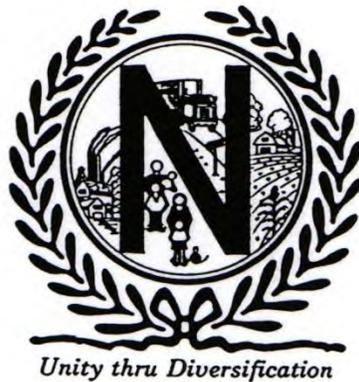


CITY OF NORTHWOOD, OHIO

Wood County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014



Dave Yost • Auditor of State

City Council
City of Northwood
6000 Wales Road
Northwood, Ohio 43619-1480

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, 2014 through December 31, 2014. 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 7, 2015

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

Issued by:
Department of Finance
Ken Yant
Director

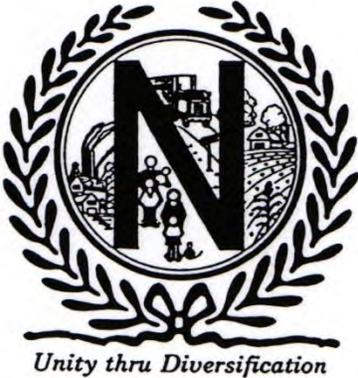


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WOOD COUNTY, OHIO**

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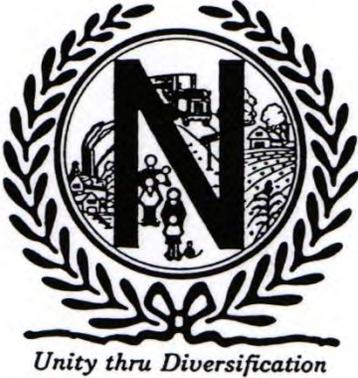
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INTRODUCTORY SECTION



Unity thru Diversification



City of Northwood, Ohio

6000 Wales Road

Northwood, Ohio 43619

Phone (419) 693-9328

Fax (419) 693-6705

May 12, 2015

Introduction

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

I am pleased to present the sixteenth Comprehensive Annual Financial Report for the City of Northwood, Ohio for the fiscal year ended December 31, 2014. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Generally Accepted Auditing Standards (GAAS) 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, 2014.

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

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, 2014***

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, 2014. 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, 2014***

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 the 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 34 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 4 ISO rating. The department received a Smoke Detectors Grant from FEMA, a Bureau of Workers Comp grant for equipment and a grant for Self Contained Breathing Apparatus in 2014.

***Letter of Transmittal
For the Year Ended December 31, 2014***

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. 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, 2014***

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 200 in 2014. 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 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 and a third CRA composed of the area between the existing CRAs. 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 and also a J.E.D.Z agreement with the City of Toledo. 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.

In 2014, the City welcomed the expansion of FedEx Freight with a jobs grant in the creation of 66 new jobs in addition to the existing 166 jobs.

***Letter of Transmittal
For the Year Ended December 31, 2014***

Unemployment Rates

According to the Ohio Bureau of Employment Services, the 2014 annual average unemployment rate for Wood County was 4.2% which was lower than the state rate of 5.1% and also lower than the national rate of 5.5%.

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 2014 for a 3-year term ending December 31, 2017. The City reached agreement with FOP/OLC in 2013 for a 3-year term ending June 30, 2016.

Major City Initiatives

During 2014, 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 2014, the City received the following Police related grants; Bulletproof Vest and D.U.I. Task Force. The City also received grants from Wood County Recycling, Landfill Sponsorship, a federal community wide Smoke Detectors grant along with other training and equipment grants for the Fire Department.

During 2014, the City completed three Street Resurfacing Improvement projects.

Continuing and Future Projects

Major projects completed in 2014 include the Wales Road Rail Overpass and the Greenway Estates storm water retention pond. Demolition of the Woodville Mall by a contractor hired by the owner will continue into 2015.

The City will continue making infrastructure improvements throughout the City in 2015, including Goodrich St. paving and drainage, Morgan St. paving, Beach St. paving, Curtice Road patch resurfacing, Tracy Rd. paving, Jamestown Dr. paving and Venice Dr. paving. The Police Dispatch center is currently under renovation.

***Letter of Transmittal
For the Year Ended December 31, 2014***

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 seventeenth 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, 2014***

Elected Official

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mark A. Stoner	Mayor	12/31/15
Edward Schimmel	City Council	12/31/15
James D. Barton	City Council	12/31/15
Louis Fahrbach	City Council	12/31/18
Connie S. Hughes	City Council	12/31/18
Randy Kozina	City Council	12/31/18
Keith Dempsey	City Council	12/31/18
Dean Edwards	City Council, President	12/31/15

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
Kimberly Vaculik	Zoning Inspector	Indefinite	
Laura Schroeder	Clerk of Mayor's Courts	Indefinite	
C. Drew Griffith	Court Magistrate	Indefinite	

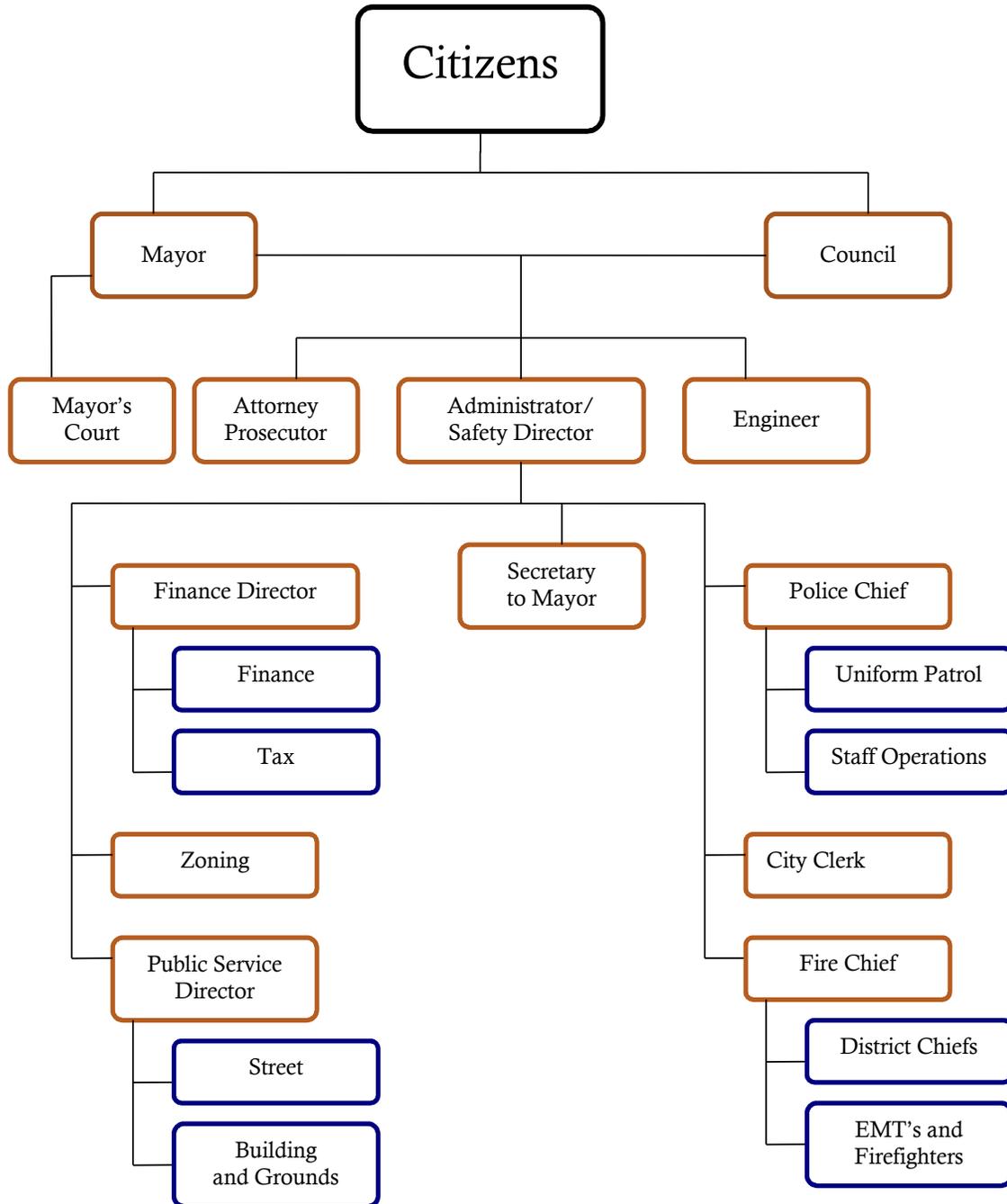
Applies to All Elected Officials

Public officials \$5 million/occurrence, \$7 million aggregate general liability.
Term July 9, 2014 to July 9, 2015

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, 2014*



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



Government Finance Officers Association

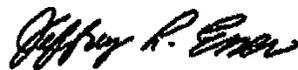
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Northwood
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013



Executive Director/CEO

FINANCIAL SECTION



Unity thru Diversification

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Northwood, Ohio, as of December 31, 2014, 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.

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.

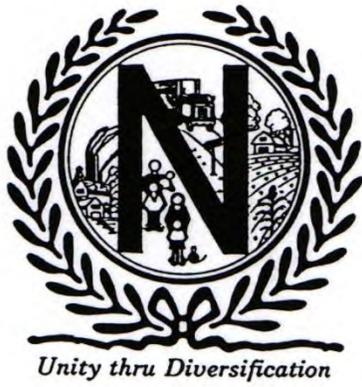
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015, 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 29, 2015



***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

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, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2014 are as follows:

- ❑ In total, net position increased \$1,849,798, which represents a 10.7% increase from 2013.
- ❑ General revenues accounted for \$6.5 million in revenue or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 16% of total revenues of \$7.7 million.
- ❑ The City had \$5.9 million in expenses related to governmental activities; only \$1.2 million of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$5.1 million in revenues and \$4.3 million in expenditures. The general fund's fund balance increased \$809,333 to \$3,434,726.

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, 2014***

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 2014 and 2013:

	Governmental Activities	
	2014	2013
Current and other assets	\$12,756,384	\$11,039,818
Capital assets, Net	9,603,319	9,604,166
Total assets	<u>22,359,703</u>	<u>20,643,984</u>
Long-term debt outstanding	2,627,871	2,755,999
Other liabilities	258,532	338,654
Total liabilities	<u>2,886,403</u>	<u>3,094,653</u>
Property Tax Levy for Next Fiscal Year	351,187	277,016
Net Investment in Capital Assets	9,561,074	9,457,531
Restricted	1,743,885	878,115
Unrestricted	7,817,154	6,936,669
Total net position	<u>\$19,122,113</u>	<u>\$17,272,315</u>

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***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

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

	Governmental Activities	
	2014	2013
Revenues		
Program revenues:		
Charges for Services and Sales	\$713,908	\$778,054
Operating Grants and Contributions	378,141	352,982
Capital Grants and Contributions	134,119	556,325
General revenues:		
Property Taxes	210,189	202,903
Municipal Income Taxes	5,617,863	5,127,797
Other Local Taxes	58,624	34,032
Payments in Lieu of Taxes	175,840	128,661
Grants and Entitlements not Restricted to Specific Programs	223,942	359,087
Investment Earnings	8,656	19,383
Miscellaneous	180,743	58,574
Total revenues	<u>7,702,025</u>	<u>7,617,798</u>
Program Expenses		
Security of Persons and Property	2,921,387	2,925,711
Public Health and Welfare Services	6,465	6,432
Leisure Time Activities	81,679	76,125
Community Environment	120,352	122,419
Basic Utility Services	376,044	143,644
Transportation	803,229	910,073
General Government	1,464,739	1,369,674
Interest and Fiscal Charges	78,332	84,282
Total expenses	<u>5,852,227</u>	<u>5,638,360</u>
Total Change in Net Position	1,849,798	1,979,438
Beginning Net Position	<u>17,272,315</u>	<u>15,292,877</u>
Ending Net Position	<u>\$19,122,113</u>	<u>\$17,272,315</u>

CITY OF NORTHWOOD, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

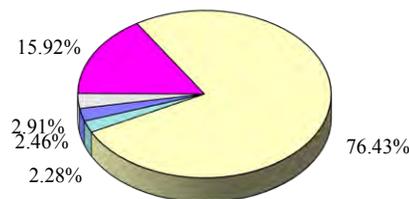
Governmental Activities

Net position of the City's governmental activities increased by \$1,849,798. This was due primarily to an increase in municipal income tax collections.

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 3% and 73% respectively of revenues for governmental activities for the City in fiscal year 2014. The City's reliance upon tax revenues is demonstrated by the following graph indicating 76% of total revenues from general tax revenues:

Revenue Sources	2014	Percent of Total
General Shared Revenues	\$223,942	2.91%
Program Revenues	1,226,168	15.92%
General Tax Revenues	5,886,676	76.43%
Payments in Lieu of Taxes	175,840	2.28%
General Other	189,399	2.46%
Total Revenue	\$7,702,025	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$11,473,915, which is an increase from last year's balance of \$9,600,490. The schedule below indicates the fund balance and the total change in fund balance by major and nonmajor fund as of December 31, 2014 and 2013:

	Fund Balance December 31, 2014	Fund Balance December 31, 2013	Increase (Decrease)
General	\$3,434,726	\$2,625,393	\$809,333
General Obligation Debt Retirement	668,649	601,369	67,280
Capital Improvement	4,183,532	3,329,195	854,337
Capital Replacement	1,429,586	1,174,525	255,061
Other Governmental	1,757,422	1,870,008	(112,586)
Total	\$11,473,915	\$9,600,490	\$1,873,425

CITY OF NORTHWOOD, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

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:

	2014	2013	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Property Taxes	\$222,569	\$217,001	\$5,568
Municipal Income Tax	3,941,045	3,581,292	359,753
Other Local Taxes	35,380	15,344	20,036
Intergovernmental Revenue	281,739	299,466	(17,727)
Charges for Services	117,738	151,082	(33,344)
Licenses and Permits	118,993	130,822	(11,829)
Investment Earnings	3,200	13,927	(10,727)
Special Assessments	83,231	82,280	951
Fines & Forfeitures	141,303	122,824	18,479
Donations	270	5,480	(5,210)
All Other Revenue	<u>106,390</u>	<u>58,561</u>	<u>47,829</u>
Total	<u>\$5,051,858</u>	<u>\$4,678,079</u>	<u>\$373,779</u>

General Fund revenues in 2014 increased 8% compared to revenues in fiscal year 2013. The most significant factors contributing to this increase was an increase of \$359,753 in municipal income tax during 2014.

	2014	2013	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$2,622,305	\$2,501,646	\$120,659
Public Health and Welfare Services	6,465	6,432	33
Leisure Time Activities	45,030	50,829	(5,799)
Community Environment	103,810	113,296	(9,486)
Transportation	133,506	109,240	24,266
General Government	<u>1,346,708</u>	<u>1,260,086</u>	<u>86,622</u>
Total	<u>\$4,257,824</u>	<u>\$4,041,529</u>	<u>\$216,295</u>

General Fund expenditures increased by \$216,295 or 5.4% from the prior year mostly due to increases in Security of Persons and Property.

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

The General Obligation Debt Retirement Fund balance increased by \$67,280 in 2014 due to the decrease in principal and interest payments compared to 2013.

The Capital Improvement Fund balance increased by \$854,337 in 2014. This increase was due to an increase in municipal income tax collections and a decrease in capital related expenditures during 2014.

The Capital Replacement Fund balance increased by \$255,061 in 2014. This increase was due to an increase in municipal income tax collections and a decrease in capital related expenditures during 2014.

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 \$5.1 million changed 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 2014 the City had \$9,603,319 net of accumulated depreciation invested in land, improvements, infrastructure, buildings and machinery and equipment. The following table shows fiscal year 2014 and 2013 balances:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Land	\$426,051	\$426,051	\$0
Construction in Progress	0	904,395	(904,395)
Land Improvements	33,100	33,100	0
Buildings and Improvements	3,963,944	3,963,944	0
Machinery and Equipment	1,267,411	1,080,031	187,380
Vehicles	2,861,476	2,802,690	58,786
Infrastructure	6,378,179	5,298,522	1,079,657
Less: Accumulated Depreciation	(5,326,842)	(4,904,567)	(422,275)
Totals	<u>\$9,603,319</u>	<u>\$9,604,166</u>	<u>(\$847)</u>

The primary increase occurred in infrastructure and machinery and equipment. This increase is the result of road improvements and the purchase of new ancillary equipment for the Fire Department.

As of December 31, 2014, the City had contractual commitments of \$363,356. This is related to the Greenway Estates Retention Pond, Wales/East Broadway intersection improvements and the Harding Avenue drainage and resurfacing project. Additional information on the City's capital assets can be found in Note 9.

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

Debt

The following table summarizes the City's debt outstanding as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Governmental Activities:		
General Obligation Bonds	\$2,120,000	\$2,245,000
Ohio Public Works Commission	42,245	51,635
Compensated Absences	457,596	459,364
Capital Leases Payable	8,030	0
Totals	<u>\$2,627,871</u>	<u>\$2,755,999</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, 2014, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

The City's original budget for 2014 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be 2% higher than the actual receipts for 2013. This difference was due to a conservative estimated increase in municipal income tax and anticipated increased collection of ambulance payments.

General Fund expenditures were originally budgeted at 3% more than 2013 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, 2014**

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 6,331,682
Investments	4,287,591
Receivables:	
Taxes	1,152,159
Accounts	462,660
Intergovernmental	337,543
Interest	8,027
Special Assessments	65,880
Inventory of Supplies at Cost	54,677
Prepaid Items	56,165
Capital Assets:	
Capital Assets Not Being Depreciated	426,051
Capital Assets Being Depreciated, Net	9,177,268
Total Assets	22,359,703
Liabilities:	
Accounts Payable	18,811
Accrued Wages and Benefits	223,532
Claims Payable	2,056
Accrued Interest Payable	14,133
Long-Term Liabilities:	
Due Within One Year	187,054
Due in More Than One Year	2,440,817
Total Liabilities	2,886,403
Deferred Inflows of Resources:	
Property Tax Levy for Next Fiscal Year	351,187
Net Position:	
Net Investment in Capital Assets	9,561,074
Restricted For:	
Capital Projects	197,610
Debt Service	677,986
Street Construction, Maintenance and Repair	626,877
Other Purposes	241,412
Unrestricted	7,817,154
Total Net Position	\$ 19,122,113

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

**Statement of Activities
For the Year Ended December 31, 2014**

	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	\$ 2,921,387	\$ 114,034	\$ 23,875	\$ 131,619	\$ (2,651,859)
Public Health and Welfare Services	6,465	0	0	0	(6,465)
Leisure Time Activities	81,679	4,340	0	0	(77,339)
Community Environment	120,352	34,467	5,265	2,500	(78,120)
Basic Utility Services	376,044	302,114	0	0	(73,930)
Transportation	803,229	5,225	349,001	0	(449,003)
General Government	1,464,739	253,728	0	0	(1,211,011)
Interest and Fiscal Charges	78,332	0	0	0	(78,332)
Total Governmental Activities	\$ 5,852,227	\$ 713,908	\$ 378,141	\$ 134,119	(4,626,059)
General Revenues					
Property Taxes					210,189
Municipal Income Taxes					5,617,863
Other Local Taxes					58,624
Payments in Lieu of Taxes					175,840
Grants and Entitlements not Restricted to Specific Programs					223,942
Investment Earnings					8,656
Miscellaneous					180,743
Total General Revenues					<u>6,475,857</u>
Change in Net Position					1,849,798
Net Position Beginning of Year					<u>17,272,315</u>
Net Position End of Year					<u>\$ 19,122,113</u>

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

**Balance Sheet
Governmental Funds
December 31, 2014**

	General	General Obligation Debt Retirement	Capital Improvement	Capital Replacement
Assets:				
Cash and Cash Equivalents	\$ 1,479,373	\$ 668,649	\$ 1,907,820	\$ 645,072
Investments	1,540,038	0	2,053,294	694,259
Receivables:				
Taxes	768,242	143,690	155,590	77,794
Accounts	332,784	0	80,296	0
Intergovernmental	139,463	23,470	0	32,470
Interest	8,027	0	0	0
Special Assessments	65,880	0	0	0
Inventory of Supplies, at Cost	16,412	0	0	0
Prepaid Items	45,845	0	10,320	0
Total Assets	\$ 4,396,064	\$ 835,809	\$ 4,207,320	\$ 1,449,595
Liabilities:				
Accounts Payable	\$ 9,314	\$ 0	\$ 3,675	\$ 480
Accrued Wages and Benefits Payable	218,022	0	0	0
Claims Payable	2,056	0	0	0
Total Liabilities	229,392	0	3,675	480
Deferred Inflows of Resources:				
Unavailable Amounts	524,449	23,470	20,113	19,529
Property Tax for Next Fiscal Year	207,497	143,690	0	0
Total Deferred Inflows of Resources	731,946	167,160	20,113	19,529
Fund Balances:				
Nonspendable	62,257	0	10,320	0
Restricted	0	668,649	0	0
Committed	0	0	4,173,212	1,429,586
Assigned for Purchase Orders	7,498	0	0	0
Assigned for 2015 Fiscal Year Appropriations	197,878	0	0	0
Unassigned	3,167,093	0	0	0
Total Fund Balances	3,434,726	668,649	4,183,532	1,429,586
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,396,064	\$ 835,809	\$ 4,207,320	\$ 1,449,595

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

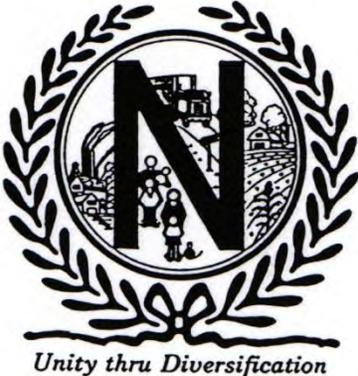
<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,630,768	\$ 6,331,682
0	4,287,591
6,843	1,152,159
49,580	462,660
142,140	337,543
0	8,027
0	65,880
38,265	54,677
0	56,165
<u>\$ 1,867,596</u>	<u>\$ 12,756,384</u>
\$ 5,342	\$ 18,811
5,510	223,532
0	2,056
<u>10,852</u>	<u>244,399</u>
99,322	686,883
0	351,187
<u>99,322</u>	<u>1,038,070</u>
38,265	110,842
926,935	1,595,584
792,222	6,395,020
0	7,498
0	197,878
0	3,167,093
<u>1,757,422</u>	<u>11,473,915</u>
<u>\$ 1,867,596</u>	<u>\$ 12,756,384</u>

CITY OF NORTHWOOD, OHIO

***Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2014***

Total Governmental Fund Balances	\$ 11,473,915
 <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.	9,603,319
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	686,883
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,642,004)</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 19,122,113</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, 2014**

	General	General Obligation Debt Retirement	Capital Improvement	Capital Replacement
Revenues:				
Property Taxes	\$ 222,569	\$ 0	\$ 0	\$ 0
Municipal Income Tax	3,941,045	0	1,125,094	565,436
Other Local Taxes	35,380	0	0	0
Intergovernmental Revenues	281,739	4,695	0	154,616
Payments in Lieu of Taxes	0	175,840	0	0
Charges for Services	117,738	0	80,114	0
Licenses and Permits	118,993	0	0	0
Investment Earnings	3,200	0	0	0
Special Assessments	83,231	0	5,225	0
Fines and Forfeitures	141,303	0	2,358	0
Donations	270	0	245	0
All Other Revenue	106,390	0	0	0
Total Revenue	<u>5,051,858</u>	<u>180,535</u>	<u>1,213,036</u>	<u>720,052</u>
Expenditures:				
Current:				
Security of Persons and Property	2,622,305	0	0	0
Public Health and Welfare Services	6,465	0	0	0
Leisure Time Activities	45,030	0	0	0
Community Environment	103,810	0	0	0
Basic Utility Services	0	0	0	0
Transportation	133,506	0	0	0
General Government	1,346,708	0	0	0
Capital Outlay	0	0	258,699	466,593
Debt Service:				
Principal Retirement	0	134,390	0	0
Interest & Fiscal Charges	0	78,865	0	0
Total Expenditures	<u>4,257,824</u>	<u>213,255</u>	<u>258,699</u>	<u>466,593</u>
Excess (Deficiency) of Revenues Over Expenditures	794,034	(32,720)	954,337	253,459

CITY OF NORTHWOOD, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 222,569
0	5,631,575
23,244	58,624
333,616	774,666
0	175,840
302,114	499,966
2,672	121,665
1,650	4,850
0	88,456
23,086	166,747
0	515
0	106,390
<u>686,382</u>	<u>7,851,863</u>

8,786	2,631,091
0	6,465
0	45,030
13,812	117,622
356,071	356,071
367,896	501,402
34,660	1,381,368
18,300	743,592
0	134,390
0	78,865
<u>799,525</u>	<u>5,995,896</u>

(113,143) 1,855,967

(Continued)

CITY OF NORTHWOOD, OHIO

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

	General	General Obligation Debt Retirement	Capital Improvement	Capital Replacement
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	1,602
Inception of Capital Lease	8,259	0	0	0
Transfers In	0	100,000	0	0
Transfers Out	0	0	(100,000)	0
Total Other Financing Sources (Uses)	8,259	100,000	(100,000)	1,602
Net Change in Fund Balances	802,293	67,280	854,337	255,061
Fund Balances at Beginning of Year	2,625,393	601,369	3,329,195	1,174,525
Increase in Inventory Reserve	7,040	0	0	0
Fund Balances End of Year	\$ 3,434,726	\$ 668,649	\$ 4,183,532	\$ 1,429,586

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
0	1,602
0	8,259
0	100,000
<u>0</u>	<u>(100,000)</u>
<u>0</u>	<u>9,861</u>
(113,143)	1,865,828
1,870,008	9,600,490
<u>557</u>	<u>7,597</u>
<u>\$ 1,757,422</u>	<u>\$ 11,473,915</u>

CITY OF NORTHWOOD, OHIO

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to
The Statement of Activities
For the Year Ended December 31, 2014***

Net Change in Fund Balances - Total Governmental Funds \$ 1,865,828

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 1,353

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. (2,200)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (151,440)

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. 126,360

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 533

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. 9,364

Change in Net Position of Governmental Activities \$ 1,849,798

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 220,000	\$ 222,600	\$ 222,392	\$ (208)
Municipal Income Tax	3,430,000	3,947,000	3,885,418	(61,582)
Other Local Taxes	18,000	27,100	27,016	(84)
Intergovernmental Revenue	289,455	299,040	298,311	(729)
Charges for Services	140,000	125,550	125,512	(38)
Licenses and Permits	119,500	120,650	120,095	(555)
Special Assessments	77,925	83,440	83,231	(209)
Investment Earnings	32,459	32,459	32,311	(148)
Fines and Forfeitures	138,500	142,855	141,303	(1,552)
Donations	2,000	300	270	(30)
All Other Revenues	98,055	96,900	96,202	(698)
Total Revenues	<u>4,565,894</u>	<u>5,097,894</u>	<u>5,032,061</u>	<u>(65,833)</u>
Expenditures:				
Current:				
Security of Persons and Property	2,700,725	2,754,085	2,654,301	99,784
Public Health and Welfare Services	7,000	7,000	6,465	535
Leisure Time Activities	61,000	61,000	47,195	13,805
Community Environment	107,410	113,760	103,829	9,931
Transportation	190,100	200,100	133,544	66,556
General Government	1,460,840	1,478,240	1,345,069	133,171
Total Expenditures	<u>4,527,075</u>	<u>4,614,185</u>	<u>4,290,403</u>	<u>323,782</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,819	483,709	741,658	257,949
Fund Balance at Beginning of Year	2,301,554	2,301,554	2,301,554	0
Prior Year Encumbrances	1,285	1,285	1,285	0
Fund Balance at End of Year	<u>\$ 2,341,658</u>	<u>\$ 2,786,548</u>	<u>\$ 3,044,497</u>	<u>\$ 257,949</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, 2014***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 1,049
Total Assets	<u>\$ 1,049</u>
Liabilities:	
Due to Others	\$ 1,049
Total Liabilities	<u>\$ 1,049</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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

A. Reporting Entity

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

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which 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, 2014***

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, 2014***

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, 2014***

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, 2014, but which are not intended to finance 2014 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources as further described in Note 6.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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 2014.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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, 2014***

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:

	<u>Net Change In Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$802,293
Increase (Decrease):	
Accrued Revenues at December 31, 2014 received during 2015	(582,450)
Accrued Revenues at December 31, 2013 received during 2014	532,837
Accrued Expenditures at December 31, 2014 paid during 2015	229,392
Accrued Expenditures at December 31, 2013 paid during 2014	(259,977)
2013 Prepays for 2014	43,856
2014 Prepays for 2015	(45,845)
2013 Mark to Market	(3,534)
2014 Mark to Market	33,350
Outstanding Encumbrances	<u>(8,264)</u>
Budget Basis	<u><u>\$741,658</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 5, "Pooled Cash, Cash Equivalents and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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 2014 amounted to \$3,200, which includes \$2,281 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 5, "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, 2014, 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, 2014***

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, 2014***

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, 2014***

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

O. Pensions

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

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, 2014***

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 2014.

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

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	\$100,563
Delinquent Property Tax Revenue	4,425
Shared Revenues	220,964
Interest Revenues	7,322
Charges for Services	287,729
Special Assessment Revenue	65,880
	<hr/>
	\$686,883

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$2,120,000)
Ohio Public Works Commission Loan	(42,245)
Accrued Interest on Long-Term Debt	(14,133)
Capital Leases Payable	(8,030)
Compensated Absences Payable	(457,596)
	<hr/>
	(\$2,642,004)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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	\$463,668
Depreciation Expense	<u>(462,315)</u>
	\$1,353

Governmental revenues not reported in the funds:

Decrease in Delinquent Income Tax Revenue	(\$13,712)
Decrease in Delinquent Property Tax	(12,380)
Decrease in Shared Revenue	(38,464)
Increase in Interest Revenue	3,806
Decrease in Special Assessment Revenue	(35,583)
Decrease in Charges for Services	<u>(55,107)</u>
	(\$151,440)

Net amount of long-term debt issuance and bond and lease principal payments:

New Capital Lease	(\$8,259)
Principal Payments	<u>134,619</u>
	\$126,360

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$1,767
Increase in supplies inventory	<u>7,597</u>
	\$9,364

CITY OF NORTHWOOD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 3 – 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	\$16,412	\$0	\$0	\$0	\$38,265	\$54,677
Prepaid Items	45,845	0	10,320	0	0	56,165
Total Nonspendable	<u>62,257</u>	<u>0</u>	<u>10,320</u>	<u>0</u>	<u>38,265</u>	<u>110,842</u>
Restricted:						
General Obligation Debt Service Payments	0	668,649	0	0	0	668,649
Street Construction and Maintenance	0	0	0	0	539,223	539,223
Motor Vehicle License Tax	0	0	0	0	26,978	26,978
State Highway Improvements	0	0	0	0	87,646	87,646
Drug Fines	0	0	0	0	886	886
Law Enforcement	0	0	0	0	10,627	10,627
Enforcement and Education	0	0	0	0	3,011	3,011
Computerized Research	0	0	0	0	14,575	14,575
Recreation Parks	0	0	0	0	157,968	157,968
Keep Northwood Beautiful	0	0	0	0	86,021	86,021
Total Restricted	<u>0</u>	<u>668,649</u>	<u>0</u>	<u>0</u>	<u>926,935</u>	<u>1,595,584</u>
Committed:						
Capital Improvements	0	0	4,173,212	0	0	4,173,212
Capital Replacement	0	0	0	1,429,586	0	1,429,586
Storm Water Management	0	0	0	0	791,054	791,054
Northwood Environment	0	0	0	0	1,168	1,168
Total Committed	<u>0</u>	<u>0</u>	<u>4,173,212</u>	<u>1,429,586</u>	<u>792,222</u>	<u>6,395,020</u>
Assigned:						
Purchase Orders	7,498	0	0	0	0	7,498
Fiscal Year 2015 Appropriations	197,878	0	0	0	0	197,878
Unassigned	3,167,093	0	0	0	0	3,167,093
Total Fund Balances	<u>\$3,434,726</u>	<u>\$668,649</u>	<u>\$4,183,532</u>	<u>\$1,429,586</u>	<u>\$1,757,422</u>	<u>\$11,473,915</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLE

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

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 5 - 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, 2014***

NOTE 5 - 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 \$10,619,622 and the bank balance was \$10,799,293. In addition, the City had \$700 petty cash on hand. Federal depository insurance covered \$750,000 of the bank balance and \$10,049,293 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>\$10,049,293</u>
Total Balance	<u><u>\$10,049,293</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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

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.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2014 were levied after October 1, 2013 on assessed values as of January 1, 2013, the lien date. Assessed values were established by the County Auditor at 35 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, 2014***

NOTE 6 – 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, 2014 was \$1.60 per \$1,000 of assessed value. The assessed value upon which the 2014 tax receipts were based was \$135,206,460. This amount constitutes \$131,150,150 in real property assessed value and \$4,056,310 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 7 - RECEIVABLES

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 8 - TRANSFERS

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

	<u>Transfers In:</u>
	General
	Obligation
	Debt Retirement
<u>Transfers Out:</u>	<u>Fund</u>
Capital Improvement Fund	<u>\$100,000</u>
	<u>\$100,000</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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CITY OF NORTHWOOD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 9 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

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

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Capital assets not being depreciated:				
Land	\$426,051	\$0	\$0	\$426,051
Construction in Progress	904,395	0	(904,395)	0
	1,330,446	0	(904,395)	426,051
Capital assets being depreciated:				
Land Improvements	33,100	0	0	33,100
Buildings and Improvements	3,963,944	0	0	3,963,944
Machinery and Equipment	1,080,031	187,380	0	1,267,411
Vehicles	2,802,690	101,026	(42,240)	2,861,476
Infrastructure	5,298,522	1,079,657	0	6,378,179
	13,178,287	1,368,063	(42,240)	14,504,110
Total Cost	\$14,508,733	\$1,368,063	(\$946,635)	\$14,930,161

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Land Improvements	(\$33,100)	\$0	\$0	(\$33,100)
Buildings and Improvements	(1,651,757)	(82,899)	0	(1,734,656)
Machinery and Equipment	(680,765)	(62,421)	0	(743,186)
Vehicles	(1,701,188)	(155,494)	40,040	(1,816,642)
Infrastructure	(837,757)	(161,501)	0	(999,258)
Total Depreciation	(\$4,904,567)	(\$462,315) *	\$40,040	(\$5,326,842)
Net Value:	\$9,604,166			\$9,603,319

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$136,349
Leisure Time Activities	25,601
Community Environment	1,450
Basic Utility Services	19,973
Transportation	189,875
General Government	89,067
Total Depreciation Expense	\$462,315

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2014, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2014 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 12.0% for calendar year 2014. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2014, 2013, and 2012 were \$155,300, \$157,071 and \$139,056, respectively, or 92.7% of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012. The unpaid contribution to fund pension obligations for 2014, in the amount of \$11,307, is recorded as a liability within the respective funds.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014, employers were required to contribute 19.5% for police officers. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2014, 19.0% of annual covered salary for police was the portion used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2014, 2013, and 2012 were \$226,279, \$218,582 and \$165,370 for police or 91.7% of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012. The unpaid contribution to fund pension obligations for 2014, in the amount of \$18,609, is recorded as a liability within the respective funds.

NOTE 11 - 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. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 11 – 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 2014, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2014, 2013, and 2012 were \$22,186, \$11,219 and \$39,715, respectively, or 92.7% of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 11 – 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. That report is also available on OP&F’s website at www.op-f.org.

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

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

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

The City's contributions for health care to the OP&F for the years ending December 31, 2014, 2013, and 2012 were \$5,802, \$42,259 and \$57,212 for police or 91.7% of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 12 - 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, 2014, the City's accumulated, unpaid compensated absences amounted to \$457,596, which has been recorded as a liability of the Governmental Activities.

NOTE 13 - CAPITAL LEASE

The City leases equipment under a capital lease. The original cost of the equipment was \$8,259 and the related liability is reported in the Government-Wide Statement of Net Position.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2014:

<u>Year Ending December 31,</u>	<u>Capital Lease</u>
2015	\$1,982
2016	1,982
2017	1,982
2018	1,982
2019	<u>1,652</u>
Minimum Lease Payments	9,580
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(1,550)</u>
Present value of minimum lease payments	<u><u>\$8,030</u></u>

CITY OF NORTHWOOD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 14 - LONG-TERM DEBT

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

	Issue Date	Original Issue Amount	Balance December 31, 2013	Issued	(Retired)	Balance December 31, 2014	Amounts Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
4.20% Fire Station Improvement	2005	\$800,000	\$95,000	\$0	(\$95,000)	\$0	\$0
8.00% TIF Improvement	2007	2,200,000	2,150,000	0	(30,000)	2,120,000	30,000
Total General Obligation Bonds			2,245,000	0	(125,000)	2,120,000	30,000
Ohio Public Works Commission Loan:							
0.00% Wales Road Pavement & Storm Drainage	1999	187,790	51,635	0	(9,390)	42,245	9,390
Compensated Absences			459,364	457,596	(459,364)	457,596	146,230
Capital Lease			0	8,259	(229)	8,030	1,434
Total Governmental Activities							
Long-Term Debt			\$2,755,999	\$465,855	(\$593,983)	\$2,627,871	\$187,054

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, 2014, follow:

Years	General Obligation Bonds		OPWC Loan	
	Principal	Interest	Principal	Interest
2015	\$30,000	\$169,600	\$9,390	\$0
2016	35,000	167,658	9,389	0
2017	35,000	164,400	9,389	0
2018	40,000	161,600	9,389	0
2019	45,000	158,400	4,688	0
2020-2024	275,000	734,802	0	0
2025-2029	405,000	604,315	0	0
2030-2034	585,000	415,429	0	0
2035-2038	670,000	132,914	0	0
Totals	\$2,120,000	\$2,709,118	\$42,245	\$0

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 15 - CONSTRUCTION COMMITMENTS

As of December 31, 2014 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 Retention Pond	\$22,340	2015
Wales/East Broadway Intersection Improvements	15,494	2015
2014 Paving Program	103,520	2015
Harding Avenue Drainage and Waterline	<u>222,002</u>	2015
Total	\$363,356	

NOTE 16 - RISK MANAGEMENT

The City of Northwood is a participant in the Ohio Plan (the Pool). The Pool was established in 1988 and is administered under contract by Hylant Administrative Services to provide a program of property and casualty insurance for its member organizations throughout the State of Ohio.

The Pool's general objectives are to formulate, develop and administer a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program on behalf of the member political subdivisions. Political subdivisions joining the Pool may withdraw at the end of any coverage period upon 30 days prior written notice to the Pool. Under agreement, members who terminate participation in the Pool, as well as current members, are subject to a supplemental assessment or a refund, at the discretion of the board of trustees, depending on the ultimate loss experience of all the entities it insures for each coverage year. To date, there have been no assessments or refunds, due to the limited period of time that the Pool has been in existence and the nature of the coverage that is afforded to the participants.

The City obtained insurance coverage from the Pool from July, 2014 through July, 2015 for various insurance coverages, as follows:

<u>Type of Coverage</u>	<u>Limits</u>
Property	\$8,534,977
Liability	\$5,000,000/ \$7,000,000
Wrongful Acts	\$5,000,000/ \$7,000,000
Law Enforcement	\$5,000,000/ \$7,000,000
Automobile	\$5,000,000
Inland Marine Equipment	\$809,545
Fire Vehicles	\$1,574,768
Bonds	\$50,000
Crime	\$25,000
EDP	\$50,000
Employee Benefit Liability	\$5,000,000/ \$7,000,000

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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 2013 and 2014 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>
2013	\$2,446	\$33,934	(\$35,932)	\$448
2014	448	40,039	(38,431)	2,056

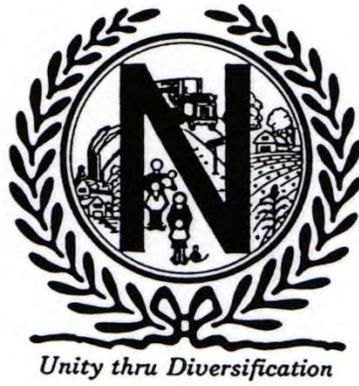
Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

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

Storm Water Fund

To account for storm water fees and surcharges related to the City's storm water program.

Keep Northwood Beautiful Fund

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

Capital Projects Fund

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, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 1,472,800	\$ 157,968	\$ 1,630,768
Receivables:			
Taxes	6,843	0	6,843
Accounts	49,580	0	49,580
Intergovernmental	142,140	0	142,140
Inventory of Supplies, at Cost	38,265	0	38,265
Total Assets	<u>\$ 1,709,628</u>	<u>\$ 157,968</u>	<u>\$ 1,867,596</u>
Liabilities:			
Accounts Payable	\$ 5,342	\$ 0	\$ 5,342
Accrued Wages and Benefits Payable	5,510	0	5,510
Total Liabilities	<u>10,852</u>	<u>0</u>	<u>10,852</u>
Deferred Inflows of Resources:			
Unavailable Amounts	99,322	0	99,322
Property Tax for Next Fiscal Year	0	0	0
Total Deferred Inflows of Resources	<u>99,322</u>	<u>0</u>	<u>99,322</u>
Fund Balances:			
Nonspendable	38,265	0	38,265
Restricted	768,967	157,968	926,935
Committed	792,222	0	792,222
Total Fund Balances	<u>1,599,454</u>	<u>157,968</u>	<u>1,757,422</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,709,628</u>	<u>\$ 157,968</u>	<u>\$ 1,867,596</u>

CITY OF NORTHWOOD, OHIO

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Other Local Taxes	\$ 15,744	\$ 7,500	\$ 23,244
Intergovernmental Revenues	331,116	2,500	333,616
Charges for Services	302,114	0	302,114
Licenses and Permits	2,672	0	2,672
Investment Earnings	1,650	0	1,650
Fines and Forfeitures	23,086	0	23,086
Total Revenue	676,382	10,000	686,382
Expenditures:			
Current:			
Security of Persons and Property	8,786	0	8,786
Community Environment	13,812	0	13,812
Basic Utility Services	356,071	0	356,071
Transportation	367,896	0	367,896
General Government	34,660	0	34,660
Capital Outlay	0	18,300	18,300
Debt Service:			
Total Expenditures	781,225	18,300	799,525
Excess (Deficiency) of Revenues Over Expenditures	(104,843)	(8,300)	(113,143)
Fund Balances at Beginning of Year	1,703,740	166,268	1,870,008
Increase in Inventory Reserve	557	0	557
Fund Balances End of Year	\$ 1,599,454	\$ 157,968	\$ 1,757,422

CITY OF NORTHWOOD, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014**

	Street Construction, Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste / Environmental
Assets:				
Cash and Cash Equivalents	\$ 504,688	\$ 24,697	\$ 84,401	\$ 528
Receivables:				
Taxes	0	6,843	0	0
Accounts	0	0	0	661
Intergovernmental	131,481	0	10,659	0
Inventory of Supplies, at Cost	38,265	0	0	0
Total Assets	<u>\$ 674,434</u>	<u>\$ 31,540</u>	<u>\$ 95,060</u>	<u>\$ 1,189</u>
Liabilities:				
Accounts Payable	\$ 4,214	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	5,078	0	308	21
Total Liabilities	<u>9,292</u>	<u>0</u>	<u>308</u>	<u>21</u>
Deferred Inflows of Resources:				
Unavailable Amounts	87,654	4,562	7,106	0
Total Deferred Inflows of Resources	<u>87,654</u>	<u>4,562</u>	<u>7,106</u>	<u>0</u>
Fund Balances:				
Nonspendable	38,265	0	0	0
Restricted	539,223	26,978	87,646	0
Committed	0	0	0	1,168
Total Fund Balances	<u>577,488</u>	<u>26,978</u>	<u>87,646</u>	<u>1,168</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 674,434</u>	<u>\$ 31,540</u>	<u>\$ 95,060</u>	<u>\$ 1,189</u>

CITY OF NORTHWOOD, OHIO

<u>Drug Fine</u>	<u>Special Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Computerized Research</u>	<u>Storm Water Management</u>	<u>Keep Northwood Beautiful</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 886	\$ 10,627	\$ 3,656	\$ 15,058	\$ 742,238	\$ 86,021	\$ 1,472,800
0	0	0	0	0	0	6,843
0	0	0	0	48,919	0	49,580
0	0	0	0	0	0	142,140
0	0	0	0	0	0	38,265
<u>\$ 886</u>	<u>\$ 10,627</u>	<u>\$ 3,656</u>	<u>\$ 15,058</u>	<u>\$ 791,157</u>	<u>\$ 86,021</u>	<u>\$ 1,709,628</u>
\$ 0	\$ 0	\$ 645	\$ 483	\$ 0	\$ 0	\$ 5,342
0	0	0	0	103	0	5,510
0	0	645	483	103	0	10,852
0	0	0	0	0	0	99,322
0	0	0	0	0	0	99,322
0	0	0	0	0	0	38,265
886	10,627	3,011	14,575	0	86,021	768,967
0	0	0	0	791,054	0	792,222
<u>886</u>	<u>10,627</u>	<u>3,011</u>	<u>14,575</u>	<u>791,054</u>	<u>86,021</u>	<u>1,599,454</u>
<u>\$ 886</u>	<u>\$ 10,627</u>	<u>\$ 3,656</u>	<u>\$ 15,058</u>	<u>\$ 791,157</u>	<u>\$ 86,021</u>	<u>\$ 1,709,628</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, 2014**

	Street Construction, Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste / Environmental
Revenues:				
Other Local Taxes	\$ 0	\$ 15,744	\$ 0	\$ 0
Intergovernmental Revenues	301,414	0	24,437	0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	2,672
Investment Earnings	990	171	159	165
Fines and Forfeitures	0	0	0	0
Total Revenue	<u>302,404</u>	<u>15,915</u>	<u>24,596</u>	<u>2,837</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Community Environment	0	0	0	2,007
Basic Utility Services	0	0	0	0
Transportation	344,391	11,707	11,798	0
General Government	0	0	0	0
Total Expenditures	<u>344,391</u>	<u>11,707</u>	<u>11,798</u>	<u>2,007</u>
Excess (Deficiency) of Revenues Over Expenditures	(41,987)	4,208	12,798	830
Fund Balances at Beginning of Year	618,918	22,770	74,848	338
Increase in Inventory Reserve	557	0	0	0
Fund Balances End of Year	<u>\$ 577,488</u>	<u>\$ 26,978</u>	<u>\$ 87,646</u>	<u>\$ 1,168</u>

CITY OF NORTHWOOD, OHIO

Drug Fine	Special Law Enforcement	Enforcement and Education	Computerized Research	Storm Water Management	Keep Northwood Beautiful	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,744
0	0	0	0	0	5,265	331,116
0	0	0	0	302,114	0	302,114
0	0	0	0	0	0	2,672
0	165	0	0	0	0	1,650
895	6,880	654	14,657	0	0	23,086
<u>895</u>	<u>7,045</u>	<u>654</u>	<u>14,657</u>	<u>302,114</u>	<u>5,265</u>	<u>676,382</u>
2,606	6,180	0	0	0	0	8,786
0	0	0	0	0	11,805	13,812
0	0	0	0	356,071	0	356,071
0	0	0	0	0	0	367,896
0	0	1,750	32,910	0	0	34,660
<u>2,606</u>	<u>6,180</u>	<u>1,750</u>	<u>32,910</u>	<u>356,071</u>	<u>11,805</u>	<u>781,225</u>
(1,711)	865	(1,096)	(18,253)	(53,957)	(6,540)	(104,843)
2,597	9,762	4,107	32,828	845,011	92,561	1,703,740
0	0	0	0	0	0	557
<u>\$ 886</u>	<u>\$ 10,627</u>	<u>\$ 3,011</u>	<u>\$ 14,575</u>	<u>\$ 791,054</u>	<u>\$ 86,021</u>	<u>\$ 1,599,454</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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 220,000	\$ 222,600	\$ 222,392	\$ (208)
Municipal Income Taxes	3,430,000	3,947,000	3,885,418	(61,582)
Other Local Taxes	18,000	27,100	27,016	(84)
Intergovernmental Revenues	289,455	299,040	298,311	(729)
Charges for Services	140,000	125,550	125,512	(38)
Licenses and Permits	119,500	120,650	120,095	(555)
Investment Earnings	32,459	32,459	32,311	(148)
Special Assessments	77,925	83,440	83,231	(209)
Fines and Forfeitures	138,500	142,855	141,303	(1,552)
Donations	2,000	300	270	(30)
All Other Revenues	98,055	96,900	96,202	(698)
Total Revenues	4,565,894	5,097,894	5,032,061	(65,833)
Expenditures:				
Security of Persons and Property:				
Police Department:				
Personal Services	1,634,900	1,664,900	1,650,977	13,923
Materials and Supplies	88,250	88,250	77,014	11,236
Contractual Services	46,200	46,200	45,413	787
Other Expenditures	4,000	4,000	3,902	98
Total Police Department	1,773,350	1,803,350	1,777,306	26,044
Fire Department:				
Personal Services	471,300	490,300	464,372	25,928
Materials and Supplies	97,350	98,050	89,761	8,289
Contractual Services	30,100	30,660	25,918	4,742
Total Fire Department	598,750	619,010	580,051	38,959
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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Police and Fire Communications:				
Personal Services	314,525	317,625	284,258	33,367
Materials and Supplies	4,200	4,200	3,363	837
Contractual Services	6,900	6,900	6,691	209
Total Police and Fire Communications	<u>325,625</u>	<u>328,725</u>	<u>294,312</u>	<u>34,413</u>
Total Security of Persons and Property	<u>2,700,725</u>	<u>2,754,085</u>	<u>2,654,301</u>	<u>99,784</u>
Public Health and Welfare Services:				
County Board of Health:				
Contractual Services	7,000	7,000	6,465	535
Total Public Health and Welfare Services	<u>7,000</u>	<u>7,000</u>	<u>6,465</u>	<u>535</u>
Leisure Time Activities:				
Parks and Playgrounds:				
Materials and Supplies	4,000	4,000	2,918	1,082
Contractual Services	21,000	21,000	14,913	6,087
Capital Outlay	3,000	3,000	2,800	200
Total Parks and Playgrounds	<u>28,000</u>	<u>28,000</u>	<u>20,631</u>	<u>7,369</u>
Recreation:				
Contractual Services	2,000	2,000	2,000	0
Baseball Programs:				
Personal Services	2,250	2,250	400	1,850
Materials and Supplies	11,050	11,050	10,576	474
Contractual Services	17,500	17,500	13,518	3,982
Other Expenditures	200	200	70	130
Total Baseball Programs	<u>31,000</u>	<u>31,000</u>	<u>24,564</u>	<u>6,436</u>
Total Leisure Time Activities	<u>61,000</u>	<u>61,000</u>	<u>47,195</u>	<u>13,805</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Planning and Zoning:				
Personal Services	55,355	55,955	55,890	65
Materials and Supplies	2,155	2,905	2,619	286
Contractual Services	400	400	399	1
Total Planning and Zoning	57,910	59,260	58,908	352
Weed Control and Tree Care:				
Personal Services	21,000	21,000	17,182	3,818
Materials and Supplies	1,000	1,000	940	60
Contractual Services	9,500	9,500	6,979	2,521
Capital Outlay	1,000	1,000	0	1,000
Total Weed Control and Tree Care	32,500	32,500	25,101	7,399
Economic Development:				
Materials and Supplies	12,000	12,000	11,045	955
Contractual Services	5,000	10,000	8,775	1,225
Total Economic Development	17,000	22,000	19,820	2,180
Total Community Environment	107,410	113,760	103,829	9,931
Transportation:				
Street Maintenance and Repair:				
Personal Services	159,700	159,700	94,081	65,619
Materials and Supplies	29,000	39,000	38,092	908
Contractual Services	1,400	1,400	1,371	29
Total Transportation	190,100	200,100	133,544	66,556
General Government:				
Mayor:				
Personal Services	14,255	14,255	12,904	1,351
Materials and Supplies	2,100	2,100	1,800	300
Contractual Services	500	500	220	280
Total Mayor	16,855	16,855	14,924	1,931

(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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Finance Director:				
Personal Services	278,430	273,450	268,972	4,478
Materials and Supplies	4,000	6,500	5,401	1,099
Contractual Services	17,900	24,980	23,335	1,645
Total Finance Director	<u>300,330</u>	<u>304,930</u>	<u>297,708</u>	<u>7,222</u>
City Administrator:				
Personal Services	99,750	102,250	100,955	1,295
Materials and Supplies	2,200	2,200	1,183	1,017
Contractual Services	600	600	441	159
Total City Administrator	<u>102,550</u>	<u>105,050</u>	<u>102,579</u>	<u>2,471</u>
Legal Administration:				
Personal Services	18,000	35,925	35,380	545
Materials and Supplies	2,200	2,200	1,753	447
Contractual Services	44,500	57,000	54,912	2,088
Total Legal Administration	<u>64,700</u>	<u>95,125</u>	<u>92,045</u>	<u>3,080</u>
City Council:				
Personal Services	57,650	58,150	51,977	6,173
Materials and Supplies	1,100	1,100	559	541
Total City Council	<u>58,750</u>	<u>59,250</u>	<u>52,536</u>	<u>6,714</u>
City Clerk:				
Personal Services	62,900	62,900	61,910	990
Materials and Supplies	2,000	2,500	2,133	367
Contractual Services	5,300	6,725	6,682	43
Total City Clerk	<u>70,200</u>	<u>72,125</u>	<u>70,725</u>	<u>1,400</u>
Mayor's Court:				
Personal Services	132,110	133,510	131,357	2,153
Materials and Supplies	9,700	9,700	2,786	6,914
Contractual Services	13,100	13,100	12,234	866
Total Mayor's Court	<u>154,910</u>	<u>156,310</u>	<u>146,377</u>	<u>9,933</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Civil Service Commission:				
Materials and Supplies	100	100	0	100
Contractual Services	3,500	4,500	4,038	462
Total Civil Service Commission	3,600	4,600	4,038	562
Buildings and Grounds:				
Personal Services	140,290	113,190	106,814	6,376
Materials and Supplies	8,000	8,000	6,937	1,063
Contractual Services	19,200	19,200	16,397	2,803
Other Expenditures	3,500	3,500	1,139	2,361
Total Buildings and Grounds	170,990	143,890	131,287	12,603
General Miscellaneous:				
Contractual Services	19,500	19,500	15,630	3,870
Special Assessments:				
Contractual Services	72,280	72,280	69,367	2,913
General Administrative:				
Personal Services	3,175	3,175	2,481	694
Materials and Supplies	8,000	10,150	10,134	16
Contractual Services	260,000	260,000	244,057	15,943
Other Expenditures	155,000	155,000	91,181	63,819
Total General Administrative	426,175	428,325	347,853	80,472
Total General Government	1,460,840	1,478,240	1,345,069	133,171
Total Expenditures	4,527,075	4,614,185	4,290,403	323,782
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,819	483,709	741,658	257,949
Fund Balance at Beginning of Year	2,301,554	2,301,554	2,301,554	0
Prior Year Encumbrances	1,285	1,285	1,285	0
Fund Balance at End of Year	<u>\$ 2,341,658</u>	<u>\$ 2,786,548</u>	<u>\$ 3,044,497</u>	<u>\$ 257,949</u>

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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
GENERAL OBLIGATION DEBT RETIREMENT FUND				
Revenues:				
Payments in Lieu of Taxes	\$ 272,000	\$ 272,000	\$ 175,840	\$ (96,160)
Intergovernmental Revenues	4,695	4,695	4,695	0
Total Revenues	<u>276,695</u>	<u>276,695</u>	<u>180,535</u>	<u>(96,160)</u>
Expenditures:				
Debt Service:				
Principal Retirement	134,390	134,390	134,390	0
Interest and Fiscal Charges	<u>175,990</u>	<u>175,990</u>	<u>78,865</u>	<u>97,125</u>
Total Expenditures	<u>310,380</u>	<u>310,380</u>	<u>213,255</u>	<u>97,125</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,685)	(33,685)	(32,720)	965
Other Financing Sources (Uses):				
Transfers In	<u>95,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>95,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Net Change in Fund Balance	61,315	66,315	67,280	965
Fund Balance at Beginning of Year	<u>601,369</u>	<u>601,369</u>	<u>601,369</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 662,684</u>	<u>\$ 667,684</u>	<u>\$ 668,649</u>	<u>\$ 965</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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 980,000	\$ 1,130,000	\$ 1,109,200	\$ (20,800)
Special Assessments	5,000	5,225	5,225	0
Fines and Forfeitures	0	2,200	2,176	(24)
Donations	1,000	575	245	(330)
All Other Revenues	2,000	0	0	0
Total Revenues	<u>988,000</u>	<u>1,138,000</u>	<u>1,116,846</u>	<u>(21,154)</u>
Expenditures:				
Capital Outlay:				
Transportation	517,280	517,280	435,085	82,195
General Government	125,400	143,900	100,739	43,161
Total Expenditures	<u>642,680</u>	<u>661,180</u>	<u>535,824</u>	<u>125,356</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	345,320	476,820	581,022	104,202
Other Financing Sources (Uses):				
Transfers Out	(95,000)	(100,000)	(100,000)	0
Total Other Financing Sources (Uses)	<u>(95,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Net Change In Fund Balance	250,320	376,820	481,022	104,202
Fund Balance at Beginning of Year	3,261,477	3,261,477	3,261,477	0
Prior Year Encumbrances	7	7	7	0
Fund Balance at End of Year	<u>\$ 3,511,804</u>	<u>\$ 3,638,304</u>	<u>\$ 3,742,506</u>	<u>\$ 104,202</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CAPITAL REPLACEMENT FUND				
Revenues:				
Municipal Income Taxes	\$ 490,000	\$ 565,000	\$ 557,490	\$ (7,510)
Intergovernmental Revenues	0	132,200	131,619	(581)
Total Revenues	490,000	697,200	689,109	(8,091)
Expenditures:				
Capital Outlay	333,125	550,912	494,120	56,792
Total Expenditures	333,125	550,912	494,120	56,792
Excess (Deficiency) of Revenues Over (Under) Expenditures	156,875	146,288	194,989	48,701
Other Financing Sources (Uses):				
Sale of Capital Assets	10,000	9,000	1,602	(7,398)
Total Other Financing Sources (Uses)	10,000	9,000	1,602	(7,398)
Net Change in Fund Balance	166,875	155,288	196,591	41,303
Fund Balance at Beginning of Year	1,094,842	1,094,842	1,094,842	0
Prior Year Encumbrances	19,891	19,891	19,891	0
Fund Balance at End of Year	\$ 1,281,608	\$ 1,270,021	\$ 1,311,324	\$ 41,303

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, 2014***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 310,000	\$ 309,700	\$ 304,101	\$ (5,599)
Investment Earnings	700	1,000	990	(10)
Total Revenues	<u>310,700</u>	<u>310,700</u>	<u>305,091</u>	<u>(5,609)</u>
Expenditures:				
Transportation:				
Street Maintenance and Repair:				
Personal Services	216,700	218,450	207,597	10,853
Materials and Supplies	12,000	12,000	7,697	4,303
Total Street Maintenance and Repair	<u>228,700</u>	<u>230,450</u>	<u>215,294</u>	<u>15,156</u>
Snow and Ice Removal:				
Personal Services	20,000	28,000	27,434	566
Materials and Supplies	91,500	91,500	70,443	21,057
Contractual Services	15,000	15,000	14,412	588
Total Snow and Ice Removal	<u>126,500</u>	<u>134,500</u>	<u>112,289</u>	<u>22,211</u>
Traffic Signals and Signs:				
Personal Services	10,000	10,000	6,700	3,300
Materials and Supplies	4,000	4,000	2,500	1,500
Contractual Services	26,000	26,000	5,136	20,864
Total Traffic Signals and Signs	<u>40,000</u>	<u>40,000</u>	<u>14,336</u>	<u>25,664</u>
Total Expenditures	<u>395,200</u>	<u>404,950</u>	<u>341,919</u>	<u>63,031</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,500)	(94,250)	(36,828)	57,422
Fund Balance at Beginning of Year	539,157	539,157	539,157	0
Fund Balance at End of Year	<u>\$ 454,657</u>	<u>\$ 444,907</u>	<u>\$ 502,329</u>	<u>\$ 57,422</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	\$ 17,000	\$ 16,950	\$ 15,785	\$ (1,165)
Investment Earnings	150	200	171	(29)
Total Revenues	<u>17,150</u>	<u>17,150</u>	<u>15,956</u>	<u>(1,194)</u>
Expenditures:				
Transportation:				
Contractual Services	<u>18,000</u>	<u>18,000</u>	<u>11,707</u>	<u>6,293</u>
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>11,707</u>	<u>6,293</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(850)	(850)	4,249	5,099
Fund Balance at Beginning of Year	<u>20,448</u>	<u>20,448</u>	<u>20,448</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 19,598</u>	<u>\$ 19,598</u>	<u>\$ 24,697</u>	<u>\$ 5,099</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, 2014***

STATE HIGHWAY IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 25,200	\$ 25,175	\$ 24,657	\$ (518)
Investment Earnings	150	175	159	(16)
Total Revenues	<u>25,350</u>	<u>25,350</u>	<u>24,816</u>	<u>(534)</u>
Expenditures:				
Transportation:				
Street Maintenance and Repair:				
Personal Services	12,150	12,150	11,424	726
Snow and Ice Removal:				
Materials and Supplies	11,500	11,500	0	11,500
Traffic Signals and Signs:				
Contractual Services	5,000	5,000	420	4,580
Total Expenditures	<u>28,650</u>	<u>28,650</u>	<u>11,844</u>	<u>16,806</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,300)	(3,300)	12,972	16,272
Fund Balance at Beginning of Year	71,429	71,429	71,429	0
Fund Balance at End of Year	<u>\$ 68,129</u>	<u>\$ 68,129</u>	<u>\$ 84,401</u>	<u>\$ 16,272</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 7,000	\$ 6,950	\$ 2,235	\$ (4,715)
Investment Earnings	150	200	165	(35)
Total Revenues	<u>7,150</u>	<u>7,150</u>	<u>2,400</u>	<u>(4,750)</u>
Expenditures:				
Community Environment:				
Personal Services	7,000	7,000	2,197	4,803
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>2,197</u>	<u>4,803</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	150	150	203	53
Net Change in Fund Balance	150	150	203	53
Fund Balance at Beginning of Year	325	325	325	0
Fund Balance at End of Year	<u>\$ 475</u>	<u>\$ 475</u>	<u>\$ 528</u>	<u>\$ 53</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, 2014***

	DRUG FINE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 895	\$ (105)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>895</u>	<u>(105)</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	4,000	4,000	2,606	1,394
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>2,606</u>	<u>1,394</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	(3,000)	(1,711)	1,289
Fund Balance at Beginning of Year	<u>2,597</u>	<u>2,597</u>	<u>2,597</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (403)</u>	<u>\$ (403)</u>	<u>\$ 886</u>	<u>\$ 1,289</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 150	\$ 200	\$ 165	\$ (35)
Fines and Forfeitures	4,000	6,950	6,880	(70)
Total Revenues	4,150	7,150	7,045	(105)
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	2,000	2,000	1,226	774
Capital Outlay	9,000	9,000	4,954	4,046
Total Expenditures	11,000	11,000	6,180	4,820
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,850)	(3,850)	865	4,715
Fund Balance at Beginning of Year	9,762	9,762	9,762	0
Fund Balance at End of Year	\$ 2,912	\$ 5,912	\$ 10,627	\$ 4,715

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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 654	\$ (346)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>654</u>	<u>(346)</u>
Expenditures:				
General Government:				
Materials and Supplies	<u>5,000</u>	<u>5,000</u>	<u>1,105</u>	<u>3,895</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,105</u>	<u>3,895</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000)	(4,000)	(451)	3,549
Fund Balance at Beginning of Year	<u>4,107</u>	<u>4,107</u>	<u>4,107</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 107</u>	<u>\$ 107</u>	<u>\$ 3,656</u>	<u>\$ 3,549</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 20,000	\$ 20,000	\$ 14,657	\$ (5,343)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>14,657</u>	<u>(5,343)</u>
Expenditures:				
General Government:				
Capital Outlay	30,000	34,200	32,960	1,240
Total Expenditures	<u>30,000</u>	<u>34,200</u>	<u>32,960</u>	<u>1,240</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(14,200)	(18,303)	(4,103)
Fund Balance at Beginning of Year	<u>33,361</u>	<u>33,361</u>	<u>33,361</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 23,361</u>	<u>\$ 19,161</u>	<u>\$ 15,058</u>	<u>\$ (4,103)</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 275,000	\$ 275,000	\$ 273,289	\$ (1,711)
Total Revenues	<u>275,000</u>	<u>275,000</u>	<u>273,289</u>	<u>(1,711)</u>
Expenditures:				
Basic Utility Services:				
Personal Services	25,100	25,100	5,350	19,750
Contractual Services	12,700	12,700	4,770	7,930
Capital Outlay	418,750	448,750	368,495	80,255
Total Expenditures	<u>456,550</u>	<u>486,550</u>	<u>378,615</u>	<u>107,935</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(181,550)	(211,550)	(105,326)	106,224
Fund Balance at Beginning of Year	<u>825,224</u>	<u>825,224</u>	<u>825,224</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 643,674</u>	<u>\$ 613,674</u>	<u>\$ 719,898</u>	<u>\$ 106,224</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 5,265	\$ 5,265	\$ 5,265	\$ 0
Total Revenues	<u>5,265</u>	<u>5,265</u>	<u>5,265</u>	<u>0</u>
Expenditures:				
Community Environment:				
Capital Outlay	20,000	20,000	11,939	8,061
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>11,939</u>	<u>8,061</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,735)	(14,735)	(6,674)	8,061
Fund Balance at Beginning of Year	92,561	92,561	92,561	0
Fund Balance at End of Year	<u>\$ 77,826</u>	<u>\$ 77,826</u>	<u>\$ 85,887</u>	<u>\$ 8,061</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	\$ 2,000	\$ 8,000	\$ 7,500	\$ (500)
Intergovernmental Revenues	2,500	2,500	2,500	0
Total Revenues	<u>4,500</u>	<u>10,500</u>	<u>10,000</u>	<u>(500)</u>
Expenditures:				
Capital Outlay	0	18,300	18,300	0
Total Expenditures	<u>0</u>	<u>18,300</u>	<u>18,300</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,500	(7,800)	(8,300)	(500)
Fund Balance at Beginning of Year	166,268	166,268	166,268	0
Fund Balance at End of Year	<u>\$ 170,768</u>	<u>\$ 158,468</u>	<u>\$ 157,968</u>	<u>\$ (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.

CITY OF NORTHWOOD, OHIO

***Statement Of Changes In Assets And Liabilities
Agency Fund
For the Year Ended December 31, 2014***

	Balance December 31, 2013	Additions	Deductions	Balance December 31, 2014
<u>Mayor's Court Fund</u>				
Cash and Cash Equivalents	\$1,900	\$183,704	(\$184,555)	\$1,049
Total Assets	<u>\$1,900</u>	<u>\$183,704</u>	<u>(\$184,555)</u>	<u>\$1,049</u>
Liabilities:				
Due to Others	\$1,900	\$183,704	(\$184,555)	\$1,049
Total Liabilities	<u>\$1,900</u>	<u>\$183,704</u>	<u>(\$184,555)</u>	<u>\$1,049</u>

STATISTICAL SECTION



Unity thru Diversification

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 Ten Years
(accrual basis of accounting)*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities:				
Net Investment in Capital Assets	\$3,280,125	\$4,761,018	\$5,587,177	\$6,116,752
Restricted	3,530,758	3,558,021	3,867,539	4,308,532
Unrestricted	1,513,704	1,504,770	(294,696)	(988,847)
Total Governmental Activities Net Position	<u>\$8,324,587</u>	<u>\$9,823,809</u>	<u>\$9,160,020</u>	<u>\$9,436,437</u>

Source: Finance Director's Office

City of Northwood

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$8,091,560	\$8,446,516	\$8,284,546	\$9,368,500	\$9,457,531	\$9,561,074
4,027,308	4,863,846	5,989,880	5,056,816	878,115	1,743,885
<u>(1,704,094)</u>	<u>(1,272,233)</u>	<u>(232,073)</u>	<u>867,561</u>	<u>6,936,669</u>	<u>7,817,154</u>
<u>\$10,414,774</u>	<u>\$12,038,129</u>	<u>\$14,042,353</u>	<u>\$15,292,877</u>	<u>\$17,272,315</u>	<u>\$19,122,113</u>

City of Northwood

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

	2005	2006	2007	2008
Expenses				
Governmental Activities:				
Security of Persons and Property	\$2,945,787	\$2,774,120	\$2,891,340	\$2,926,916
Public Health and Welfare Services	6,976	7,256	7,869	8,164
Leisure Time Activities	88,266	81,343	98,108	82,278
Community Environment	335,915	271,984	582,567	201,995
Basic Utility Services	60,161	344,234	416,410	200,738
Transportation	678,071	559,877	3,152,393	873,865
General Government	1,448,482	1,526,552	1,765,444	2,250,336
Interest and Fiscal Charges	161,557	43,463	73,790	77,672
<i>Total Primary Government Expenses</i>	<u>\$5,725,215</u>	<u>\$5,608,829</u>	<u>\$8,987,921</u>	<u>\$6,621,964</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$172,994	\$102,273	\$312,025	\$189,662
Leisure Time Activities	14,705	9,290	7,980	2,995
Community Environment	31,198	21,355	91,830	17,262
Basic Utility Services	467,475	423,974	359,903	295,004
Transportation	0	13,628	32,915	24,103
General Government	635,778	477,342	382,156	330,888
Operating Grants and Contributions	438,046	483,324	810,546	380,473
Capital Grants and Contributions	117,445	263,996	96,445	34,912
<i>Total Governmental Activities Program Revenues</i>	<u>1,877,641</u>	<u>1,795,182</u>	<u>2,093,800</u>	<u>1,275,299</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	322,209	289,354	349,006	360,753
Municipal Income Taxes	4,062,435	4,222,764	4,378,660	4,195,332
Other Local Taxes	76,855	73,800	61,285	48,851
Payments In Lieu of Taxes	0	0	0	0
Grants and Entitlements not Restricted to Specific Programs	1,132,148	471,649	1,156,122	785,185
Investment Earnings	131,126	180,924	217,168	138,404
Miscellaneous	84,502	74,378	68,091	94,557
<i>Total Primary Government</i>	<u>5,809,275</u>	<u>5,312,869</u>	<u>6,230,332</u>	<u>5,623,082</u>
Special Item: Transfer of Debt	0	0	0	0
Change in Net Position	<u>\$1,961,701</u>	<u>\$1,499,222</u>	<u>(\$663,789)</u>	<u>\$276,417</u>

Source: Finance Director's Office

City of Northwood

2009	2010	2011	2012	2013	2014
\$2,933,171	\$2,503,028	\$2,372,014	\$2,708,090	\$2,925,711	\$2,921,387
8,975	8,833	8,682	6,695	6,432	6,465
68,744	82,707	87,105	80,200	76,125	81,679
345,967	381,282	107,373	102,235	122,419	120,352
530,276	172,679	214,271	86,753	143,644	376,044
652,731	376,340	598,193	972,133	910,073	803,229
1,648,872	1,468,895	1,381,014	1,518,514	1,369,674	1,464,739
36,024	181,053	112,882	81,286	84,282	78,332
<u>\$6,224,760</u>	<u>\$5,174,817</u>	<u>\$4,881,534</u>	<u>\$5,555,906</u>	<u>\$5,638,360</u>	<u>\$5,852,227</u>
\$226,894	\$220,362	\$235,697	\$213,543	\$202,644	\$114,034
4,755	6,105	135,640	5,975	6,830	4,340
15,663	16,815	34,602	26,956	27,456	34,467
243,580	174,697	289,722	273,409	206,799	302,114
35,578	15,656	5,246	6,172	12,734	5,225
359,009	369,572	422,418	382,898	321,591	253,728
630,584	770,000	375,248	376,964	352,982	378,141
241,714	185,416	4,779	2,500	556,325	134,119
<u>1,757,777</u>	<u>1,758,623</u>	<u>1,503,352</u>	<u>1,288,417</u>	<u>1,687,361</u>	<u>1,226,168</u>
331,711	476,377	427,146	413,241	202,903	210,189
3,667,625	3,945,769	4,359,623	4,720,735	5,127,797	5,617,863
47,714	39,035	44,816	37,077	34,032	58,624
0	0	0	0	128,661	175,840
501,639	552,730	474,873	239,456	359,087	223,942
17,024	9,273	15,983	20,512	19,383	8,656
0	16,365	59,965	86,992	58,574	180,743
<u>4,565,713</u>	<u>5,039,549</u>	<u>5,382,406</u>	<u>5,518,013</u>	<u>5,930,437</u>	<u>6,475,857</u>
<u>879,607</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$978,337</u>	<u>\$1,623,355</u>	<u>\$2,004,224</u>	<u>\$1,250,524</u>	<u>\$1,979,438</u>	<u>\$1,849,798</u>

City of Northwood

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	79,110	79,646	71,392	71,728
Unreserved	989,091	1,238,679	1,659,957	915,010
<i>Total General Fund</i>	<u>1,068,201</u>	<u>1,318,325</u>	<u>1,731,349</u>	<u>986,738</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	397,302	266,399	215,849	217,603
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	944,798	1,070,624	1,112,965	1,162,943
Debt Service Funds	0	26,487	125,182	211,210
Capital Projects Funds	1,638,569	1,810,665	2,043,330	2,369,245
<i>Total All Other Governmental Funds</i>	<u>2,980,669</u>	<u>3,174,175</u>	<u>3,497,326</u>	<u>3,961,001</u>
<i>Total Governmental Funds</i>	<u>\$4,048,870</u>	<u>\$4,492,500</u>	<u>\$5,228,675</u>	<u>\$4,947,739</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

2009	2010	2011	2012	2013	2014
\$0	\$0	\$49,963	\$38,134	\$53,228	\$62,257
0	0	0	215	195,512	205,376
0	0	1,689,721	1,947,762	2,376,653	3,167,093
32,617	54,798	0	0	0	0
426,584	691,464	0	0	0	0
<u>459,201</u>	<u>746,262</u>	<u>1,739,684</u>	<u>1,986,111</u>	<u>2,625,393</u>	<u>3,434,726</u>
0	0	53,120	62,996	43,981	48,585
0	0	1,240,589	1,392,447	1,588,320	1,595,584
0	0	4,492,947	4,298,751	5,342,796	6,395,020
0	0	(147)	0	0	0
442,972	38,184	0	0	0	0
807,993	1,135,967	0	0	0	0
297,464	384,210	0	0	0	0
2,206,596	3,086,917	0	0	0	0
<u>3,755,025</u>	<u>4,645,278</u>	<u>5,786,509</u>	<u>5,754,194</u>	<u>6,975,097</u>	<u>8,039,189</u>
<u>\$4,214,226</u>	<u>\$5,391,540</u>	<u>\$7,526,193</u>	<u>\$7,740,305</u>	<u>\$9,600,490</u>	<u>\$11,473,915</u>

City of Northwood

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

	2005	2006	2007	2008
Revenues:				
Taxes	\$4,470,044	\$4,752,120	\$4,760,809	\$4,584,503
Intergovernmental Revenues	1,609,116	1,435,315	2,115,238	1,279,354
Payments in Lieu of Taxes	0	0	0	0
Charges for Services	389,794	425,805	467,096	366,060
Licenses, Permits and Fees	350,593	206,052	213,636	159,152
Investment Earnings	109,416	213,501	217,168	114,996
Special Assessments	116,337	113,540	112,938	78,805
Fines and Forfeitures	480,941	347,983	215,554	184,004
Donations	16,287	2,925	142,250	9,329
All Other Revenue	84,135	72,294	89,977	75,859
Total Revenue	<u>7,626,663</u>	<u>7,569,535</u>	<u>8,334,666</u>	<u>6,852,062</u>
Expenditures:				
Current:				
Security of Persons and Property	2,680,788	2,669,816	2,754,757	2,799,260
Public Health and Welfare Services	6,976	7,256	7,869	8,164
Leisure Time Activities	75,929	72,183	87,164	71,334
Community Environment	325,469	264,879	574,272	198,281
Basic Utility Services	51,834	338,972	405,668	188,488
Transportation	511,382	466,844	519,115	530,824
General Government	1,333,162	1,463,430	1,679,704	2,144,392
Capital Outlay	1,777,387	1,633,065	3,568,027	998,686
Debt Service:				
Principal Retirement	111,556	108,426	120,405	122,498
Interest and Fiscal Charges	100,724	92,658	83,363	77,934
Total Expenditures	<u>6,975,207</u>	<u>7,117,529</u>	<u>9,800,344</u>	<u>7,139,861</u>
Excess (Deficiency) of Revenues Over Expenditures	651,456	452,006	(1,465,678)	(287,799)

City of Northwood

2009	2010	2011	2012	2013	2014
\$4,099,357	\$4,475,046	\$4,812,246	\$5,172,313	\$5,367,181	\$5,912,768
1,377,468	1,303,269	906,492	695,338	1,229,605	774,666
0	0	0	0	128,661	175,840
347,120	281,710	377,372	338,083	357,881	499,966
140,602	118,472	97,433	129,223	135,789	121,665
40,432	9,273	15,083	21,412	15,867	4,850
90,020	83,179	96,248	91,510	87,052	88,456
231,562	231,306	333,344	264,656	205,353	166,747
46,572	9,941	3,108	950	5,480	515
87,423	73,478	193,017	72,380	68,023	106,390
<u>6,460,556</u>	<u>6,585,674</u>	<u>6,834,343</u>	<u>6,785,865</u>	<u>7,600,892</u>	<u>7,851,863</u>
2,763,288	2,393,940	2,280,391	2,496,622	2,506,113	2,631,091
8,975	8,833	8,682	6,695	6,432	6,465
65,645	51,496	55,894	52,933	50,829	45,030
343,722	380,054	106,247	100,996	120,352	117,622
521,738	134,189	193,065	84,886	123,671	356,071
519,477	456,878	453,799	447,831	437,074	501,402
1,558,290	1,425,422	1,279,165	1,423,482	1,267,953	1,381,368
1,338,924	287,514	139,903	1,782,475	996,573	743,592
84,390	89,390	94,390	124,390	124,390	134,390
21,620	181,333	113,180	81,767	84,764	78,865
<u>7,226,069</u>	<u>5,409,049</u>	<u>4,724,716</u>	<u>6,602,077</u>	<u>5,718,151</u>	<u>5,995,896</u>
(765,513)	1,176,625	2,109,627	183,788	1,882,741	1,855,967

(Continued)

City of Northwood

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	500	5,210
Inception of Capital Lease	0	0	0	0
General Obligation Bonds Issued	800,000	0	2,200,000	0
Transfers In	289,000	364,000	294,000	197,000
Transfers Out	(289,000)	(364,000)	(294,000)	(197,000)
Total Other Financing Sources (Uses)	<u>800,000</u>	<u>0</u>	<u>2,200,500</u>	<u>5,210</u>
Net Change in Fund Balance	<u>\$1,451,456</u>	<u>\$452,006</u>	<u>\$734,822</u>	<u>(\$282,589)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.14%	3.71%	2.34%	3.16%

Source: Finance Director's Office

City of Northwood

2009	2010	2011	2012	2013	2014
2,200	6,119	10,000	19,056	0	1,602
0	0	0	0	0	8,259
0	0	0	0	0	0
102,000	104,000	105,000	105,000	100,000	100,000
(102,000)	(104,000)	(105,000)	(105,000)	(100,000)	(100,000)
2,200	6,119	10,000	19,056	0	9,861
(\$763,313)	\$1,182,744	\$2,119,627	\$202,844	\$1,882,741	\$1,865,828
1.83%	5.61%	4.58%	4.01%	3.95%	3.85%

City of Northwood

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%	1.50%
Total Tax Collected	\$4,304,522	\$4,478,459	\$4,433,918	\$4,292,624	\$3,736,474
Income Tax Receipts					
Withholding Accounts	3,271,490	3,398,217	3,540,483	3,480,120	3,020,380
Percentage	76.0%	75.9%	79.9%	81.1%	80.9%
Business Accounts	764,568	808,377	626,095	423,309	382,160
Percentage	17.8%	18.1%	14.1%	9.9%	10.2%
Residential Accounts	268,463	271,865	267,340	389,195	333,934
Percentage	6.2%	6.0%	6.0%	9.0%	8.9%

Source: City Income Tax Department

City of Northwood

2010	2011	2012	2013	2014
1.50%	1.50%	1.50%	1.50%	1.50%
\$3,851,790	\$4,343,123	\$4,507,859	\$5,218,070	\$5,552,109
3,240,345	3,653,962	3,716,861	3,781,888	4,246,028
84.1%	84.1%	82.5%	72.5%	76.5%
370,316	428,083	512,721	1,145,616	977,774
9.6%	9.9%	11.4%	22.0%	17.6%
241,129	261,078	278,277	290,566	328,307
6.3%	6.0%	6.1%	5.5%	5.9%



City of Northwood

Income Tax Collections Current Year and Eight Years Ago

Calendar Year 2014				
	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
Top Ten	10	0.57%	\$188,758,000	51.00%
All Others	1,680	96.28%	181,382,600	49.00%
Total	1,690	96.85%	\$370,140,600	100.00%

Local Taxes Paid by Residents

	Tax Dollars
Taxes Paid to Northwood	\$316,029
Taxes Credited to Other Municipalities	615,021
	\$931,050

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

	2005	2006	2007	2008
Governmental Activities (1)				
General Obligation Bonds Payable	\$730,000	\$665,000	\$590,000	\$515,000
General Obligation Bonds Payable (TIF Supported)	0	0	2,200,000	2,200,000
OPWC Loan Payable	126,755	117,365	107,975	98,585
OWDA Loans Payable	987,766	953,730	917,715	879,607
Capital Leases	0	0	0	0
Total Primary Government	<u>\$1,844,521</u>	<u>\$1,736,095</u>	<u>\$3,815,690</u>	<u>\$3,693,192</u>
Population (2)				
City of Northwood	5,493	5,493	5,493	5,493
Outstanding Debt Per Capita	\$336	\$316	\$695	\$672
Income (3)				
Personal (in thousands)	166,811	179,319	188,289	197,215
Percentage of Personal Income	1.11%	0.97%	2.03%	1.87%

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

2009	2010	2011	2012	2013	2014
\$440,000	\$360,000	\$275,000	\$185,000	\$95,000	\$0
2,200,000	2,200,000	2,200,000	2,175,000	2,150,000	2,120,000
89,195	79,805	70,415	61,025	51,635	42,245
0	0	0	0	0	0
0	0	0	0	0	8,030
<u>\$2,729,195</u>	<u>\$2,639,805</u>	<u>\$2,545,415</u>	<u>\$2,421,025</u>	<u>\$2,296,635</u>	<u>\$2,170,275</u>
5,493	5,265	5,269	5,304	5,344	5,335
\$497	\$501	\$483	\$456	\$430	\$407
187,443	182,085	182,223	197,256	142,359	207,734
1.46%	1.45%	1.40%	1.23%	1.61%	1.04%

City of Northwood

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2005	2006	2007	2008
Population (1)	5,493	5,493	5,493	5,493
Assessed Value (2)	\$153,781,028	\$149,509,617	\$139,923,694	\$143,367,100
General Bonded Debt (3)				
General Obligation Bonds	\$730,000	\$665,000	\$2,790,000	\$2,715,000
Resources Available to Pay Principal (4)	\$56,239	\$26,487	\$125,182	\$211,210
Net General Bonded Debt	\$673,761	\$638,513	\$2,664,818	\$2,503,790
Ratio of Net Bonded Debt to Assessed Value	0.44%	0.43%	1.90%	1.75%
Net Bonded Debt per Capita	\$122.66	\$116.24	\$485.13	\$455.81

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

2009	2010	2011	2012	2013	2014
5,493	5,265	5,269	5,304	5,344	5,335
\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810	\$135,206,460	\$115,253,620
\$2,640,000	\$2,560,000	\$2,475,000	\$2,360,000	\$2,245,000	\$2,120,000
\$297,464	\$384,210	\$466,997	\$577,167	\$601,369	\$668,649
\$2,342,536	\$2,175,790	\$2,008,003	\$1,782,833	\$1,643,631	\$1,451,351
1.62%	1.53%	1.54%	1.33%	1.22%	1.26%
\$426.46	\$413.26	\$381.10	\$336.13	\$307.57	\$272.04



City of Northwood

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

<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	\$2,162,245	100.00%	\$2,162,245
Overlapping:			
Wood County	3,662,819	0.40%	<u>14,651</u>
		Subtotal	<u>14,651</u>
		Total	<u><u>\$2,176,896</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$153,781,028	\$149,509,617	\$139,923,694	\$143,367,100
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	16,147,008	15,698,510	14,691,988	15,053,546
City Debt Outstanding	930,000	665,000	2,790,000	2,715,000
Less: Applicable Debt Service Fund Amounts (2)	<u>(56,239)</u>	<u>(26,487)</u>	<u>(125,182)</u>	<u>(211,210)</u>
Net Indebtedness Subject to Limitation	<u>873,761</u>	<u>638,513</u>	<u>2,664,818</u>	<u>2,503,790</u>
Overall Legal Debt Margin	<u><u>\$15,273,247</u></u>	<u><u>\$15,059,997</u></u>	<u><u>\$12,027,170</u></u>	<u><u>\$12,549,756</u></u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$153,781,028	\$149,509,617	\$139,923,694	\$143,367,100
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	8,457,957	8,223,029	7,695,803	7,885,191
City Debt Outstanding	930,000	665,000	2,790,000	2,715,000
Less: Applicable Debt Service Fund Amounts (2)	<u>(56,239)</u>	<u>(26,487)</u>	<u>(125,182)</u>	<u>(211,210)</u>
Net Indebtedness Subject to Limitation	<u>873,761</u>	<u>638,513</u>	<u>2,664,818</u>	<u>2,503,790</u>
Overall Legal Debt Margin	<u><u>\$7,584,196</u></u>	<u><u>\$7,584,516</u></u>	<u><u>\$5,030,985</u></u>	<u><u>\$5,381,401</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

2009	2010	2011	2012	2013	2014
\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810	\$135,206,460	\$115,253,620
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
15,214,375	14,938,206	13,725,825	14,118,805	14,196,678	12,101,630
2,640,000	2,560,000	2,475,000	2,360,000	2,245,000	2,120,000
(297,464)	(384,210)	(466,997)	(577,167)	(601,369)	(668,649)
<u>2,342,536</u>	<u>2,175,790</u>	<u>2,008,003</u>	<u>1,782,833</u>	<u>1,643,631</u>	<u>1,451,351</u>
<u>\$12,871,839</u>	<u>\$12,762,416</u>	<u>\$11,717,822</u>	<u>\$12,335,972</u>	<u>\$12,553,047</u>	<u>\$10,650,279</u>
\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810	\$135,206,460	\$115,253,620
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
7,969,435	7,824,775	7,189,718	7,395,565	7,436,355	6,338,949
2,640,000	2,560,000	2,475,000	2,360,000	2,245,000	2,120,000
(297,464)	(384,210)	(466,997)	(577,167)	(601,369)	(668,649)
<u>2,342,536</u>	<u>2,175,790</u>	<u>2,008,003</u>	<u>1,782,833</u>	<u>1,643,631</u>	<u>1,451,351</u>
<u>\$5,626,899</u>	<u>\$5,648,985</u>	<u>\$5,181,715</u>	<u>\$5,612,732</u>	<u>\$5,792,724</u>	<u>\$4,887,598</u>

City of Northwood

Demographic and Economic Statistics Last Ten Years

Calendar Year	2005	2006	2007	2008	2009
Population (1)					
City of Northwood	5,493	5,493	5,493	5,493	5,493
Wood County	123,929	123,929	123,929	123,929	123,929
Income (2) (a)					
Total Personal (in thousands)	166,811	179,319	188,289	197,215	187,443
Per Capita	30,368	32,645	34,278	35,903	34,124
Unemployment Rate (3)					
Federal	5.5%	5.0%	4.6%	5.8%	9.3%
State	6.0%	5.9%	5.6%	6.5%	10.3%
Wood County	5.6%	5.2%	5.4%	6.9%	11.2%
Civilian Work Force Estimates (3)					
State	5,900,400	5,971,500	5,976,500	5,986,400	5,970,000
Wood County	67,000	68,400	68,600	68,600	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

2010	2011	2012	2013	2014
5,265	5,269	5,304	5,344	5,335
125,380	126,909	128,200	129,264	129,590
182,085	182,223	197,256	142,359	207,734
34,584	34,584	37,190	26,639	38,938
9.6%	8.9%	7.9%	7.1%	5.5%
10.1%	8.6%	6.9%	6.9%	5.1%
10.1%	8.3%	6.5%	6.5%	4.2%
5,897,600	5,806,000	5,695,000	5,520,049	5,725,800
65,000	65,000	65,100	65,763	68,800



City of Northwood

Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	<u>Nature of Business</u>	<u>2014</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Norplas Industries	Automotive Parts	1,032	1
Hoover Industrial	Automotive Parts	700	2
North American Science Association	Medical Equipment Testing	334	3
Federal Express Freight	Package Delivery	269	4
Northwood Local Board of Education	Education	163	5
Malcolm Meat Company	Meat Distribution	147	6
Thyssenkrupp Logistics	Trucking	144	7
TNS Cumstom Research	Research	140	8
Hirzel Canning	Food Cannery	134	9
Pilkington	Glass Manufacturing	133	10
Total		<u>3,196</u>	

<u>Employer</u>	<u>Nature of Business</u>	<u>2005</u>	
		<u>Number of Employees</u>	<u>Rank</u>
NFO Worldwide Inc.	Market Research	700	1
Norplas Industries	Automotive Parts	620	2
Interstate Brands	Bakery	350	3
Andersons	Retail	200	4
North American Science Associations	Testing Laboratory	180	5
Johnson Controls	Manufacturing	169	6
Northwood Local Board of Education	Education	160	7
Advance Engineering	Engineering	150	8
Lear Corporation	Automotive Parts	140	9
Malcolm Meat Company	Meat Distribution	125	10
Total		<u>2,794</u>	

Source: City Income Tax Department

City of Northwood

Full Time Equivalent Employees by Function Last Ten Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities						
General Government						
Finance	5.00	5.00	5.00	5.00	4.00	3.00
Legal/Court	3.50	3.50	3.50	3.50	2.50	2.50
Administration	2.00	2.00	2.00	2.00	1.00	1.00
Maintenance	2.50	2.50	2.50	2.50	2.50	2.00
Security of Persons and Property						
Police	24.00	24.00	24.00	24.00	23.00	17.50
Dispatch	6.00	6.00	6.00	6.00	5.00	4.50
Fire	2.00	2.00	2.00	2.00	1.00	1.00
Fire - Volunteers	53.00	45.00	46.00	46.00	43.00	39.00
Transportation						
Street	8.00	8.00	7.00	7.00	6.00	5.00
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	1.00	1.00
<i>Total Employees</i>	<u>108.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>89.50</u>	<u>77.00</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
4.00	4.00	4.00	4.00
2.50	2.00	2.00	2.00
1.00	1.00	1.00	1.00
1.50	1.50	1.50	1.00
17.00	18.00	18.00	18.00
4.50	5.50	5.00	5.00
1.00	9.00	9.00	9.00
51.00	35.00	35.00	34.00
5.00	5.00	5.00	6.00
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>89.00</u>	<u>82.50</u>	<u>82.00</u>	<u>81.50</u>

City of Northwood

Operating Indicators by Function Last Ten Years

	2005	2006	2007	2008	2009	2010
Governmental Activities						
General Government						
Court						
Number of Criminal Cases	286	379	310	296	215	176
Number of Traffic Cases	1,832	1,853	1,559	1,457	2,067	2,219
Number of Open Cases	221	302	133	162	140	206
Permits						
Residential Zoning Permits	289	270	275	253	217	223
Commercial Zoning Permits	92	57	123	93	22	29
Industrial Zoning Permits	20	31	17	17	11	22
Central Business District						
Security of Persons and Property						
Police						
Criminal/Juvenile Arrests	519	571	444	454	406	404
Traffic Citations Issued	1,527	1,728	1,530	1,398	2,101	2,254
Parking Tickets Written	229	122	103	158	72	38
Number of Calls Answered	10,601	10,094	8,925	8,938	9,311	8,982
Fire						
Number of Calls Answered	804	751	834	822	711	732
Number of Inspections	122	111	166	262	n/a	n/a

Source: Finance Director's Office

n/a = not available

City of Northwood

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
207	186	226	169
1,667	1,283	1,606	1,603
124	138	168	174
153	135	151	141
17	14	18	13
5	4	5	19
41	40	26	27
383	353	312	436
1,630	1,394	1,613	1,627
71	42	97	134
8,173	8,598	11,199	11,218
767	701	791	896
10	212	207	202

City of Northwood

Capital Asset Statistics by Function Last Ten Years

	2005	2006	2007	2008	2009
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	118	118	118	118	118
Buildings	6	6	6	6	6
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	12	12	16	16	14
Fire					
Stations	1	1	2	2	2
Vehicles	12	12	14	13	14
Transportation					
Streets					
Streets (lane miles)	41	41	41	41	41
Intersections with Traffic Signals	16	16	16	16	16
Vehicles	9	9	10	10	10
Leisure Time Activities					
Recreation					
Park Areas (acres)	78	78	83	83	83
Shelter Houses	2	2	2	2	2
Parks	3	3	4	4	4
Playgrounds	2	2	2	2	2
Tennis Courts	4	4	4	4	4
Baseball/Softball Diamonds	2	2	2	2	4
Soccer Fields	2	2	2	2	2

Source: Finance Director's Office

City of Northwood

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
118	118	118	118	118
6	6	6	6	6
1	1	1	1	1
14	14	12	12	12
2	2	2	2	2
14	14	15	15	15
47	47	47	47	47
16	16	16	16	16
10	10	11	11	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
4	4	4	4	4
2	2	2	2	2



**CITY OF NORTHWOOD
WOOD COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

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

**CITY OF NORTHWOOD
WOOD COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014**

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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

**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

The Honorable David Yost
Auditor of State
State of 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, 2014, 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 29, 2015.

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, President

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@bcglobal.net, c=US
Date: 2015.06.02 11:35:40 -0400

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

May 29, 2015

**CITY OF NORTHWOOD, OHIO
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

The prior audit report, as of December 31, 2013, included no citations or instances of noncompliance.

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

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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 21, 2015**