Welfare Services:				
County Board of Health:				
Contractual Services	10,000	10,000	6,695	3,305
Total Public Health and Welfare Services	10,000	10,000	6,695	3,305
Leisure Time Activities:				
Parks and Playgrounds:				
Materials and Supplies	4,000	6,100	5,285	815
Contractual Services	24,000	24,000	12,864	11,136
Capital Outlay	5,000	5,000	1,934	3,066
Total Parks and Playgrounds	33,000	35,100	20,083	15,017
Recreation:				
Contractual Services	2,000	2,000	2,000	0
Baseball Programs:				
Personal Services	7,700	7,700	6,838	862
Materials and Supplies	11,900	11,900	11,349	551
Contractual Services	11,200	13,470	12,955	515
Other Expenditures	200	200	0	200
Total Baseball Programs	31,000	33,270	31,142	2,128
Total Leisure Time Activities	66,000	70,370	53,225	17,145

(Continued)

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Planning and Zoning:				
Personal Services	54,200	55,410	55,337	73
Materials and Supplies	2,400	1,590	1,431	159
Contractual Services	400	1,200	1,200	0
Total Planning and Zoning	<u>57,000</u>	<u>58,200</u>	<u>57,968</u>	<u>232</u>
Weed Control and Tree Care:				
Personal Services	25,000	25,000	17,760	7,240
Materials and Supplies	0	330	328	2
Contractual Services	12,000	11,670	9,553	2,117
Total Weed Control and Tree Care	<u>37,000</u>	<u>37,000</u>	<u>27,641</u>	<u>9,359</u>
Economic Development:				
Materials and Supplies	9,000	9,000	8,191	809
Total Community Environment	<u>103,000</u>	<u>104,200</u>	<u>93,800</u>	<u>10,400</u>
Transportation:				
Street Maintenance and Repair:				
Personal Services	194,500	194,500	92,151	102,349
Materials and Supplies	31,000	30,500	26,209	4,291
Contractual Services	1,500	2,000	1,879	121
Total Transportation	<u>227,000</u>	<u>227,000</u>	<u>120,239</u>	<u>106,761</u>
General Government:				
Mayor:				
Personal Services	13,000	13,000	12,774	226
Materials and Supplies	2,300	2,300	2,149	151
Contractual Services	700	700	616	84
Total Mayor	<u>16,000</u>	<u>16,000</u>	<u>15,539</u>	<u>461</u>

(Continued)

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Finance Director:				
Personal Services	259,300	276,135	268,743	7,392
Materials and Supplies	3,200	5,550	4,908	642
Contractual Services	15,500	17,335	17,306	29
Total Finance Director	278,000	299,020	290,957	8,063
City Administrator:				
Personal Services	94,600	70,280	64,420	5,860
Materials and Supplies	2,000	2,600	2,165	435
Contractual Services	400	400	397	3
Total City Administrator	97,000	73,280	66,982	6,298
Legal Administration:				
Personal Services	13,100	13,100	11,859	1,241
Materials and Supplies	1,400	2,800	2,731	69
Contractual Services	36,500	50,800	47,158	3,642
Total Legal Administration	51,000	66,700	61,748	4,952
City Council:				
Personal Services	55,900	55,900	54,935	965
Materials and Supplies	3,100	3,100	695	2,405
Total City Council	59,000	59,000	55,630	3,370
City Clerk:				
Personal Services	63,800	61,275	60,116	1,159
Materials and Supplies	1,400	3,400	3,355	45
Contractual Services	2,800	3,325	3,292	33
Total City Clerk	68,000	68,000	66,763	1,237
Mayor's Court:				
Personal Services	171,000	171,000	162,868	8,132
Materials and Supplies	15,000	14,575	9,154	5,421
Contractual Services	16,000	16,425	12,918	3,507
Total Mayor's Court	202,000	202,000	184,940	17,060

(Continued)

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Civil Service Commission:				
Materials and Supplies	1,000	1,000	13	987
Contractual Services	4,000	4,000	1,693	2,307
Total Civil Service Commission	5,000	5,000	1,706	3,294
Buildings and Grounds:				
Personal Services	86,300	85,300	82,089	3,211
Materials and Supplies	8,000	8,000	7,345	655
Contractual Services	18,200	18,825	18,773	52
Other Expenditures	500	875	870	5
Total Buildings and Grounds	113,000	113,000	109,077	3,923
General Miscellaneous:				
Contractual Services	25,000	22,760	18,546	4,214
Special Assessments:				
Personal Services	2,300	300	181	119
Contractual Services	69,700	73,940	72,465	1,475
Capital Outlay	4,000	4,000	0	4,000
Total Special Assessments	76,000	78,240	72,646	5,594
General Administrative:				
Personal Services	3,000	14,665	14,526	139
Materials and Supplies	7,000	11,835	11,824	11
Contractual Services	262,000	259,600	240,951	18,649
Other Expenditures	142,000	227,000	221,210	5,790
Total General Administrative	414,000	513,100	488,511	24,589
Total General Government	1,404,000	1,516,100	1,433,045	83,055
Total Expenditures	4,450,000	4,578,370	4,179,832	398,538
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000	(8,829)	142,700	151,529
Fund Balance at Beginning of Year	1,496,316	1,496,316	1,496,316	0
Fund Balance at End of Year	\$ 1,646,316	\$ 1,487,487	\$ 1,639,016	\$ 151,529

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Debt Service Fund
For the Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 290,000	\$ 290,000	\$ 206,632	\$ (83,368)
Intergovernmental Revenues	5,000	5,000	4,695	(305)
Total Revenues	<u>295,000</u>	<u>295,000</u>	<u>211,327</u>	<u>(83,673)</u>
Expenditures:				
Debt Service:				
Principal Retirement	125,000	125,000	124,390	610
Interest and Fiscal Charges	<u>187,000</u>	<u>187,000</u>	<u>81,767</u>	<u>105,233</u>
Total Expenditures	<u>312,000</u>	<u>312,000</u>	<u>206,157</u>	<u>105,843</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,000)	(17,000)	5,170	22,170
Other Financing Sources (Uses):				
Transfers In	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>0</u>
Net Change in Fund Balance	88,000	88,000	110,170	22,170
Fund Balance at Beginning of Year	466,997	466,997	466,997	0
Fund Balance at End of Year	<u>\$ 554,997</u>	<u>\$ 554,997</u>	<u>\$ 577,167</u>	<u>\$ 22,170</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Capital Projects Fund
For the Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 900,000	\$ 900,000	\$ 899,410	\$ (590)
Special Assessments	7,000	7,000	6,172	(828)
Fines and Forfeitures	200,000	200,000	161,452	(38,548)
Donations	10,000	10,000	0	(10,000)
All Other Revenues	20,000	20,000	0	(20,000)
Total Revenues	<u>1,137,000</u>	<u>1,137,000</u>	<u>1,067,034</u>	<u>(69,966)</u>
Expenditures:				
Capital Outlay:				
Transportation	1,305,956	1,305,956	1,191,329	114,627
General Government	263,144	278,144	225,116	53,028
Total Expenditures	<u>1,569,100</u>	<u>1,584,100</u>	<u>1,416,445</u>	<u>167,655</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(432,100)	(447,100)	(349,411)	97,689
Other Financing Sources (Uses):				
Transfers Out	(105,000)	(105,000)	(105,000)	0
Total Other Financing Sources (Uses)	<u>(105,000)</u>	<u>(105,000)</u>	<u>(105,000)</u>	<u>0</u>
Net Change In Fund Balance	(537,100)	(552,100)	(454,411)	97,689
Fund Balance at Beginning of Year	2,895,461	2,895,461	2,895,461	0
Prior Year Encumbrances	18,101	18,101	18,101	0
Fund Balance at End of Year	<u>\$ 2,376,462</u>	<u>\$ 2,361,462</u>	<u>\$ 2,459,151</u>	<u>\$ 97,689</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Capital Projects Fund
For the Year Ended December 31, 2012**

CAPITAL REPLACEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 370,000	\$ 370,000	\$ 359,764	\$ (10,236)
Total Revenues	<u>370,000</u>	<u>370,000</u>	<u>359,764</u>	<u>(10,236)</u>
Expenditures:				
Capital Outlay	420,000	435,000	373,364	61,636
Total Expenditures	<u>420,000</u>	<u>435,000</u>	<u>373,364</u>	<u>61,636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(65,000)	(13,600)	51,400
Other Financing Sources (Uses):				
Sale of Capital Assets	10,000	10,000	19,056	9,056
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>19,056</u>	<u>9,056</u>
Net Change in Fund Balance	(40,000)	(55,000)	5,456	60,456
Fund Balance at Beginning of Year	830,070	830,070	830,070	0
Fund Balance at End of Year	<u>\$ 790,070</u>	<u>\$ 775,070</u>	<u>\$ 835,526</u>	<u>\$ 60,456</u>

CITY OF NORTHWOOD, 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, 2012***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 330,000	\$ 330,000	\$ 300,536	\$ (29,464)
Investment Earnings	2,000	2,000	1,285	(715)
Total Revenues	<u>332,000</u>	<u>332,000</u>	<u>301,821</u>	<u>(30,179)</u>
Expenditures:				
Transportation:				
Street Maintenance and Repair:				
Personal Services	207,000	200,600	194,670	5,930
Materials and Supplies	13,000	14,000	10,775	3,225
Total Street Maintenance and Repair	<u>220,000</u>	<u>214,600</u>	<u>205,445</u>	<u>9,155</u>
Snow and Ice Removal:				
Personal Services	21,000	21,000	2,623	18,377
Materials and Supplies	91,000	92,300	56,550	35,750
Contractual Services	18,000	18,000	9,393	8,607
Total Snow and Ice Removal	<u>130,000</u>	<u>131,300</u>	<u>68,566</u>	<u>62,734</u>
Traffic Signals and Signs:				
Personal Services	10,000	10,000	4,974	5,026
Materials and Supplies	5,000	5,000	1,484	3,516
Contractual Services	11,000	15,100	14,660	440
Total Traffic Signals and Signs	<u>26,000</u>	<u>30,100</u>	<u>21,118</u>	<u>8,982</u>
Total Expenditures	<u>376,000</u>	<u>376,000</u>	<u>295,129</u>	<u>80,871</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,000)	(44,000)	6,692	50,692
Fund Balance at Beginning of Year	<u>509,877</u>	<u>509,877</u>	<u>509,877</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 465,877</u>	<u>\$ 465,877</u>	<u>\$ 516,569</u>	<u>\$ 50,692</u>

CITY OF NORTHWOOD, 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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	\$ 18,000	\$ 18,000	\$ 15,992	\$ (2,008)
Investment Earnings	1,000	1,000	214	(786)
Total Revenues	<u>19,000</u>	<u>19,000</u>	<u>16,206</u>	<u>(2,794)</u>
Expenditures:				
Transportation:				
Contractual Services	18,000	18,000	12,684	5,316
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>12,684</u>	<u>5,316</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	3,522	2,522
Fund Balance at Beginning of Year	<u>13,132</u>	<u>13,132</u>	<u>13,132</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,132</u>	<u>\$ 14,132</u>	<u>\$ 16,654</u>	<u>\$ 2,522</u>

CITY OF NORTHWOOD, 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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 29,000	\$ 29,000	\$ 24,368	\$ (4,632)
Investment Earnings	1,000	1,000	214	(786)
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>24,582</u>	<u>(5,418)</u>
Expenditures:				
Transportation:				
Street Maintenance and Repair:				
Personal Services	12,000	12,000	11,491	509
Snow and Ice Removal:				
Materials and Supplies	17,000	17,000	910	16,090
Traffic Signals and Signs:				
Contractual Services	1,000	1,000	645	355
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>13,046</u>	<u>16,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	11,536	11,536
Fund Balance at Beginning of Year	<u>52,337</u>	<u>52,337</u>	<u>52,337</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 52,337</u>	<u>\$ 52,337</u>	<u>\$ 63,873</u>	<u>\$ 11,536</u>

CITY OF NORTHWOOD, 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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 6,000	\$ 9,000	\$ 9,079	\$ 79
Investment Earnings	1,000	1,000	214	(786)
Total Revenues	<u>7,000</u>	<u>10,000</u>	<u>9,293</u>	<u>(707)</u>
Expenditures:				
Community Environment:				
Personal Services	12,000	12,000	7,151	4,849
Total Expenditures	<u>12,000</u>	<u>12,000</u>	<u>7,151</u>	<u>4,849</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(2,000)	2,142	4,142
Fund Balance at Beginning of Year	128	128	128	0
Fund Balance at End of Year	<u>\$ (4,872)</u>	<u>\$ (1,872)</u>	<u>\$ 2,270</u>	<u>\$ 4,142</u>

CITY OF NORTHWOOD, 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, 2012**

	DRUG FINE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 345	\$ (655)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>345</u>	<u>(655)</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	345	345
Fund Balance at Beginning of Year	<u>4,096</u>	<u>4,096</u>	<u>4,096</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,096</u>	<u>\$ 4,096</u>	<u>\$ 4,441</u>	<u>\$ 345</u>

CITY OF NORTHWOOD, 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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 214	\$ (786)
Fines and Forfeitures	4,000	4,000	2,477	(1,523)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>2,691</u>	<u>(2,309)</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	1,000	1,000	0	1,000
Capital Outlay	3,000	3,000	533	2,467
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>533</u>	<u>3,467</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	2,158	1,158
Fund Balance at Beginning of Year	<u>8,493</u>	<u>8,493</u>	<u>8,493</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,493</u>	<u>\$ 9,493</u>	<u>\$ 10,651</u>	<u>\$ 1,158</u>

CITY OF NORTHWOOD, 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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 753	\$ (1,247)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>753</u>	<u>(1,247)</u>
Expenditures:				
General Government:				
Materials and Supplies	<u>2,000</u>	<u>2,000</u>	<u>1,393</u>	<u>607</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,393</u>	<u>607</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(640)	(640)
Fund Balance at Beginning of Year	<u>5,231</u>	<u>5,231</u>	<u>5,231</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,231</u>	<u>\$ 5,231</u>	<u>\$ 4,591</u>	<u>\$ (640)</u>

CITY OF NORTHWOOD, 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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 20,000	\$ 20,000	\$ 11,516	\$ (8,484)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>11,516</u>	<u>(8,484)</u>
Expenditures:				
General Government:				
Capital Outlay	<u>30,000</u>	<u>30,000</u>	<u>8,487</u>	<u>21,513</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>8,487</u>	<u>21,513</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(10,000)	3,029	13,029
Fund Balance at Beginning of Year	<u>22,737</u>	<u>22,737</u>	<u>22,737</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,737</u>	<u>\$ 12,737</u>	<u>\$ 25,766</u>	<u>\$ 13,029</u>

CITY OF NORTHWOOD, 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, 2012**

	WATER FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 300,000	\$ 300,000	\$ 274,599	\$ (25,401)
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>274,599</u>	<u>(25,401)</u>
Expenditures:				
Basic Utility Services:				
Personal Services	18,000	18,000	13,870	4,130
Contractual Services	10,000	10,000	7,289	2,711
Capital Outlay	<u>382,186</u>	<u>382,186</u>	<u>63,839</u>	<u>318,347</u>
Total Expenditures	<u>410,186</u>	<u>410,186</u>	<u>84,998</u>	<u>325,188</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(110,186)	(110,186)	189,601	299,787
Fund Balance at Beginning of Year	551,403	551,403	551,403	0
Prior Year Encumbrances	<u>11,186</u>	<u>11,186</u>	<u>11,186</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 452,403</u>	<u>\$ 452,403</u>	<u>\$ 752,190</u>	<u>\$ 299,787</u>

CITY OF NORTHWOOD, 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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 6,000	\$ 6,000	\$ 5,265	\$ (735)
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>5,265</u>	<u>(735)</u>
Expenditures:				
Community Environment:				
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,000)	(14,000)	5,265	19,265
Fund Balance at Beginning of Year	<u>82,031</u>	<u>82,031</u>	<u>82,031</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 68,031</u>	<u>\$ 68,031</u>	<u>\$ 87,296</u>	<u>\$ 19,265</u>

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	\$ 2,000	\$ 2,000	\$ 0	\$ (2,000)
Intergovernmental Revenues	3,000	3,000	2,500	(500)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>2,500</u>	<u>(2,500)</u>
Expenditures:				
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(15,000)	2,500	17,500
Fund Balance at Beginning of Year	<u>28,268</u>	<u>28,268</u>	<u>28,268</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,268</u>	<u>\$ 13,268</u>	<u>\$ 30,768</u>	<u>\$ 17,500</u>

Fiduciary Fund

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 Fund

Mayor's Court Fund

To account for the collection and distribution of court fines and forfeitures.

***Statement Of Changes In Assets And Liabilities
Agency Fund
For the Year Ended December 31, 2012***

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<u>Mayor's Court Fund</u>				
Cash and Cash Equivalents	\$0	\$174,454	(\$174,104)	\$350
Total Assets	\$0	\$174,454	(\$174,104)	\$350
Liabilities:				
Due to Others	\$0	\$174,454	(\$174,104)	\$350
Total Liabilities	\$0	\$174,454	(\$174,104)	\$350

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 11
These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	
Revenue Capacity	S 12 – S 15
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 sources, the property tax and the income tax.	
Debt Capacity	S 16 – S 23
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 24 – S 27
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 28 – S 33
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.	

City of Northwood

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities:				
Net Investment in Capital Assets	\$2,709,009	\$3,280,125	\$4,761,018	\$5,587,177
Restricted	2,561,935	3,530,758	3,558,021	3,867,539
Unrestricted	1,091,942	1,513,704	1,504,770	(294,696)
Total Governmental Activities Net Position	<u>\$6,362,886</u>	<u>\$8,324,587</u>	<u>\$9,823,809</u>	<u>\$9,160,020</u>

Source: Finance Director's Office

City of Northwood

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$6,116,752	\$8,091,560	\$8,446,516	\$8,284,546	\$9,368,500
4,308,532	4,027,308	4,863,846	5,989,880	5,056,816
<u>(988,847)</u>	<u>(1,704,094)</u>	<u>(1,272,233)</u>	<u>(232,073)</u>	<u>867,561</u>
<u>\$9,436,437</u>	<u>\$10,414,774</u>	<u>\$12,038,129</u>	<u>\$14,042,353</u>	<u>\$15,292,877</u>

City of Northwood

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

	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Security of Persons and Property	\$2,687,303	\$2,945,787	\$2,774,120	\$2,891,340
Public Health and Welfare Services	7,919	6,976	7,256	7,869
Leisure Time Activities	83,270	88,266	81,343	98,108
Community Environment	454,832	335,915	271,984	582,567
Basic Utility Services	628,619	60,161	344,234	416,410
Transportation	481,056	678,071	559,877	3,152,393
General Government	1,456,201	1,448,482	1,526,552	1,765,444
Interest and Fiscal Charges	71,983	161,557	43,463	73,790
<i>Total Primary Government Expenses</i>	<u>\$5,871,183</u>	<u>\$5,725,215</u>	<u>\$5,608,829</u>	<u>\$8,987,921</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$254,143	\$172,994	\$102,273	\$312,025
Leisure Time Activities	8,622	14,705	9,290	7,980
Community Environment	24,189	31,198	21,355	91,830
Basic Utility Services	378,804	467,475	423,974	359,903
Transportation	43,905	0	13,628	32,915
General Government	507,680	635,778	477,342	382,156
Operating Grants and Contributions	564,483	438,046	483,324	810,546
Capital Grants and Contributions	215,488	117,445	263,996	96,445
<i>Total Governmental Activities Program Revenues</i>	<u>1,997,314</u>	<u>1,877,641</u>	<u>1,795,182</u>	<u>2,093,800</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	313,017	322,209	289,354	349,006
Municipal Income Taxes	4,062,903	4,062,435	4,222,764	4,378,660
Other Local Taxes	76,183	76,855	73,800	61,285
Grants and Entitlements not Restricted to Specific Programs	349,931	1,132,148	471,649	1,156,122
Investment Earnings	33,322	131,126	180,924	217,168
Miscellaneous	163,296	84,502	74,378	68,091
<i>Total Primary Government</i>	<u>4,998,652</u>	<u>5,809,275</u>	<u>5,312,869</u>	<u>6,230,332</u>
Special Item: Transfer of Debt	0	0	0	0
Change in Net Position	<u>\$1,124,783</u>	<u>\$1,961,701</u>	<u>\$1,499,222</u>	<u>(\$663,789)</u>

Source: Finance Director's Office

City of Northwood

2008	2009	2010	2011	2012
\$2,926,916	\$2,933,171	\$2,503,028	\$2,372,014	\$2,708,090
8,164	8,975	8,833	8,682	6,695
82,278	68,744	82,707	87,105	80,200
201,995	345,967	381,282	107,373	102,235
200,738	530,276	172,679	214,271	86,753
873,865	652,731	376,340	598,193	972,133
2,250,336	1,648,872	1,468,895	1,381,014	1,518,514
77,672	36,024	181,053	112,882	81,286
<u>\$6,621,964</u>	<u>\$6,224,760</u>	<u>\$5,174,817</u>	<u>\$4,881,534</u>	<u>\$5,555,906</u>
\$189,662	\$226,894	\$220,362	\$235,697	\$213,543
2,995	4,755	6,105	135,640	5,975
17,262	15,663	16,815	34,602	26,956
295,004	243,580	174,697	289,722	273,409
24,103	35,578	15,656	5,246	6,172
330,888	359,009	369,572	422,418	382,898
380,473	630,584	770,000	375,248	376,964
34,912	241,714	185,416	4,779	2,500
<u>1,275,299</u>	<u>1,757,777</u>	<u>1,758,623</u>	<u>1,503,352</u>	<u>1,288,417</u>
360,753	331,711	476,377	427,146	413,241
4,195,332	3,667,625	3,945,769	4,359,623	4,720,735
48,851	47,714	39,035	44,816	37,077
785,185	501,639	552,730	474,873	239,456
138,404	17,024	9,273	15,983	20,512
94,557	0	16,365	59,965	86,992
<u>5,623,082</u>	<u>4,565,713</u>	<u>5,039,549</u>	<u>5,382,406</u>	<u>5,518,013</u>
<u>0</u>	<u>879,607</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$276,417</u>	<u>\$978,337</u>	<u>\$1,623,355</u>	<u>\$2,004,224</u>	<u>\$1,250,524</u>

City of Northwood

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	72,369	67,303	79,110	79,646
Unreserved	466,752	590,583	989,091	1,238,679
<i>Total General Fund</i>	<u>539,121</u>	<u>657,886</u>	<u>1,068,201</u>	<u>1,318,325</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Unassigned	0	0	0	0
Reserved	64,771	137,056	397,302	266,399
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	883,911	461,813	944,798	1,070,624
Debt Service Funds	0	0	0	26,487
Capital Projects Funds	990,530	1,339,196	1,638,569	1,810,665
<i>Total All Other Governmental Funds</i>	<u>1,939,212</u>	<u>1,938,065</u>	<u>2,980,669</u>	<u>3,174,175</u>
<i>Total Governmental Funds</i>	<u>\$2,478,333</u>	<u>\$2,595,951</u>	<u>\$4,048,870</u>	<u>\$4,492,500</u>

Source: Finance Director's Office

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

City of Northwood

2007	2008	2009	2010	2011	2012
\$0	\$0	\$0	\$0	\$49,963	\$38,134
0	0	0	0	0	215
0	0	0	0	1,689,721	1,947,762
71,392	71,728	32,617	54,798	0	0
1,659,957	915,010	426,584	691,464	0	0
<u>1,731,349</u>	<u>986,738</u>	<u>459,201</u>	<u>746,262</u>	<u>1,739,684</u>	<u>1,986,111</u>
0	0	0	0	53,120	62,996
0	0	0	0	1,240,589	1,392,447
0	0	0	0	4,492,947	4,298,751
0	0	0	0	(147)	0
215,849	217,603	442,972	38,184	0	0
1,112,965	1,162,943	807,993	1,135,967	0	0
125,182	211,210	297,464	384,210	0	0
2,043,330	2,369,245	2,206,596	3,086,917	0	0
<u>3,497,326</u>	<u>3,961,001</u>	<u>3,755,025</u>	<u>4,645,278</u>	<u>5,786,509</u>	<u>5,754,194</u>
<u>\$5,228,675</u>	<u>\$4,947,739</u>	<u>\$4,214,226</u>	<u>\$5,391,540</u>	<u>\$7,526,193</u>	<u>\$7,740,305</u>

City of Northwood

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

	2003	2004	2005	2006
Revenues:				
Taxes	\$4,358,846	\$4,314,284	\$4,470,044	\$4,752,120
Intergovernmental Revenues	1,069,965	1,257,237	1,609,116	1,435,315
Charges for Services	315,978	356,852	389,794	425,805
Licenses, Permits and Fees	320,173	442,158	350,593	206,052
Investment Earnings	29,889	36,055	109,416	213,501
Special Assessments	78,894	100,731	116,337	113,540
Fines and Forfeitures	160,275	183,732	480,941	347,983
Donations	2,550	12,260	16,287	2,925
All Other Revenue	54,185	125,768	84,135	72,294
Total Revenue	6,390,755	6,829,077	7,626,663	7,569,535
Expenditures:				
Current:				
Security of Persons and Property	2,387,311	2,471,232	2,680,788	2,669,816
Public Health and Welfare Services	7,923	7,919	6,976	7,256
Leisure Time Activities	77,602	76,855	75,929	72,183
Community Environment	163,911	446,489	325,469	264,879
Basic Utility Services	81,488	628,619	51,834	338,972
Transportation	487,007	454,210	511,382	466,844
General Government	1,281,256	1,368,328	1,333,162	1,463,430
Capital Outlay	847,258	1,102,567	1,777,387	1,633,065
Debt Service:				
Principal Retirement	82,866	86,888	111,556	108,426
Interest and Fiscal Charges	80,752	71,983	100,724	92,658
Total Expenditures	5,497,374	6,715,090	6,975,207	7,117,529
Excess (Deficiency) of Revenues Over Expenditures	893,381	113,987	651,456	452,006

City of Northwood

2007	2008	2009	2010	2011	2012
\$4,760,809	\$4,584,503	\$4,099,357	\$4,475,046	\$4,812,246	\$5,172,313
2,115,238	1,279,354	1,377,468	1,303,269	906,492	695,338
467,096	366,060	347,120	281,710	377,372	338,083
213,636	159,152	140,602	118,472	97,433	129,223
217,168	114,996	40,432	9,273	15,083	21,412
112,938	78,805	90,020	83,179	96,248	91,510
215,554	184,004	231,562	231,306	333,344	264,656
142,250	9,329	46,572	9,941	3,108	950
89,977	75,859	87,423	73,478	193,017	72,380
<u>8,334,666</u>	<u>6,852,062</u>	<u>6,460,556</u>	<u>6,585,674</u>	<u>6,834,343</u>	<u>6,785,865</u>
2,754,757	2,799,260	2,763,288	2,393,940	2,280,391	2,496,622
7,869	8,164	8,975	8,833	8,682	6,695
87,164	71,334	65,645	51,496	55,894	52,933
574,272	198,281	343,722	380,054	106,247	100,996
405,668	188,488	521,738	134,189	193,065	84,886
519,115	530,824	519,477	456,878	453,799	447,831
1,679,704	2,144,392	1,558,290	1,425,422	1,279,165	1,423,482
3,568,027	998,686	1,338,924	287,514	139,903	1,782,475
120,405	122,498	84,390	89,390	94,390	124,390
83,363	77,934	21,620	181,333	113,180	81,767
<u>9,800,344</u>	<u>7,139,861</u>	<u>7,226,069</u>	<u>5,409,049</u>	<u>4,724,716</u>	<u>6,602,077</u>
(1,465,678)	(287,799)	(765,513)	1,176,625	2,109,627	183,788

(Continued)

City of Northwood

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	8,000	9,100	0	0
General Obligation Bonds Issued	0	0	800,000	0
Transfers In	324,000	229,000	289,000	364,000
Transfers Out	(324,000)	(229,000)	(289,000)	(364,000)
Total Other Financing Sources (Uses)	<u>8,000</u>	<u>9,100</u>	<u>800,000</u>	<u>0</u>
Net Change in Fund Balance	<u>\$901,381</u>	<u>\$123,087</u>	<u>\$1,451,456</u>	<u>\$452,006</u>
Debt Service as a Percentage of Noncapital Expenditures	3.16%	2.83%	4.14%	3.71%

Source: Finance Director's Office

City of Northwood

2007	2008	2009	2010	2011	2012
500	5,210	2,200	6,119	10,000	19,056
2,200,000	0	0	0	0	0
294,000	197,000	102,000	104,000	105,000	105,000
(294,000)	(197,000)	(102,000)	(104,000)	(105,000)	(105,000)
<u>2,200,500</u>	<u>5,210</u>	<u>2,200</u>	<u>6,119</u>	<u>10,000</u>	<u>19,056</u>
<u>\$734,822</u>	<u>(\$282,589)</u>	<u>(\$763,313)</u>	<u>\$1,182,744</u>	<u>\$2,119,627</u>	<u>\$202,844</u>
2.34%	3.16%	1.83%	5.61%	4.58%	4.01%

City of Northwood

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%	1.50%
Total Tax Collected	\$4,046,253	\$4,127,618	\$4,304,522	\$4,478,459	\$4,433,918
Income Tax Receipts					
Withholding Accounts	3,169,189	3,148,326	3,271,490	3,398,217	3,540,483
Percentage	78.3%	76.3%	76.0%	75.9%	79.9%
Business Accounts	602,134	694,875	764,568	808,377	626,095
Percentage	14.9%	16.8%	17.8%	18.1%	14.1%
Residential Accounts	274,931	284,416	268,463	271,865	267,340
Percentage	6.8%	6.9%	6.2%	6.0%	6.0%

Source: City Income Tax Department

City of Northwood

2008	2009	2010	2011	2012
1.50%	1.50%	1.50%	1.50%	1.50%
\$4,292,624	\$3,736,474	\$3,851,790	\$4,343,123	\$4,507,859
3,480,120	3,020,380	3,240,345	3,653,962	3,716,861
81.1%	80.9%	84.1%	84.1%	82.5%
423,309	382,160	370,316	428,083	512,721
9.9%	10.2%	9.6%	9.9%	11.4%
389,195	333,934	241,129	261,078	278,277
9.0%	8.9%	6.3%	6.0%	6.1%



City of Northwood

Income Tax Collections Current Year and Six Years Ago

Calendar Year 2012				
	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
Top Ten	10	0.50%	\$4,331,353	4.52%
All Others	1,870	92.80%	91,512,674	95.48%
Total	1,880	93.30%	\$95,844,027	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Northwood	\$455,495
Taxes Credited to Other Municipalities	792,562
	\$1,248,057

Calendar Year 2006				
	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
Top Ten	10	0.62%	\$3,251,434	4.46%
All Others	1,601	99.38%	69,664,510	95.54%
Total	1,611	100.00%	\$72,915,944	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Northwood	\$444,075
Taxes Credited to Other Municipalities	649,664
	\$1,093,739

Source: City Income Tax Department
Information is not available in this format prior to 2006.

City of Northwood

Ratio of Outstanding Debt By Type Last Ten Years

	2003	2004	2005	2006
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$0	\$0	\$730,000	\$665,000
General Obligation Bonds Payable (TIF Supported)	0	0	0	0
OPWC Loan Payable	145,535	136,145	126,755	117,365
OWDA Loans Payable	1,050,332	1,019,932	987,766	953,730
Capital Leases	47,098	0	0	0
Total Primary Government	<u>\$1,242,965</u>	<u>\$1,156,077</u>	<u>\$1,844,521</u>	<u>\$1,736,095</u>
Population ⁽²⁾				
City of Northwood	5,484	5,484	5,493	5,493
Outstanding Debt Per Capita	\$227	\$211	\$336	\$316
Income ⁽³⁾				
Personal (in thousands)	159,031	161,635	166,811	179,319
Percentage of Personal Income	0.78%	0.72%	1.11%	0.97%

Sources:

- (1) 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 Northwood

2007	2008	2009	2010	2011	2012
\$590,000	\$515,000	\$440,000	\$360,000	\$275,000	\$185,000
2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,175,000
107,975	98,585	89,195	79,805	70,415	61,025
917,715	879,607	0	0	0	0
0	0	0	0	0	0
<u>\$3,815,690</u>	<u>\$3,693,192</u>	<u>\$2,729,195</u>	<u>\$2,639,805</u>	<u>\$2,545,415</u>	<u>\$2,421,025</u>
5,493	5,493	5,493	5,265	5,269	5,304
\$695	\$672	\$497	\$501	\$483	\$456
188,289	197,215	187,443	182,085	182,223	197,256
2.03%	1.87%	1.46%	1.45%	1.40%	1.23%

City of Northwood

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2003	2004	2005	2006
Population ⁽¹⁾	5,484	5,484	5,493	5,493
Assessed Value ⁽²⁾	\$138,941,800	\$141,109,588	\$153,781,028	\$149,509,617
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$0	\$0	\$730,000	\$665,000
Resources Available to Pay Principal ⁽⁴⁾	\$43,481	\$71,677	\$56,239	\$26,487
Net General Bonded Debt	\$0	\$0	\$673,761	\$638,513
Ratio of Net Bonded Debt to Assessed Value	0.00%	0.00%	0.44%	0.43%
Net Bonded Debt per Capita	\$0.00	\$0.00	\$122.66	\$116.24

Source:

(1) U.S. Bureau of Census of Population

(2) Wood 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 Northwood

2007	2008	2009	2010	2011	2012
5,493	5,493	5,493	5,265	5,269	5,304
\$139,923,694	\$143,367,100	\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810
\$2,790,000	\$2,715,000	\$2,640,000	\$2,560,000	\$2,475,000	\$2,360,000
\$125,182	\$211,210	\$297,464	\$384,210	\$466,997	\$577,167
\$2,664,818	\$2,503,790	\$2,342,536	\$2,175,790	\$2,008,003	\$1,782,833
1.90%	1.75%	1.62%	1.53%	1.54%	1.33%
\$485.13	\$455.81	\$426.46	\$413.26	\$381.10	\$336.13



City of Northwood

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2012*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Northwood</u>	<u>Amount Applicable to the City of Northwood</u>
Direct:			
City of Northwood	\$2,421,025	100.00%	\$2,421,025
Overlapping:			
Northwood School District	125,000	100.00%	125,000
Wood County	2,577,517	5.00%	<u>128,876</u>
		Subtotal	<u>253,876</u>
		Total	<u><u>\$2,674,901</u></u>

Source: Wood County

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

City of Northwood

Debt Limitations Last Ten Years

Collection Year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Debt				
Net Assessed Valuation	\$138,941,800	\$141,109,588	\$153,781,028	\$149,509,617
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	14,588,889	14,816,507	16,147,008	15,698,510
City Debt Outstanding	400,000	300,000	930,000	665,000
Less: Applicable Debt Service Fund Amounts (2)	<u>(43,481)</u>	<u>(71,677)</u>	<u>(56,239)</u>	<u>(26,487)</u>
Net Indebtedness Subject to Limitation	<u>356,519</u>	<u>228,323</u>	<u>873,761</u>	<u>638,513</u>
Overall Legal Debt Margin	<u><u>\$14,232,370</u></u>	<u><u>\$14,588,184</u></u>	<u><u>\$15,273,247</u></u>	<u><u>\$15,059,997</u></u>
Unvoted Debt				
Net Assessed Valuation	\$138,941,800	\$141,109,588	\$153,781,028	\$149,509,617
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	7,641,799	7,761,027	8,457,957	8,223,029
City Debt Outstanding	400,000	300,000	930,000	665,000
Less: Applicable Debt Service Fund Amounts (2)	<u>(43,481)</u>	<u>(71,677)</u>	<u>(56,239)</u>	<u>(26,487)</u>
Net Indebtedness Subject to Limitation	<u>356,519</u>	<u>228,323</u>	<u>873,761</u>	<u>638,513</u>
Overall Legal Debt Margin	<u><u>\$7,285,280</u></u>	<u><u>\$7,532,704</u></u>	<u><u>\$7,584,196</u></u>	<u><u>\$7,584,516</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 Northwood

2007	2008	2009	2010	2011	2012
\$139,923,694	\$143,367,100	\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
14,691,988	15,053,546	15,214,375	14,938,206	13,725,825	14,118,805
2,790,000	2,715,000	2,640,000	2,560,000	2,475,000	2,360,000
(125,182)	(211,210)	(297,464)	(384,210)	(466,997)	(577,167)
2,664,818	2,503,790	2,342,536	2,175,790	2,008,003	1,782,833
\$12,027,170	\$12,549,756	\$12,871,839	\$12,762,416	\$11,717,822	\$12,335,972
\$139,923,694	\$143,367,100	\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
7,695,803	7,885,191	7,969,435	7,824,775	7,189,718	7,395,565
2,790,000	2,715,000	2,640,000	2,560,000	2,475,000	2,360,000
(125,182)	(211,210)	(297,464)	(384,210)	(466,997)	(577,167)
2,664,818	2,503,790	2,342,536	2,175,790	2,008,003	1,782,833
\$5,030,985	\$5,381,401	\$5,626,899	\$5,648,985	\$5,181,715	\$5,612,732

City of Northwood

Demographic and Economic Statistics Last Ten Years

Calendar Year	2003	2004	2005	2006	2007
Population (1)					
City of Northwood	5,484	5,484	5,493	5,493	5,493
Wood County	121,065	121,065	123,929	123,929	123,929
Income (2) (a)					
Total Personal (in thousands)	159,031	161,635	166,811	179,319	188,289
Per Capita	28,999	29,474	30,368	32,645	34,278
Unemployment Rate (3)					
Federal	5.8%	6.0%	5.5%	5.0%	4.6%
State	5.7%	6.1%	6.0%	5.9%	5.6%
Wood County	5.4%	5.6%	5.6%	5.2%	5.4%
Civilian Work Force Estimates (3)					
State	5,915,000	5,875,300	5,900,400	5,971,500	5,976,500
Wood County	68,000	66,800	67,000	68,400	68,600

Sources:

- (1) Ohio Department of Job and Family Services - Estimate
- (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 Northwood

2008	2009	2010	2011	2012
5,493	5,493	5,265	5,269	5,304
123,929	123,929	125,380	126,909	128,200
197,215	187,443	182,085	182,223	197,256
35,903	34,124	34,584	34,584	37,190
5.8%	9.3%	9.6%	8.9%	0.0%
6.5%	10.3%	10.1%	8.6%	0.0%
6.9%	11.2%	10.1%	8.3%	0.0%
5,986,400	5,970,000	5,897,600	5,806,000	5,695,000
68,600	68,600	65,000	65,000	65,100



City of Northwood

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2012	
		Number of Employees	Rank
Norplas Industries	Automotive Parts	913	1
Interstate Brands	Bakery Distribution Center	195	2
Hoover Universal	Automotive Parts	175	3
North American Science Association	Medical Equipment Testing	164	4
Pilkington	Glass Manufacturing	135	5
TNS Custom Research	Research	128	6
Federal Express	Package Delivery	125	7
Treu House of Munch	Beverage Distributor	112	8
Thyssenkrupp Logistics	Trucking	108	9
Northwood Board of Education	Education	107	10
Total		2,162	

Employer	Nature of Business	2003	
		Number of Employees	Rank
NFO Worldwide, Inc.	Market Research	947	1
Norplas Industries	Automotive Parts	658	2
Andersons, Inc.	Retail	313	3
Northwood Board of Education	Education	260	4
Owens Community College	Education	241	5
Advance Engineering Co.	Engineering	225	6
Sears Roebuck & Company	Retail	214	7
Johnson Controls, Inc.	Manufacturing	211	8
Hirzel Canning Co.	Cannery	207	9
Malcolm Meat Company	Manufacturing	174	10
Total		3,450	

Source: City Income Tax Department

City of Northwood

Full Time Equivalent Employees by Function Last Ten Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities						
General Government						
Finance	5.00	5.00	5.00	5.00	5.00	5.00
Legal/Court	3.00	3.50	3.50	3.50	3.50	3.50
Administration	2.00	2.00	2.00	2.00	2.00	2.00
Maintenance	2.50	2.50	2.50	2.50	2.50	2.50
Security of Persons and Property						
Police	23.00	23.00	24.00	24.00	24.00	24.00
Dispatch	6.00	6.00	6.00	6.00	6.00	6.00
Fire	2.00	2.00	2.00	2.00	2.00	2.00
Fire - Volunteers	45.00	50.00	53.00	45.00	46.00	46.00
Transportation						
Street	8.00	8.00	8.00	8.00	7.00	7.00
Leisure Time Activities						
Recreation/Seniors	0.50	0.50	0.50	0.50	0.50	0.50
Community Environment						
Service	1.50	1.50	1.50	1.50	1.50	1.50
<i>Total Employees</i>	<u>98.50</u>	<u>104.00</u>	<u>108.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</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 Northwood

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
4.00	3.00	4.00	4.00
2.50	2.50	2.50	2.00
1.00	1.00	1.00	1.00
2.50	2.00	1.50	1.50
23.00	17.50	17.00	18.00
5.00	4.50	4.50	5.50
1.00	1.00	1.00	9.00
43.00	39.00	51.00	35.00
6.00	5.00	5.00	5.00
0.50	0.50	0.50	0.50
<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
<u>89.50</u>	<u>77.00</u>	<u>89.00</u>	<u>82.50</u>

City of Northwood

Operating Indicators by Function Last Ten Years

	2003	2004	2005	2006	2007	2008
Governmental Activities						
General Government						
Court						
Number of Criminal Cases	375	359	286	379	310	296
Number of Traffic Cases	1,969	1,932	1,832	1,853	1,559	1,457
Number of Open Cases	n/a	166	221	302	133	162
Permits						
Residential Zoning Permits	242	265	289	270	275	253
Commercial Zoning Permits	63	73	92	57	123	93
Industrial Zoning Permits	10	32	20	31	17	17
Central Business District						
Security of Persons and Property						
Police						
Criminal/Juvenile Arrests	728	642	519	571	444	454
Traffic Citations Issued	1,907	1,672	1,527	1,728	1,530	1,398
Parking Tickets Written	265	286	229	122	103	158
Number of Calls Answered	10,172	10,633	10,601	10,094	8,925	8,938
Fire						
Number of Calls Answered	922	849	804	751	834	822
Number of Inspections	266	200	122	111	166	262

Source: Finance Director's Office

n/a = not available

City of Northwood

2009	2010	2011	2012
215	176	207	186
2,067	2,219	1,667	1,283
140	206	124	138
217	223	153	135
22	29	17	14
11	22	5	4
		41	40
406	404	383	353
2,101	2,254	1,630	1,394
72	38	71	42
9,311	8,982	8,173	8,598
711	732	767	701
n/a	n/a	10	212

City of Northwood

Capital Asset Statistics by Function Last Ten Years

	2003	2004	2005	2006	2007
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	118	118	118	118	118
Buildings	5	5	6	6	6
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	12	12	12	12	16
Fire					
Stations	1	1	1	1	2
Vehicles	12	12	12	12	14
Transportation					
Streets					
Streets (lane miles)	41	41	41	41	41
Intersections with Traffic Signals	16	16	16	16	16
Vehicles	9	9	9	9	10
Leisure Time Activities					
Recreation					
Park Areas (acres)	78	78	78	78	83
Shelter Houses	2	2	2	2	2
Parks	3	3	3	3	4
Playgrounds	2	2	2	2	2
Tennis Courts	4	4	4	4	4
Baseball/Softball Diamonds	2	2	2	2	2
Soccer Fields	0	0	2	2	2

Source: Finance Director's Office

City of Northwood

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
118	118	118	118	118
6	6	6	6	6
1	1	1	1	1
16	14	14	14	12
2	2	2	2	2
13	14	14	14	15
41	41	47	47	47
16	16	16	16	16
10	10	10	10	11
83	83	83	83	83
2	2	2	2	2
4	4	4	4	4
2	2	2	2	2
4	4	4	4	4
2	4	4	4	4
2	2	2	2	2





Dave Yost • Auditor of State

CITY OF NORTHWOOD

WOOD 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 11, 2013**