CITY OF NORTHWOOD WOOD COUNTY, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Northwood, Wood County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2013 through December 31, 2013. 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.

we yout

Dave Yost Auditor of State

June 16, 2014

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506 Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490 www.ohioauditor.gov This page intentionally left blank.

CITY OF NORTHWOOD WOOD COUNTY, OHIO AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

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Ohio Society of Certified Public Accountants

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

To the Members of City Council City of Northwood, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Northwood, Wood County, Ohio, as of and for the year ended December 31, 2013, 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 1, 2014.

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 President CPA, President CPA, President CPA, President Difference G. Zupka, CPA, President, C-US Difference G. Zupka, CPA, Difference G. Zupka, CPA, President, C-US Difference G. Zupka, CPA, President, C-US

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

May 1, 2014

CITY OF NORTHWOOD, OHIO STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED DECEMBER 31, 2013

The prior audit report, as of December 31, 2012, 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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CITY OF NORTHWOOD, OHIO

Wood County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013

Issued by: Department of Finance Ken Yant Director



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WOOD COUNTY, OHIO

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INTRODUCTORY SECTION





City of Northwood, Ohio

6000 Wales Road Northwood, Ohio 43619 Phone (419) 693-9328 Fax (419) 693-6705

May 12, 2014

Introduction

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

I am pleased to present the fifteenth Comprehensive Annual Financial Report for the City of Northwood, Ohio for the fiscal year ended December 31, 2013. 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, 2013.

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.

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, 2013. 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.

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 fulltime 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 fulltime 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 35 part-paid firefighters. The department provides a full range of fire, EMS and rescue services to its residents. Their equipment includes; 3 ambulances, 3 class A pumpers, 1 102' aerial ladder, 1 mini pumper and other support units. Northwood has a Class 5 ISO rating.

Parks and Recreation:

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

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

Public Works:

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

Water and Wastewater:

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

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Economic Outlook

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

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 2013. The Planning and Zoning Department will continue to work on economic development issues and plan for the future of the city through promotion of the Comprehensive Plan and continue to support and encourage the necessary enforcement of our Zoning Code to promote the livability and desirability of Northwood.

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

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

Unemployment Rates

According to the Ohio Bureau of Employment Services, the 2013 annual average unemployment rate for Wood County was 6.5% which was lower than the state rate of 6.9% and also lower than the national rate of 7.1%.

Employee Relations

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

The City negotiated in 2012 with A.F.S.C.M.E. for a 3-year term ending on March 31, 2015. The contract with O.P.B.A. was negotiated in 2011 for a 3-year term ending December 31, 2014. The City reached agreement with FOP/OLC in 2013 for a 3-year term ending June 30, 2016.

Major City Initiatives

During 2013, 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 2013 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 Regional Communication Equipment grant along with other training and equipment grants for the Fire Department.

During 2013, the City completed three Street Resurfacing Improvement projects.

Continuing and Future Projects

Major projects that began in 2012 include the Wales Road Rail Overpass and the Greenway Estates storm water retention pond, which will both be completed in 2014.

The City will continue making infrastructure improvements throughout the City in 2014 wherever they are needed.

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 sixteenth 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,

Genneth a. yast

Kenneth A. Yant Finance & Revenue Director

CITY OF NORTHWOOD, OHIO

List of Principal Officials For the Year Ended December 31, 2013

Elected Official

Office	Term Expires
Mayor	12/31/14
City Council, President	12/31/14
City Council	12/31/13
City Council	12/31/17
City Council	12/31/14
	Mayor City Council, President City Council City Council City Council City Council City Council

Administrative Personnel

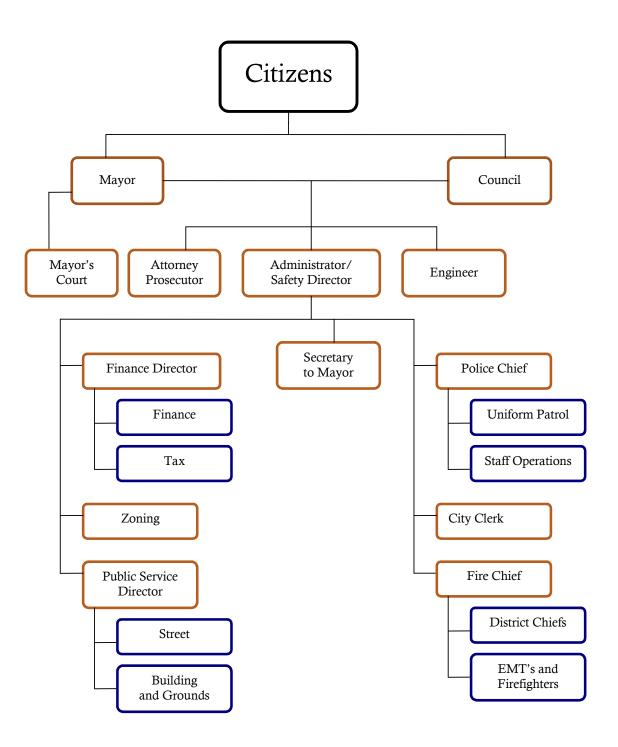
Name	Office	Term Expires	Surety
Brian Ballenger	Director of Law	Indefinite	
Robert Anderson	City Administrator	Indefinite	\$50,000 Bond
Tom Cairl	Chief of Police	Indefinite	
Joel Whitmore	Chief of Fire	Indefinite	
Craig Meier	Director of Public Service	Indefinite	
Kenneth A. Yant	Director of Finance	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, 2013 to July 9, 2014

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, 2013



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, 2012 Executive Director/CEO

FINANCIAL SECTION



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

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

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(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, 2013, 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, 2013, 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 records used to prepare the basic financial statements 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 1, 2014, 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 M. Zupha, CPA, Inc.

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

May 1, 2014



Unity thru Diversification

Management's Discussion and Analysis	
For the Year Ended December 31, 2013	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, 2013. 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 2013 are as follows:

- □ In total, net position increased \$1,979,438, which represents a 12.9% increase from 2012.
- □ General revenues accounted for \$5.9 million in revenue or 78% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 22% of total revenues of \$7.6 million.
- □ The City had \$5.6 million in expenses related to governmental activities; only \$1.7 million of these expenses were offset by program specific charges for services, grants or contributions.
- □ Among major funds, the general fund had \$4.7 million in revenues and \$4.0 million in expenditures. The general fund's fund balance increased \$639,282 to \$2,625,393.

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. <u>*The Government-Wide Financial Statements*</u> These statements provide both long-term and short-term information about the City's overall financial status.
- 2. <u>The Fund Financial Statements</u> 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.

Management's Discussion and Analysis For the Year Ended December 31, 2013

Unaudited

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. Netposition (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:

- <u>Governmental Activities</u> 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.
- <u>Business-Type Activities</u> 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.

For the Year Ended December 31, 2013 Unaudited	Management's Discussion and Analysis		
	For the Year Ended December 31, 2013	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 2013 and 2012:

	Governmental		
	Activities		
	2013	2012	
Current and other assets	\$11,039,818	\$9,087,556	
Capital assets, Net	9,604,166	9,614,525	
Total assets	20,643,984	18,702,081	
Long-term debt outstanding	2,755,999	2,868,222	
Other liabilities	338,654	338,931	
Total liabilities	3,094,653	3,207,153	
Property Tax Levy for Next Fiscal Year	277,016	202,051	
Net Investment in Capital Assets	9,457,531	9,368,500	
Restricted	6,236,172	5,056,816	
Unrestricted	1,578,612	867,561	
Total net position	\$17,272,315	\$15,292,877	

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Management's Discussion and Analysis For the Year Ended December 31, 2013

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2013 and 2012:

	Governmental		
	Activities		
	2013	2012	
Revenues			
Program revenues:			
Charges for Services and Sales	\$778,054	\$908,953	
Operating Grants and Contributions	352,982	376,964	
Capital Grants and Contributions	556,325	2,500	
General revenues:			
Property Taxes	202,903	206,610	
Municipal Income Taxes	5,127,797	4,720,735	
Other Local Taxes	34,032	37,077	
Payments in Lieu of Taxes	128,661	206,631	
Grants and Entitlements not Restricted			
to Specific Programs	359,087	239,456	
Investment Earnings	19,383	20,512	
Miscellaneous	58,574	86,992	
Total revenues	7,617,798	6,806,430	
Program Expenses			
Security of Persons and Property	2,925,711	2,708,090	
Public Health and Welfare Services	6,432	6,695	
Leisure Time Activities	76,125	80,200	
Community Environment	122,419	102,235	
Basic Utility Services	143,644	86,753	
Transportation	910,073	972,133	
General Government	1,369,674	1,518,514	
Interest and Fiscal Charges	84,282	81,286	
Total expenses	5,638,360	5,555,906	
Total Change in Net Position	1,979,438	1,250,524	
Beginning Net Position	15,292,877	14,042,353	
Ending Net Position	\$17,272,315	\$15,292,877	

Management's Discussion and Analysis For the Year Ended December 31, 2013

Unaudited

Governmental Activities

Net position of the City's governmental activities increased by \$1,979,438. 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 67% respectively of revenues for governmental activities for the City in fiscal year 2013. The City's reliance upon tax revenues is demonstrated by the following graph indicating 70% of total revenues from general tax revenues:

		Percent	
Revenue Sources	2013	of Total	22.15%
General Shared Revenues	\$359,087	4.71%	
Program Revenues	1,687,361	22.15%	
General Tax Revenues	5,364,732	70.42%	4.71% 1.69%
Payments in Lieu of Taxes	128,661	1.69%	
General Other	77,957	1.03%	1.03%
Total Revenue	\$7,617,798	100.00%	

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$9,600,490, which is an increase from last year's balance of \$7,740,305. The schedule below indicates the fund balance and the total change in fund balance by major and nonmajor fund as of December 31, 2013 and 2012:

	Fund Balance	Fund Balance	Increase
	December 31, 2013	December 31, 2012	(Decrease)
General	\$2,625,393	\$1,986,111	\$639,282
General Obligation Debt Retirement	601,369	577,167	24,202
Capital Improvement	3,329,195	2,623,282	705,913
Capital Replacement	1,174,525	911,353	263,172
Other Governmental	1,870,008	1,642,392	227,616
Total	\$9,600,490	\$7,740,305	\$1,860,185

Management's Discussion and AnalysisFor the Year Ended December 31, 2013Unaudited

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:

	2013	2012	Increase
	Revenues	Revenues	(Decrease)
Property Taxes	\$217,001	\$212,914	\$4,087
Municipal Income Tax	3,581,292	3,380,536	200,756
Other Local Taxes	15,344	21,171	(5,827)
Intergovernmental Revenue	299,466	348,183	(48,717)
Charges for Services	151,082	64,674	86,408
Licenses and Permits	130,822	120,377	10,445
Investment Earnings	13,927	19,271	(5,344)
Special Assessments	82,280	85,338	(3,058)
Fines & Forfeitures	122,824	107,424	15,400
Donations	5,480	950	4,530
All Other Revenue	58,561	72,380	(13,819)
Total	\$4,678,079	\$4,433,218	\$244,861

General Fund revenues in 2013 increased 5.5% compared to revenues in fiscal year 2012. The most significant factors contributing to this increase was an increase of \$200,756 in municipal income tax during 2013.

	2013	2012	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,501,646	\$2,496,089	\$5,557
Public Health and Welfare Services	6,432	6,695	(263)
Leisure Time Activities	50,829	52,933	(2,104)
Community Environment	113,296	94,316	18,980
Transportation	109,240	124,598	(15,358)
General Government	1,260,086	1,413,552	(153,466)
Total	\$4,041,529	\$4,188,183	(\$146,654)

General Fund expenditures decreased by \$146,654 or 3.5% from the prior year mostly due to decreases in general government.

Management's Discussion and Analysis	
For the Year Ended December 31, 2013	Unaudited

The General Obligation Debt Retirement Fund balance increased by \$24,202 in 2013 due to the decrease in principal and interest payments compared to 2012.

The Capital Improvement Fund balance increased by \$705,913 to \$3,329,195 in 2013. This increase was due to an increase in municipal income tax collections and a decrease in capital related expenditures during 2013.

The Capital Replacement Fund balance increased by \$263,172 to \$1,174,525 in 2013. This increase was due to an increase in municipal income tax collections and a decrease in capital related expenditures during 2013.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. 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 \$4.4 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 2013 the City had \$9,604,166 net of accumulated depreciation invested in land, improvements, infrastructure, buildings and machinery and equipment. The following table shows fiscal year 2013 and 2012 balances:

	Governmental Activities		Increase	
			(Decrease)	
	2013	2012		
Land	\$426,051	\$426,051	\$0	
Construction in Progress	904,395	846,250	58,145	
Land Improvements	33,100	33,100	0	
Buildings and Improvements	3,963,944	3,963,944	0	
Machinery and Equipment	1,080,031	941,822	138,209	
Vehicles	2,802,690	2,762,019	40,671	
Infrastructure	5,298,522	5,155,445	143,077	
Less: Accumulated Depreciation	(4,904,567)	(4,514,106)	(390,461)	
Totals	\$9,604,166	\$9,614,525	(\$10,359)	

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

As of December 31, 2013, the City had contractual commitments of \$367,742. This is related to the Greenway Estates Retention Pond, Wales/East Broadway intersection improvements and the Wales Road railroad overpass 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, 2013

Unaudited

Debt

The following table summarizes the City's debt outstanding as of December 31, 2013 and 2012:

2013	2012
\$2,245,000	\$2,360,000
51,635	61,025
459,364	447,197
\$2,755,999	\$2,868,222
	\$2,245,000 51,635 459,364

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, 2013, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

The City's original budget for 2013 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be 4% higher than the actual receipts for 2012. 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 8% more than 2012 actual expenditures. Department requests were reduced from original submissions and in general, departments closely monitored spending.

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

Management's Discussion and Analysis	
For the Year Ended December 31, 2013	Unaudited

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.

Statement of Net Position December 31, 2013

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 5,231,383
Investments	3,810,747
Receivables:	
Taxes	1,016,196
Accounts	406,897
Intergovernmental	372,407
Interest	3,516
Special Assessments	101,463
Inventory of Supplies at Cost	47,080
Prepaid Items	50,129
Capital Assets:	
Capital Assets Not Being Depreciated	1,330,446
Capital Assets Being Depreciated, Net	8,273,720
Total Assets	20,643,984
Liabilities:	
Accounts Payable	4,524
Accrued Wages and Benefits	260,871
Intergovernmental Payable	58,145
Claims Payable	448
Accrued Interest Payable	14,666
Long-Term Liabilities:	
Due Within One Year	284,104
Due in More Than One Year	2,471,895
Total Liabilities	3,094,653
Deferred Inflows of Resources:	
Property Tax Levy for Next Fiscal Year	277,016
Net Position:	
Net Investment in Capital Assets	9,457,531
Restricted For:	
Capital Projects	4,704,271
Debt Service	614,868
Street Construction, Maintenance and Repair	666,036
Other Purposes	250,997
Unrestricted	1,578,612
Total Net Position	\$ 17,272,315

Statement of Activities For the Year Ended December 31, 2013

		Expenses		narges for vices and Sales	C G	am Revenues Operating rants and ntributions	Caj	pital Grants and ontributions	R (N G	et (Expense) evenue and Changes in Net Position overnmental Activities
Governmental Activities:										
Security of Persons and Property	\$	2,925,711	\$	202,644	\$	12,743	\$	423,825	\$	(2,286,499)
Public Health and Welfare Services		6,432		0		0		0		(6,432)
Leisure Time Activities		76,125		6,830		0		0		(69,295)
Community Environment		122,419		27,456		5,265		132,500		42,802
Basic Utility Services		143,644		206,799		0		0		63,155
Transportation		910,073		12,734		334,974		0		(562,365)
General Government		1,369,674		321,591		0		0		(1,048,083)
Interest and Fiscal Charges		84,282		0		0		0		(84,282)
Total Governmental Activities	\$	5,638,360	\$	778,054	\$	352,982	\$	556,325		(3,950,999)
	Ge	neral Reven	ues							
	Pro	perty Taxes								202,903
	Mu	nicipal Incom	e Taxe	s						5,127,797
		ner Local Tax								34,032
	Pa	ments in Lieu	ı of Ta	xes						128,661
	Gra	ants and Entitl	ements	s not Restric	ted to	Specific Prog	grams			359,087
	Inv	estment Earn	ings							19,383
	Mis	scellaneous								58,574
	Tot	al General Re	evenue	s						5,930,437
										, ,
	Ch	ange in Net P	osition							1,979,438
	Ne	t Position Beg	inning	of Year					_	15,292,877
	Ne	t Position End	of Ye	ar					\$	17,272,315

Balance Sheet Governmental Funds December 31, 2013

Investments $1,311,573$ 0 $1,862,571$ 636,600 Receivables: 724,609 $70,963$ $142,438$ $71,220$ Accounts $386,579$ 0 0 0 Intergovernmental $202,249$ $28,165$ 0 0 Intergovernmental $202,249$ $28,165$ 0 0 0 Intergovernmental $202,249$ $28,165$ 0 0 0 0 Inventory of Supplies, at Cost $9,372$ 0 0 0 0 0 Prepail Items $43,856$ 0 $62,733$ 0 0 0 0 Accounts Payable \$ $3,575$ \$ 0 \$ 0 0 0 Accounts Payable \$ $3,575$ \$ 0 \$ 0 0 0 Intergovernmental Payable \$ $3,575$ \$ 0 \$ 0 0 0 Intergovernmental Payable \$ $3,575$ 0 \$ 0 0 0 0 0 0 <		 General	Oblig	General gation Debt etirement	In	Capital	Capital Replacement	
Investments $1,311,573$ 0 $1,862,571$ 636,600 Receivables: 724,609 $70,963$ $142,438$ $71,220$ Accounts $386,579$ 0 0 0 Intergovernmental $202,249$ $28,165$ 0 0 Intergovernmental $202,249$ $28,165$ 0 0 0 Intergovernmental $202,249$ $28,165$ 0 0 0 0 Inventory of Supplies, at Cost $9,372$ 0 0 0 0 0 Prepail Items $43,856$ 0 $62,733$ 0 0 0 0 Accounts Payable \$ $3,575$ \$ 0 \$ 0 0 0 Accounts Payable \$ $3,575$ \$ 0 \$ 0 0 0 Intergovernmental Payable \$ $3,575$ \$ 0 \$ 0 0 0 Intergovernmental Payable \$ $3,575$ 0 \$ 0 0 0 0 0 0 <								
Receivables: Taxes 724,609 70,963 142,438 71,220 Accounts 386,579 0 0 0 0 Intergovernmental 202,249 28,165 0 0 0 Interest 3,516 0 0 0 0 0 Special Assessments 101,463 0 0 0 0 0 0 Inventory of Supplies, at Cost 9,372 0	Cash and Cash Equivalents	\$ 987,732	\$		\$		\$	478,130
Taxes 724,609 70,963 142,438 71,22 Accounts 386,579 0 0 0 Intergovernmental 202,249 28,165 0 0 Intergovernmental 3,516 0 0 0 0 Special Assessments 101,463 0 0 0 0 Inventory of Supplies, at Cost 9,372 0 0 0 0 Prepaid Items 43,856 0 6,273 0 0 0 Total Assets \$ 3,770,949 \$ 700,497 \$ 3,410,195 \$ 1,185,957 1,185,957 0 0 0 0 Intergovernmental Payable \$ 3,575 \$ 0 \$ 0 \$ 0 0		1,311,573		0		1,862,571		636,603
Accounts $386,579$ 0 0 0 0 Intergovernmental $202,249$ $28,165$ 0 0 Interest $3,516$ 0 0 0 Special Assessments $101,463$ 0 0 0 Inventory of Supplies, at Cost $9,372$ 0 0 0 Prepaid Items $43,856$ 0 $6,273$ 0 Total Assets § $3,770,949$ \$ $700,497$ \$ $3,410,195$ \$ $1,185,957$ Liabilities: Accounts Payable \$ $3,770,949$ \$ $700,497$ \$ $3,410,195$ \$ $1,185,957$ Liabilities: Accounts Payable $255,954$ 0 0 0 0 Accrued Wages and Benefits Payable $255,954$ 0 0 0 0 0 Total Liabilities $259,977$ 0 $58,145$ 0 0 0 0 Deferred Inflows of Resources: Unavailable Amounts $679,526$ $28,165$ $22,855$ $11,422$ Property Tax for Nex	Receivables:							
Intergovernmental $202,249$ $28,165$ 0 0 Interest $3,516$ 0 0 0 Special Assessments $101,463$ 0 0 0 Inventory of Supplies, at Cost $9,372$ 0 0 0 Prepaid Items $43,856$ 0 6273 0 0 Total Assets $\$$ $3,770,949$ $\$$ $700,497$ $\$$ $3,410,195$ $\$$ $1,185,957$ Liabilities: Accounts Payable $\$$ $3,575$ 0 $\$$ 0 0 0 Accounts Payable $\$$ $3,575$ 0 $\$$ 0 0 0 0 0 Intergovernmental Payable $255,954$ 0	Taxes	,				,		71,220
Interest $3,516$ 0 0 0 Special Assessments $101,463$ 0 0 0 Inventory of Supplies, at Cost $9,372$ 0 0 0 Prepaid Items $43,856$ 0 6273 0 0 Total Assets \$ $3,770,949$ \$ $700,497$ \$ $3,410,195$ \$ $1,185,95$ Liabilities: Accounts Payable \$ $3,575$ \$ 0 \$ 0 \$ 0 \$ 0 Accounts Payable \$ $3,575$ \$ 0 \$ 0 \$ 0 0	Accounts	386,579		0		0		0
Special Assessments 101,463 0 0 0 Inventory of Supplies, at Cost $9,372$ 0 0 0 Prepaid Items $43,856$ 0 $6,273$ 0 Total Assets \$ $3,770,949$ \$ $700,497$ \$ $3,410,195$ \$ $1,185,957$ Liabilities: Accounts Payable \$ $3,575$ \$ 0 \$ 0 \$ 0 Accounts Payable \$ $3,575$ \$ 0 \$ 0 \$ 0 \$ 0 Accounts Payable \$ $3,575$ \$ 0 \$ 0 \$ 0 \$ 0 Accounts Payable $255,954$ 0 0 0 0 Intergovernmental Payable 0 0 58,145 0 Claims Payable 448 0 0 0 0 Total Liabilities $259,977$ 0 $58,145$ 0 0 0 Unavailable Amounts $679,526$ $28,165$ $22,855$ $11,422$ 0 0 0 0 Total Deferred Inflows of Resources $885,579$ $99,128$ $22,855$ $11,422$ 0 0 0	Intergovernmental	202,249		28,165		0		0
Inventory of Supplies, at Cost $9,372$ 0 0 0 Prepaid Items $43,856$ 0 $6,273$ 0 Total Assets \$ $3,770,949$ \$ $700,497$ \$ $3,410,195$ \$ $1,185,957$ Liabilities: Accounts Payable \$ $3,575$ 0 \$ 0 \$ 0 \$ 0 Accounts Payable \$ $3,575$ 0 \$ 0 \$ 0 \$ 0 \$ 0 Account Wages and Benefits Payable $255,954$ 0 \$ 0 \$ 0 \$ 0 \$ 0 Claims Payable 448 0 0 0 0 0 0 Deferred Inflows of Resources: $259,977$ 0 $58,145$ 0 0 0 Unavailable Amounts $679,526$ $28,165$ $22,855$ $11,422$ Property Tax for Next Fiscal Year $206,053$ $70,963$ 0 0 0 Total Deferred Inflows of Resources $885,579$ $99,128$ $22,855$ $11,422$ Fund Balances: 0 $60,3322,922$ $1,74,522$ 0 0 0 0 <	Interest	,		0		0		0
Prepaid Items $43,856$ 0 $6,273$ 0 Total Assets \$ $3,770,949$ \$ $700,497$ \$ $3,410,195$ \$ $1,185,95$ Liabilities: Accounts Payable \$ $3,575$ 0 \$ 0 \$ 0 \$ 0 Accounts Payable \$ $3,575$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 Accounts Payable $255,954$ 0 0	Special Assessments	101,463		0		0		0
Total Assets $$ 3,770,949$ $$ 700,497$ $$ 3,410,195$ $$ 1,185,957$ Liabilities:Accounts Payable $$ 3,575$ $$ 0$ $$ 0$ $$ 0$ Accounts Payable $$ 3,575$ $$ 0$ $$ 0$ $$ 0$ Accounts Payable $$ 255,954$ 0 0 0 Intergovernmental Payable 0 0 $58,145$ 0 Claims Payable 448 0 0 0 Total Liabilities $259,977$ 0 $58,145$ 0 Deferred Inflows of Resources: $259,977$ 0 $58,145$ 0 Unavailable Amounts $679,526$ $28,165$ $22,855$ $11,422$ Property Tax for Next Fiscal Year $206,053$ $70,963$ 0 0 Total Deferred Inflows of Resources $885,579$ $99,128$ $22,855$ $11,422$ Fund Balances: 0 $601,369$ 0 0 Nonspendable $53,228$ 0 $6,273$ 0 Committed 0 0 0 0 0 Interdef for Encumbrances $1,285$ 0 0 0 Assigned for Encumbrances $1,285$ 0 0 0 Unassigned $2,376,653$ 0 0 0 Integer $2,625,393$ $601,369$ $3,329,195$ $1,174,522$	Inventory of Supplies, at Cost	9,372		0		0		0
	Prepaid Items	 43,856		0		6,273		0
Accounts Payable\$ $3,575$ \$ 0\$ 0\$ 0Accrued Wages and Benefits Payable $255,954$ 000Intergovernmental Payable00 $58,145$ 0Claims Payable 448 000Total Liabilities $259,977$ 0 $58,145$ 0Deferred Inflows of Resources: $259,977$ 0 $58,145$ 0Unavailable Amounts $679,526$ $28,165$ $22,855$ $11,422$ Property Tax for Next Fiscal Year $206,053$ $70,963$ 00Total Deferred Inflows of Resources $885,579$ $99,128$ $22,855$ $11,422$ Fund Balances: $885,579$ $99,128$ $22,855$ $11,422$ Nonspendable $53,228$ 0 $6,273$ 0Committed00 $3,322,922$ $1,174,522$ Assigned for Encumbrances $1,285$ 000Unassigned $2,376,653$ 000Unassigned $2,376,653$ 000Total Fund Balances $2,625,393$ $601,369$ $3,329,195$ $1,174,522$	Total Assets	\$ 3,770,949	\$	700,497	\$	3,410,195	\$	1,185,953
Accrued Wages and Benefits Payable $255,954$ 000Intergovernmental Payable00 $58,145$ 0Claims Payable 448 000Total Liabilities $259,977$ 0 $58,145$ 0Deferred Inflows of Resources:Unavailable Amounts $679,526$ $28,165$ $22,855$ $11,422$ Property Tax for Next Fiscal Year $206,053$ $70,963$ 00Total Deferred Inflows of Resources $885,579$ $99,128$ $22,855$ $11,422$ Fund Balances:Nonspendable $53,228$ 0 $6,273$ 0Committed00 $3,322,922$ $1,174,522$ Assigned for Encumbrances $1,285$ 000Unassigned $2,376,653$ 000Total Fund Balances $2,625,393$ $601,369$ $3,329,195$ $1,174,522$	Liabilities:							
Accrued Wages and Benefits Payable $255,954$ 000Intergovernmental Payable00 $58,145$ 0Claims Payable 448 000Total Liabilities $259,977$ 0 $58,145$ 0Deferred Inflows of Resources:Unavailable Amounts $679,526$ $28,165$ $22,855$ $11,422$ Property Tax for Next Fiscal Year $206,053$ $70,963$ 00Total Deferred Inflows of Resources $885,579$ $99,128$ $22,855$ $11,422$ Fund Balances: $885,579$ $99,128$ $22,855$ $11,422$ Nonspendable $53,228$ 0 $6,273$ 0Committed00 $3,322,922$ $1,174,522$ Assigned for Encumbrances $1,285$ 000Unassigned $2,376,653$ 000Total Fund Balances $2,625,393$ $601,369$ $3,329,195$ $1,174,522$	Accounts Payable	\$ 3,575	\$	0	\$	0	\$	0
Intergovernmental Payable 0 0 58,145 0 Claims Payable 448 0 0 0 0 Total Liabilities $259,977$ 0 $58,145$ 0 Deferred Inflows of Resources: $259,977$ 0 $58,145$ 0 Unavailable Amounts $679,526$ $28,165$ $22,855$ $11,422$ Property Tax for Next Fiscal Year $206,053$ $70,963$ 0 0 Total Deferred Inflows of Resources $885,579$ $99,128$ $22,855$ $11,422$ Fund Balances: Nonspendable $53,228$ 0 $6,273$ 0 0 0 Nonspendable $53,228$ 0 $6,273$ 0 0	-	255,954		0		0		0
Claims Payable 448 0 0 0 Total Liabilities $259,977$ 0 $58,145$ 0 Deferred Inflows of Resources: Unavailable Amounts $679,526$ $28,165$ $22,855$ $11,422$ Property Tax for Next Fiscal Year $206,053$ $70,963$ 0 0 Total Deferred Inflows of Resources $885,579$ $99,128$ $22,855$ $11,422$ Fund Balances: Nonspendable $53,228$ 0 $6,273$ 0 Nonspendable $53,228$ 0 $6,273$ 0 0 Committed 0 0 $3,322,922$ $1,174,522$ Assigned for Encumbrances $1,285$ 0 0 0 Unassigned $2,376,653$ 0 0 0 Total Fund Balances $2,625,393$ $601,369$ $3,329,195$ $1,174,522$				0		58,145		0
Total Liabilities 259,977 0 58,145 0 Deferred Inflows of Resources: Unavailable Amounts 679,526 28,165 22,855 11,422 Property Tax for Next Fiscal Year 206,053 70,963 0 0 0 Total Deferred Inflows of Resources 885,579 99,128 22,855 11,422 Fund Balances: Nonspendable 53,228 0 6,273 0		448		0		0		0
Unavailable Amounts 679,526 28,165 22,855 11,422 Property Tax for Next Fiscal Year 206,053 70,963 0 0 Total Deferred Inflows of Resources 885,579 99,128 22,855 11,422 Fund Balances: 885,579 99,128 22,855 11,422 Nonspendable 53,228 0 6,273 0 Restricted 0 601,369 0 0 Committed 0 0 3,322,922 1,174,522 Assigned for Encumbrances 1,285 0 0 0 Unassigned 2,376,653 0 0 0 Total Fund Balances 2,625,393 601,369 3,329,195 1,174,522	•	 259,977		0		58,145		0
Property Tax for Next Fiscal Year 206,053 70,963 0 Total Deferred Inflows of Resources 885,579 99,128 22,855 11,424 Fund Balances: Nonspendable 53,228 0 6,273 0 0 Restricted 0 601,369 0	Deferred Inflows of Resources:							
Property Tax for Next Fiscal Year 206,053 70,963 0 Total Deferred Inflows of Resources 885,579 99,128 22,855 11,424 Fund Balances: Nonspendable 53,228 0 6,273 0 0 Restricted 0 601,369 0	Unavailable Amounts	679.526		28.165		22.855		11,428
Total Deferred Inflows of Resources 885,579 99,128 22,855 11,424 Fund Balances: Nonspendable 53,228 0 6,273 0 Restricted 0 601,369 0	Property Tax for Next Fiscal Year	,		-		0		0
Nonspendable 53,228 0 6,273 0 Restricted 0 601,369 0 0 Committed 0 0 3,322,922 1,174,522 Assigned for Encumbrances 1,285 0 0 0 Assigned for Appropriations 194,227 0 0 0 Unassigned 2,376,653 0 0 0 0 Total Fund Balances 2,625,393 601,369 3,329,195 1,174,522		885,579		99,128		22,855		11,428
Nonspendable 53,228 0 6,273 0 Restricted 0 601,369 0 0 Committed 0 0 3,322,922 1,174,522 Assigned for Encumbrances 1,285 0 0 0 Assigned for Appropriations 194,227 0 0 0 Unassigned 2,376,653 0 0 0 0 Total Fund Balances 2,625,393 601,369 3,329,195 1,174,522	Fund Balances:							
Restricted 0 601,369 0 0 Committed 0 0 3,322,922 1,174,522 Assigned for Encumbrances 1,285 0 0 0 Assigned for Appropriations 194,227 0 0 0 Unassigned 2,376,653 0 0 0 0 Total Fund Balances 2,625,393 601,369 3,329,195 1,174,522		53,228		0		6.273		0
Committed 0 0 3,322,922 1,174,522 Assigned for Encumbrances 1,285 0 0 0 Assigned for Appropriations 194,227 0 0 0 Unassigned 2,376,653 0 0 0 Total Fund Balances 2,625,393 601,369 3,329,195 1,174,522	-					- ,		0
Assigned for Encumbrances 1,285 0 0 0 Assigned for Appropriations 194,227 0 0 0 Unassigned 2,376,653 0 0 0 Total Fund Balances 2,625,393 601,369 3,329,195 1,174,522				,		÷		
Assigned for Appropriations 194,227 0 0 0 Unassigned 2,376,653 0 0 0 Total Fund Balances 2,625,393 601,369 3,329,195 1,174,523								0
Unassigned 2,376,653 0 0 0 Total Fund Balances 2,625,393 601,369 3,329,195 1,174,523	-	,						0
Total Fund Balances 2,625,393 601,369 3,329,195 1,174,523								0
	-	 						
	Total Liabilities, Deferred Inflows of Resources	2,023,393		001,509		3,329,193		1,174,323
		3,770,949	\$	700,497	\$	3,410,195	\$	1,185,953

Other Governmental			Total overnmental
	Funds		Funds
\$	1,765,239	\$	5,231,383
	0		3,810,747
	6,966		1,016,196
	20,318		406,897
	141,993		372,407
	0		3,516
	0		101,463
	37,708		47,080
	0		50,129
\$	1,972,224	\$	11,039,818
\$	949	\$	4,524
Ŷ	4,917	Ŷ	260,871
	0		58,145
	0		448
	5,866		323,988
	5,000		525,700
	96,350		838,324
	0		277,016
	96,350		1,115,340
	70,000		1,110,010
	37,708		97,209
	986,951		1,588,320
	845,349		5,342,796
	0		1,285
	0		1,205
	0		2,376,653
	1,870,008		9,600,490
	,,		,, - •
\$	1,972,224	\$	11,039,818

Reconciliation of Total Governmental Fund Balances to *Net Position of Governmental Activities December 31, 2013*

Total Governmental Fund Balances	\$	9,600,490
Amounts reported for governmental activities in the statement of net position are different because		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		9,604,166
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		838,324
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>۴</u>	(2,770,665)
Net Position of Governmental Activities	\$	17,272,315



Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2013

	General Obligation Debt General Retirement		ation Debt	Capital Improvement		Capital Replacement		
Revenues:								
Property Taxes	\$	217,001	\$	0	\$	0	\$	0
Municipal Income Tax		3,581,292		0		1,023,237		511,619
Other Local Taxes		15,344		0		0		0
Intergovernmental Revenues		299,466		4,695		0		458,159
Payments in Lieu of Taxes		0		128,661		0		0
Charges for Services		151,082		0		0		0
Licenses and Permits		130,822		0		0		0
Investment Earnings		13,927		0		0		0
Special Assessments		82,280		0		4,772		0
Fines and Forfeitures		122,824		0		66,371		0
Donations		5,480		0		0		0
All Other Revenue		58,561		0		1,500		0
Total Revenue		4,678,079		133,356		1,095,880		969,778
Expenditures:								
Current:								
Security of Persons and Property		2,501,646		0		0		0
Public Health and Welfare Services		6,432		0		0		0
Leisure Time Activities		50,829		0		0		0
Community Environment		113,296		0		0		0
Basic Utility Services		0		0		0		0
Transportation		109,240		0		0		0
General Government		1,260,086		0		0		0
Capital Outlay		0		0		289,967		706,606
Debt Service:								
Principal Retirement		0		124,390		0		0
Interest & Fiscal Charges		0		84,764		0		0
Total Expenditures		4,041,529		209,154		289,967		706,606
Excess (Deficiency) of Revenues								
Over Expenditures		636,550		(75,798)		805,913		263,172

Other Governmental Funds	Total Governmental Funds				
\$ 0	\$ 217,001				
0	5,116,148				
18,688	34,032				
467,285	1,229,605				
0	128,661				
206,799	357,881				
4,967	135,789				
1,940	15,867				
0	87,052				
16,158	205,353				
0	5,480				
7,962	68,023				
723,799	7,600,892				
4,467	2,506,113				
0	6,432				
0	50,829				
7,056	120,352				
123,671	123,671				
327,834	437,074				

7,867	1,267,953
0	996,573
0	124,390
0	84,764
470,895	5,718,151
252,904	1 997 741
252,904	1,882,741

(Continued)

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2013

Other Financing Sources (Uses):	 General	Oblig	General gation Debt etirement	In	Capital	Re	Capital placement
Transfers In	0		100.000		0		0
Transfers Out	0		0		(100,000)		0
Total Other Financing Sources (Uses)	 0		100,000		(100,000)		0
Net Change in Fund Balances	636,550		24,202		705,913		263,172
Fund Balances at Beginning of Year	1,986,111		577,167		2,623,282		911,353
Increase (Decrease) in Inventory Reserve	 2,732		0		0		0
Fund Balances End of Year	\$ 2,625,393	\$	601,369	\$	3,329,195	\$	1,174,525

Other Governmental Funds	Total Governmental Funds
0	100,000 (100,000)
0	0
252,904	1,882,741
1,642,392	7,740,305
(25,288)	(22,556)
\$ 1,870,008	\$ 9,600,490

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, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 1,882,741
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 depreciation exceeded capital outlay in the current period.	(10,359)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	16,907
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	124,390
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	482
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. <i>Change in Net Position of Governmental Activities</i>	\$ (34,723) 1,979,438

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 230,000	\$ 225,390	\$ 217,001	\$ (8,389)
Municipal Income Tax	3,146,523	3,725,039	3,679,378	(45,661)
Other Local Taxes	25,000	25,000	15,513	(9,487)
Intergovernmental Revenue	396,000	396,000	279,406	(116,594)
Charges for Services	110,000	150,000	140,918	(9,082)
Licenses and Permits	112,000	143,000	129,680	(13,320)
Special Assessments	89,800	93,000	82,280	(10,720)
Investment Earnings	15,000	18,000	17,461	(539)
Fines and Forfeitures	175,000	175,000	122,824	(52,176)
Donations	2,000	10,000	5,480	(4,520)
All Other Revenues	76,000	96,000	61,781	(34,219)
Total Revenues	4,377,323	5,056,429	4,751,722	(304,707)
Expenditures:				
Current:				
Security of Persons and Property	2,670,119	2,701,619	2,533,158	168,461
Public Health and Welfare Services	6,500	6,500	6,432	68
Leisure Time Activities	67,200	68,925	51,165	17,760
Community Environment	105,725	132,225	113,958	18,267
Transportation	164,400	164,400	111,803	52,597
General Government	1,385,436	1,435,356	1,273,758	161,598
Total Expenditures	4,399,380	4,509,025	4,090,274	418,751
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(22,057)	547,404	661,448	114,044
Fund Balance at Beginning of Year	1,639,016	1,639,016	1,639,016	0
Prior Year Encumbrances	1,090	1,090	1,090	0
Fund Balance at End of Year	\$ 1,618,049	\$ 2,187,510	\$ 2,301,554	\$ 114,044

Statement of Assets and Liabilities Fiduciary Fund For the Year Ended December 31, 2013

	A	Agency	
Assets:			
Cash and Cash Equivalents	\$	1,900	
Total Assets	\$	1,900	
Liabilities:			
Due to Others	\$	1,900	
Total Liabilities	\$	1,900	

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, 2013 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 <u>Codification of Governmental Accounting Accounting and Financial Reporting Standards</u> (GASB Codification).

A. <u>Reporting Entity</u>

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. <u>Basis of Presentation - Fund Accounting</u>

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:

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:

<u>General Fund</u> - 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.

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

<u>Capital Improvement Fund</u> - 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.

<u>Capital Replacement Fund</u> - 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, privatepurpose 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. <u>Basis of Presentation – Financial Statements</u>

<u>Government-wide Financial Statements</u> – 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.

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, 2013, but which are not intended to finance 2013 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources as further described in Note 6.

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 2013.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. <u>Budgetary Process</u> (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.

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:

Net Change In Fund Balance		
	General Fund	
GAAP Basis (as reported)	\$636,550	
Increase (Decrease):		
Accrued Revenues at		
December 31, 2013		
received during 2014	(532,837)	
Accrued Revenues at		
December 31, 2012		
received during 2013	602,946	
Accrued Expenditures at		
December 31, 2013		
paid during 2014	259,977	
Accrued Expenditures at		
December 31, 2012		
paid during 2013	(295,075)	
2012 Prepaids for 2013	31,494	
2013 Prepaids for 2014	(43,856)	
2013 Mark to Market	3,534	
Outstanding Encumbrances	(1,285)	
Budget Basis	\$661,448	

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."

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 2013 amounted to \$13,927, which includes \$10,381 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. <u>Prepaid Items</u>

Payments made to vendors for services that will benefit periods beyond December 31, 2013, 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 Statement No. 34*, "*Basic Financial Statement No. 34*, "*Basic Financial Statements*", has not been reported. Only additions to infrastructure since the implementation of GASB Statement No. 34, "*Basic Financial Statement No. 34*, "*Basic Financial Statement*

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:

Description	Estimated Lives (in years)		
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:

Obligation	n Fund	
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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. <u>Compensated Absences</u> (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. <u>Net position</u>

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.

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.

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 2013.

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. <u>Explanation of certain differences between the governmental fund balance sheet and the</u> 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	\$114,275
Delinquent Property Tax Revenue	16,805
Shared Revenues	259,429
Interest Revenues	3,516
Charges for Services	342,836
Special Assessment Revenue	101,463
	\$838,324
Long-Term liabilities not reported in the funds:	
General Obligation Bonds Payable	(\$2,245,000)
Ohio Public Works Commission Loan	(51,635)
Accrued Interest on Long-Term Debt	(14,666)
Compensated Absences Payable	(459,364)
	(\$2,770,665)

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

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

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 Depreciation Expense	\$424,502 (434,861)
	(\$10,359)
Governmental revenues not reported in the funds:	
Increase in Delinquent Income Tax Revenue	\$11,649
Decrease in Delinquent Property Tax	(14,098)
Increase in Shared Revenue	38,790
Increase in Interest Revenue	3,516
Increase in Special Assessment Revenue	21,513
Decrease in Charges for Services	(44,463)
	\$16,907
Expenses not requiring the use of current financial resour	rces:
Increase in Compensated Absences Pavable	(\$12,167)

Increase in Compensated Absences Payable	(\$12,167)
Decrease in supplies inventory	(22,556)
	(\$34,723)

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	\$9,372	\$0	\$0	\$0	\$37,708	\$47,080
Prepaid Items	43,856	0	6,273	0	¢57,700 0	50,129
Total Nonspendable	53,228	0	6,273	0	37,708	97,209
Restricted:						
General Obligation Debt Service Payments	0	601,369	0	0	0	601,369
Street Construction and Maintenance	0	0	0	0	581,210	581,210
Motor Vehicle License Tax	0	0	0	0	22,770	22,770
State Highway Improvements	0	0	0	0	74,848	74,848
Drug Fines	0	0	0	0	2,597	2,597
Law Enforcement	0	0	0	0	9,762	9,762
Enforcement and Education	0	0	0	0	4,107	4,107
Computerized Research	0	0	0	0	32,828	32,828
Recreation Parks	0	0	0	0	166,268	166,268
Keep Northwood Beautiful	0	0	0	0	92,561	92,561
Total Restricted	0	601,369	0	0	986,951	1,588,320
Committed:						
Capital Improvements	0	0	3,322,922	0	0	3,322,922
Capital Replacement	0	0	0	1,174,525	0	1,174,525
Storm Water Management	0	0	0	0	845,011	845,011
Northwood Environment	0	0	0	0	338	338
Total Committed	0	0	3,322,922	1,174,525	845,349	5,342,796
Assigned for Encumbrances	1,285	0	0	0	0	1,285
Assigned for Appropriations	194,227	0	0	0	0	194,227
Unassigned	2,376,653	0	0	0	0	2,376,653
Total Fund Balances	\$2,625,393	\$601,369	\$3,329,195	\$1,174,525	\$1,870,008	\$9,600,490

NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLE

For 2013 the City implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*," and GASB Statement No. 66, "*Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62*".

Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete presentation), and certain disclosure requirements.

Statement No. 66 provides guidance on how to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

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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).

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 \$8,798,328 and the bank balance was \$8,938,866. In addition, the City had \$700 petty cash on hand. Federal depository insurance covered \$2,500,000 of the bank balance and \$6,438,866 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held by	
the pledging institution's trust department not in the City's name	\$6,438,866
Total Balance	\$6,438,866

B. Investments

The City's investments at December 31, 2013 are summarized below:

			Investment Maturities (in Years)
	Fair Value	Credit Rating	1-3
FNMA	\$245,002	AAA ¹ / Aaa ²	\$245,002

¹ Standard & Poor's ² Moody's Investor Service

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

B. Investments (Continued)

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 2013 were levied after October 1, 2012 on assessed values as of January 1, 2012, 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.

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, 2013 was \$1.60 per \$1,000 of assessed value. The assessed value upon which the 2013 tax receipts were based was \$134,464,810. This amount constitutes \$131,281,860 in real property assessed value and \$3,182,950 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, 2013 consisted of taxes, special assessments, interest receivable, accounts receivable and intergovernmental receivables.

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2013:

	Transfers In:
	General
	Obligation
	Debt Retirement
Transfers Out:	Fund
Capital Improvement Fund	\$100,000
	\$100,000

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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NOTE 9 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2013:

Historical Cost:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Capital assets not being depreciated:				
Land	\$426,051	\$0	\$0	\$426,051
Construction in Progress	846,250	58,145	0	904,395
	1,272,301	58,145	0	1,330,446
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	941,822	138,209	0	1,080,031
Vehicles	2,762,019	85,071	(44,400)	2,802,690
Infrastructure	5,155,445	143,077	0	5,298,522
	12,856,330	366,357	(44,400)	13,178,287
Total Cost	\$14,128,631	\$424,502	(\$44,400)	\$14,508,733
Accumulated Depreciation:				
_	December 31,			December 31,
Class	2012	Additions	Deletions	2013
Land Improvements	(\$33,100)	\$0	\$0	(\$33,100)
Buildings and Improvements	(1,568,858)	(82,899)	0	(1,651,757)
Machinery and Equipment	(627,230)	(53,535)	0	(680,765)
Vehicles	(1,584,633)	(160,955)	44,400	(1,701,188)
Infrastructure	(700,285)	(137,472)	0	(837,757)
Total Depreciation	(\$4,514,106)	(\$434,861) *	\$44,400	(\$4,904,567)
Net Value:	\$9,614,525			\$9,604,166

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$128,914
Leisure Time Activities	25,296
Community Environment	1,450
Basic Utility Services	19,973
Transportation	169,311
General Government	89,917
Total Depreciation Expense	\$434,861

NOTE 10 – DEFINED BENEFIT PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems which are costsharing 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 2013, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2013 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 13.0% for calendar year 2013. 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, 2013, 2012, and 2011 were \$157,071, \$139,056 and \$137,418, respectively, or 88.4% of the required contributions for 2013 and 100% of the required contributions for 2012 and 2011. The unpaid contribution to fund pension obligations for 2013, in the amount of \$18,357, is recorded as a liability within the respective funds.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions used to fund pension obligations from January 1, 2013 through May 31, 2013 was 14.81% for police officers and 19.31% for firefighters. The portion of employer contributions used to fund pension obligations from June 1, 2013 through December 31, 2013 was 16.65% for police officers and 21.15% for firefighters. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2013, 2011 were \$218,582, \$165,370 and \$205,473 for police and \$0, \$0 and \$5,450 for firefighters, respectively, or 88% of the required contributions for 2013 and 100% of the required contributions for 2012 and 2011. The unpaid contribution to fund pension obligations for 2013, in the amount of \$28,167, 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 postemployment 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.

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 2013, local government employers contribution to a rate of 14.00% of covered payroll. The ORC currently limits the 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 1.0% for calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 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, 2013, 2012, and 2011 were \$11,219, \$39,715 and \$39,262, respectively, or 88.4% of the required contributions for 2013 and 100% of the required contributions for 2012 and 2011.

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.

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 costsharing 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 <u>www.op-f.org</u>.

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 2013, the portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013 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, 2013, 2012, and 2011 were \$42,259, \$57,212 and \$71,125 for police and \$0, \$0 and \$1,533 for firefighters, respectively, or 88% of the required contributions for 2013 and 100% of the required contributions for 2012 and 2011.

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, 2013, the City's accumulated, unpaid compensated absences amounted to \$459,364, which has been recorded as a liability of the Governmental Activities.

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NOTE 13 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2013 is as follows:

	Issue Date	Original Issue Amount	Balance December 31, 2012	Issued	(Retired)	Balance December 31, 2013	Amounts Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
4.20% Fire Station Improvement	2005	\$800,000	\$185,000	\$0	(\$90,000)	\$95,000	\$95,000
8.00% TIF Improvement	2007	2,200,000	2,175,000	0	(25,000)	2,150,000	30,000
Total General Obligation Bonds			2,360,000	0	(115,000)	2,245,000	125,000
Ohio Public Works Commission Loan:							
0.00% Wales Road Pavement & Storm Drainage	1999	187,790	61,025	0	(9,390)	51,635	9,390
Compensated Absences			447,197	459,364	(447,197)	459,364	149,714
Total Governmental Activities							
Long-Term Debt			\$2,868,222	\$459,364	(\$571,587)	\$2,755,999	\$284,104

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, 2013, follow:

	General Oblig	gation Bonds	OPWC	Loan
Years	Principal	Interest	Principal	Interest
2014	\$125,000	\$175,990	\$9,390	\$0
2015	30,000	169,600	9,389	0
2016	35,000	167,658	9,389	0
2017	35,000	164,400	9,389	0
2018	40,000	161,600	9,389	0
2019-2023	255,000	754,824	4,689	0
2024-2028	375,000	634,693	0	0
2029-2033	545,000	459,029	0	0
2034-2038	805,000	197,314	0	0
Totals	\$2,245,000	\$2,885,108	\$51,635	\$0

NOTE 14 - CONSTRUCTION COMMITMENTS

As of December 31, 2013 the City had the following commitments with respect to capital projects:

	Remaining	Expected
	Construction	Date of
Project	Commitment	Completion
Greenway Estates Retention Pond	\$273,492	2014
Wales/East Broadway Intersection Improvements	59,250	2014
Wales Road Railroad Overpass	35,000	2014
Total	\$367,742	

NOTE 15 - 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.

Type of Coverage	Limits
Property	\$8,286,388
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	\$1,566,574
Bonds	\$50,000
Crime	\$25,000
EDP	\$50,000
Employee Benefit Liability	\$5,000,000/
	\$7,000,000

The City obtained insurance coverage from the Pool from July, 2013 through July, 2014 for various insurance coverages, as follows:

NOTE 15 - 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 2012 and 2013 were:

	Beginning of	Current Year Claims and	Claims	Balance at
Fiscal Year	Year Liability	Changes in Estimates	Payments	Year End
2012	\$309	\$33,517	(\$31,380)	\$2,446
2013	2,446	33,934	(35,932)	448

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 16 - 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

T he 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.

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.

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2013

		Nonmajor cial Revenue Funds	Nonmajor Capital Projects Fund		Total Nonmajor Governmental Funds	
Assets:						
Cash and Cash Equivalents	\$	1,598,971	\$	166,268	\$	1,765,239
Receivables:						
Taxes		6,966		0		6,966
Accounts		20,318		0		20,318
Intergovernmental		141,993		0		141,993
Inventory of Supplies, at Cost		37,708		0		37,708
Total Assets	\$	1,805,956	\$	166,268	\$	1,972,224
Liabilities:						
Accounts Payable	\$	949	\$	0	\$	949
Accrued Wages and Benefits Payable		4,917		0		4,917
Total Liabilities		5,866		0		5,866
Deferred Inflows of Resources:						
Unavailable Amounts		96,350		0		96,350
Property Tax for Next Fiscal Year		0		0		0
Total Deferred Inflows of Resources		96,350		0		96,350
Fund Balances:						
Nonspendable		37,708		0		37,708
Restricted		820,683		166,268		986,951
Committed		845,349		0		845,349
Total Fund Balances		1,703,740		166,268		1,870,008
Total Liabilities, Deferred Inflows of Resource	s					
and Fund Balances	\$	1,805,956	\$	166,268	\$	1,972,224

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2013

	Nonmajor Special Revenue Funds		Nonmajor Capital Projects Fund		Total Nonmajor Governmental Funds	
Revenues:						
Other Local Taxes	\$	15,688	\$	3,000	\$	18,688
Intergovernmental Revenues		334,785		132,500		467,285
Charges for Services		206,799		0		206,799
Licenses and Permits		4,967		0		4,967
Investment Earnings		1,940		0		1,940
Fines and Forfeitures		16,158		0		16,158
All Other Revenue		7,962		0		7,962
Total Revenue		588,299		135,500		723,799
Expenditures:						
Current:						
Security of Persons and Property		4,467		0		4,467
Community Environment		7,056		0		7,056
Basic Utility Services		123,671		0		123,671
Transportation		327,834		0		327,834
General Government		7,867		0		7,867
Total Expenditures		470,895		0		470,895
Excess (Deficiency) of Revenues						
Over Expenditures		117,404		135,500		252,904
Fund Balances at Beginning of Year		1,611,624		30,768		1,642,392
Decrease in Inventory Reserve		(25,288)		0		(25,288)
Fund Balances End of Year	\$	1,703,740	\$	166,268	\$	1,870,008

Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2013

	Cor Ma	Street nstruction, nintenance nd Repair	Motor Vehicle License Tax		State Highway Improvement		Northwood Waste / Environmental	
Assets:	\$ 539,157 \$		¢	20.440	¢	71.400	¢	225
Cash and Cash Equivalents Receivables:	Э	539,157	\$	20,448	\$	71,429	\$	325
Taxes		0		6,966		0		0
Accounts		0		0,200		0		224
Intergovernmental		131,340		0		10,653		0
Inventory of Supplies, at Cost		37,708		0		0		0
Total Assets	\$	708,205	\$	27,414	\$	82,082	\$	549
Liabilities:								
Accounts Payable	\$	416	\$	0	\$	0	\$	0
Accrued Wages and Benefits Payable		4,045		0		354		211
Total Liabilities		4,461		0		354		211
Deferred Inflows of Resources:								
Unavailable Amounts		84,826		4,644		6,880		0
Total Deferred Inflows of Resources		84,826		4,644		6,880		0
Fund Balances:								
Nonspendable		37,708		0		0		0
Restricted		581,210		22,770		74,848		0
Committed		0		0		0		338
Total Fund Balances		618,918		22,770		74,848		338
Total Liabilities, Deferred Inflows of Resources			-					
and Fund Balances	\$	708,205	\$	27,414	\$	82,082	\$	549

Dr	ug Fine		cial Law prcement		orcement Education		nputerized esearch		orm Water nagement	No	Keep orthwood Beautiful		al Nonmajor cial Revenue Funds
\$	2,597	\$	9,762	\$	4,107	\$	33,361	\$	825,224	\$	92,561	\$	1,598,971
	0 0		0 0		0 0		0 0		0 20,094		0 0		6,966 20,318
	0		0		0		0		0		0		141,993
<u> </u>	0		0	<u> </u>	0	<u> </u>	0	<u> </u>	0	<u> </u>	0	<u> </u>	37,708
\$	2,597	\$	9,762	\$	4,107	\$	33,361	\$	845,318	\$	92,561	\$	1,805,956
\$	0	\$	0	\$	0	\$	533	\$	0	\$	0	\$	949
Ψ	0	Ψ	0	Ψ	0	Ψ	0	Ψ	307	Ψ	0	Ψ	4,917
	0		0		0		533		307		0		5,866
	0		0		0		0		0		0		96,350
	0		0		0		0		0		0		96,350
	0		0		0		0		0		0		37,708
	2,597		9,762		4,107		32,828		0		92,561		820,683
	0		0		0		0		845,011		0		845,349
	2,597		9,762		4,107		32,828		845,011		92,561		1,703,740
\$	2,597	\$	9,762	\$	4,107	\$	33,361	\$	845,318	\$	92,561	\$	1,805,956

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Special Revenue Funds For the Year Ended December 31, 2013

Revenues:	Street Construction, Maintenance and Repair			Motor Vehicle License Tax		State Highway Improvement		Northwood Waste / Environmental	
Other Local Taxes	\$	0	\$	15.688	\$	0	\$	0	
Intergovernmental Revenues	Ф	304,805	Ф	13,088	Ф	0 24,715	Ф	0	
0		304,803 0		0		24,713		0	
Charges for Services Licenses and Permits		0		0		0		0 4,967	
Investment Earnings		1,164		194		194		4,907	
Fines and Forfeitures		1,104		194		194		194 0	
All Other Revenue		7,962		0		0		0	
Total Revenue		313,931		15,882		24,909		5,161	
Expenditures:									
Current:									
Security of Persons and Property		0		0		0		0	
Community Environment		0		0		0		7,056	
Basic Utility Services		0		0		0		0	
Transportation		299,086		10,807		17,941		0	
General Government		0		0		0		0	
Total Expenditures		299,086		10,807		17,941		7,056	
Excess (Deficiency) of Revenues									
Over Expenditures		14,845		5,075		6,968		(1,895)	
Fund Balances at Beginning of Year		629,361		17,695		67,880		2,233	
Decrease in Inventory Reserve		(25,288)		0		0		0	
Fund Balances End of Year	\$	618,918	\$	22,770	\$	74,848	\$	338	

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	\$	15,688
	0		0		0		0		0		5,265		334,785
	0		0		0		0		206,799		0		206,799
	0		0		0		0		0		0		4,967
	0		194		0		0		0		0		1,940
	1,540		0		286		14,332		0		0		16,158
	0		0		0		0		0		0		7,962
	1,540		194		286		14,332		206,799		5,265		588,299
	3,384		1,083		0		0		0		0		4,467
	0		0		0		0		0		0		7,056
	0		0		0		0		123,671		0		123,671
	0		0		0		0		0		0		327,834
	0		0		720		7,147		0		0		7,867
	3,384		1,083		720		7,147		123,671		0		470,895
	(1.944)		(890)		(424)		7 1 9 5		92 100		5 765		117 404
	(1,844)		(889)		(434)		7,185		83,128		5,265		117,404
	4,441		10,651		4,541		25,643		761,883		87,296		1,611,624
	0		0		0		0		0		0		(25,288)
\$	2,597	\$	9,762	\$	4,107	\$	32,828	\$	845,011	\$	92,561	\$	1,703,740

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, 2013

Revenues:	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Property Taxes	\$ 230.000	\$ 225,390	\$ 217,001	\$ (8,389)
Municipal Income Taxes		. ,	,	
*	3,146,523	3,725,039	3,679,378	(45,661)
Other Local Taxes	25,000	25,000	15,513	(9,487)
Intergovernmental Revenues	396,000	396,000	279,406	(116,594)
Charges for Services	110,000	150,000	140,918	(9,082)
Licenses and Permits	112,000	143,000	129,680	(13,320)
Investment Earnings	15,000	18,000	17,461	(539)
Special Assessments	89,800	93,000	82,280	(10,720)
Fines and Forfeitures	175,000	175,000	122,824	(52,176)
Donations	2,000	10,000	5,480	(4,520)
All Other Revenues	76,000	96,000	61,781	(34,219)
Total Revenues	4,377,323	5,056,429	4,751,722	(304,707)
Expenditures:				
Security of Persons and Property:				
Police Department:				
Personal Services	1,618,020	1,642,020	1,567,961	74,059
Materials and Supplies	88,500	88,500	77,238	11,262
Contractual Services	42,500	46,000	43,823	2,177
Other Expenditures	4,000	4,000	3,288	712
Total Police Department	1,753,020	1,780,520	1,692,310	88,210
Fire Department:				
Personal Services	461,770	461,770	415,149	46,621
Materials and Supplies	95,930	95,930	88,246	7,684
Contractual Services	24,976	28,976	26,096	2,880
Total Fire Department	582,676	586,676	529,491	57,185
Civil Defense:				
Contractual Services	3,000	3,000	2,632	368

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Police and Fire Communications:				
Personal Services	320,323	320,323	297,798	22,525
Materials and Supplies	4,200	4,200	4,086	114
Contractual Services	6,900	6,900	6,841	59
Total Police and Fire Communications	331,423	331,423	308,725	22,698
Total Security of Persons and Property	2,670,119	2,701,619	2,533,158	168,461
Public Health and Welfare Services:				
County Board of Health:				
Contractual Services	6,500	6,500	6,432	68
Total Public Health and Welfare Services	6,500	6,500	6,432	68
Leisure Time Activities:				
Parks and Playgrounds:				
Materials and Supplies	4,000	5,003	5,003	0
Contractual Services	23,000	22,997	12,467	10,530
Capital Outlay	4,000	4,000	2,581	1,419
Total Parks and Playgrounds	31,000	32,000	20,051	11,949
Recreation:				
Contractual Services	2,000	2,000	2,000	0
Baseball Programs:				
Personal Services	7,800	4,300	1,678	2,622
Materials and Supplies	12,200	12,200	10,157	2,043
Contractual Services	14,000	18,225	17,184	1,041
Other Expenditures	200	200	95	105
Total Baseball Programs	34,200	34,925	29,114	5,811
Total Leisure Time Acitivities	67,200	68,925	51,165	17,760

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Planning and Zoning:				
Personal Services	58,370	58,370	53,221	5,149
Materials and Supplies	2,455	2,455	1,972	483
Contractual Services	400	9,900	8,934	966
Total Planning and Zoning	61,225	70,725	64,127	6,598
Weed Control and Tree Care:				
Personal Services	25,000	25,000	19,362	5,638
Materials and Supplies	1,000	1,000	947	53
Contractual Services	9,500	9,500	7,021	2,479
Total Weed Control and Tree Care	35,500	35,500	27,330	8,170
Economic Development:				
Materials and Supplies	9,000	13,000	12,525	475
Contractual Services	0	13,000	9,976	3,024
Total Economic Development	9,000	26,000	22,501	3,499
Total Community Environment	105,725	132,225	113,958	18,267
Transportation:				
Street Maintenance and Repair:				
Personal Services	126,900	126,900	84,179	42,721
Materials and Supplies	36,000	36,000	26,237	9,763
Contractual Services	1,500	1,500	1,387	113
Total Transportation	164,400	164,400	111,803	52,597
General Government:				
Mayor:				
Personal Services	14,255	14,255	12,608	1,647
Materials and Supplies	2,300	2,300	1,486	814
Contractual Services	1,400	1,400	338	1,062
Total Mayor	17,955	17,955	14,432	3,523

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, 2013

	Original	Einel Dudget	Actual	Variance with Final Budget Positive
Finance Director:	Budget	Final Budget	Actual	(Negative)
Personal Services	270,630	274,630	264,601	10,029
Materials and Supplies	4,000	4,000	3,991	9
Contractual Services	17,500	17,500	15,758	1,742
Total Finance Director	292,130	296,130	284,350	11,742
City Administrator:				
Personal Services	100,500	100,500	95,208	5,292
Materials and Supplies	2,000	2,000	1,462	538
Contractual Services	975	975	445	530
Total City Administrator	103,475	103,475	97,115	6,360
Legal Administration:				
Personal Services	29,880	32,180	27,889	4,291
Materials and Supplies	2,000	3,000	2,836	164
Contractual Services	44,000	54,000	53,925	75
Total Legal Administration	75,880	89,180	84,650	4,530
City Council:				
Personal Services	57,710	57,710	55,213	2,497
Materials and Supplies	1,000	1,000	991	9
Total City Council	58,710	58,710	56,204	2,506
City Clerk:				
Personal Services	40,400	53,725	50,058	3,667
Materials and Supplies	1,400	2,400	1,602	798
Contractual Services	7,300	7,300	867	6,433
Total City Clerk	49,100	63,425	52,527	10,898
Mayor's Court:				
Personal Services	123,820	133,820	131,174	2,646
Materials and Supplies	12,700	12,700	3,433	9,267
Contractual Services	13,000	13,500	13,495	5
Total Mayor's Court	149,520	160,020	148,102	11,918

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, 2013

	Original			Variance with Final Budget Positive
	Budget	Final Budget	Actual	(Negative)
Civil Service Commission:	100	100	6	94
Materials and Supplies Contractual Services	2,500		1,139	· · ·
Total Civil Service Commission	2,500	2,500	1,139	1,361
Total Civil Service Commission	2,000	2,000	1,145	1,455
Buildings and Grounds:				
Personal Services	88,450	90,385	90,243	142
Materials and Supplies	8,000	8,000	6,590	1,410
Contractual Services	18,200	21,200	20,353	847
Other Expenditures	900	3,400	3,325	75
Total Buildings and Grounds	115,550	122,985	120,511	2,474
General Miscellaneous:				
Contractual Services	21,741	21,741	16,607	5,134
Special Assessments:				
Personal Services	1,000	1,000	136	864
Contractual Services	72,800	73,160	67,442	5,718
Capital Outlay	4,800	4,800	0	4,800
Total Special Assessments	78,600	78,960	67,578	11,382
General Administrative:				
Personal Services	3,175	3,175	2,863	312
Materials and Supplies	10,000	10,000	9,653	347
Contractual Services	252,000	252,000	219,315	32,685
Other Expenditures	155,000	155,000	98,706	56,294
Total General Administrative	420,175	420,175	330,537	89,638
Total General Government	1,385,436	1,435,356	1,273,758	161,598
Total Expenditures	4,399,380	4,509,025	4,090,274	418,751
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(22,057)	547,404	661,448	114,044
Fund Balance at Beginning of Year	1,639,016	1,639,016	1,639,016	0
Prior Year Encumbrances	1,090	1,090	1,090	0
Fund Balance at End of Year	\$ 1,618,049	\$ 2,187,510	\$ 2,301,554	\$ 114,044

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, 2013

UEI(EKAL UE	LIGATION DEDI			
	Original	Variance with Final Budget Positive		
	Budget	Final Budget	Actual	(Negative)
Revenues:				
Payments in Lieu of Taxes	\$ 270,000	\$ 271,500	\$ 128,661	\$ (142,839)
Intergovernmental Revenues	5,000	5,000	4,695	(305)
Total Revenues	275,000	276,500	133,356	(143,144)
Expenditures:				
Debt Service:				
Principal Retirement	124,390	124,390	124,390	0
Interest and Fiscal Charges	181,770	181,770	84,764	97,006
Total Expenditures	306,160	306,160	209,154	97,006
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(31,160)	(29,660)	(75,798)	(46,138)
Other Financing Sources (Uses):				
Transfers In	105,000	105,000	100,000	(5,000)
Total Other Financing Sources (Uses)	105,000	105,000	100,000	(5,000)
Net Change in Fund Balance	73,840	75,340	24,202	(51,138)
Fund Balance at Beginning of Year	577,167	577,167	577,167	0
Fund Balance at End of Year	\$ 651,007	\$ 652,507	\$ 601,369	\$ (51,138)

GENERAL OBLIGATION DEBT RETIREMENT FUND

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, 2013

CA				rund				
-	Original Budget Final Budget		Actual		Fin I	iance with al Budget Positive legative)		
Revenues:								
Municipal Income Taxes	\$	898,960	\$	1,055,500	\$	1,051,262	\$	(4,238)
Special Assessments		7,500		7,500		4,772		(2,728)
Fines and Forfeitures		150,000		125,000		77,583		(47,417)
Donations		10,000		10,000		0		(10,000)
All Other Revenues		20,000		20,000		1,500		(18,500)
Total Revenues		1,086,460	_	1,218,000		1,135,117		(82,883)
Expenditures:								
Capital Outlay		639,000		639,000		247,437		391,563
Total Expenditures		639,000		639,000		247,437		391,563
Excess (Deficiency) of Revenues								
Over (Under) Expenditures		447,460		579,000		887,680		308,680
Other Financing Sources (Uses):								
Transfers Out		(90,000)		(100,000)		(100,000)		0
Total Other Financing Sources (Uses)		(90,000)		(100,000)		(100,000)		0
Net Change In Fund Balance		357,460		479,000		787,680		308,680
Fund Balance at Beginning of Year		2,459,151		2,459,151		2,459,151		0
Prior Year Encumbrances	_	14,646		14,646		14,646		0
Fund Balance at End of Year	\$	2,831,257	\$	2,952,797	\$	3,261,477	\$	308,680

CAPITAL IMPROVEMENT FUND

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, 2013

Variance with Final Budget Original Positive Budget Final Budget Actual (Negative) **Revenues:** \$ \$ Municipal Income Taxes \$ 449,480 \$ 526,000 525,631 (369) Intergovernmental Revenues 0 477,250 458,159 (19,091) **Total Revenues** 449,480 1,003,250 983,790 (19,460) **Expenditures:** 810,025 Capital Outlay 295,650 740,083 69,942 **Total Expenditures** 295,650 810,025 740,083 69,942 Excess (Deficiency) of Revenues Over (Under) Expenditures 193,225 243,707 50,482 153,830 **Other Financing Sources (Uses):** Sale of Capital Assets 10,000 0 0 0 Total Other Financing Sources (Uses) 10,000 0 0 0 Net Change in Fund Balance 50,482 163,830 193,225 243,707 Fund Balance at Beginning of Year 835,526 835,526 835,526 0 0 Prior Year Encumbrances 15,609 15,609 15,609 Fund Balance at End of Year 1,014,965 1,044,360 1,094,842 50,482 \$ \$ \$

CAPITAL REPLACEMENT FUND

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, 2013

Variance with Final Budget Original Positive Budget Final Budget (Negative) Actual **Revenues:** \$ \$ Intergovernmental Revenues \$ 320,000 311,800 \$ 311,764 (36) Investment Earnings 1,000 1,200 1,164 (36) All Other Revenues 0 8,000 7,962 (38) Total Revenues 321,000 320,890 (110) 321,000 Expenditures: Transportation: Street Maintenance and Repair: Personal Services 209,000 209,000 200.644 8.356 Materials and Supplies 12,000 12,000 7,120 4,880 Total Street Maintenance and Repair 221,000 221,000 207,764 13,236 Snow and Ice Removal: Personal Services 20,000 20,000 6,064 13,936 Materials and Supplies 89.100 89.100 43.929 45.171 **Contractual Services** 16,000 16,000 8,540 7,460 Total Snow and Ice Removal 125,100 58,533 66,567 125,100 Traffic Signals and Signs: Personal Services 10,000 10.000 4,637 5.363 Materials and Supplies 2,500 2,500 1,052 1,448 Contractual Services 12,500 32,500 26,316 6,184 32,005 Total Traffic Signals and Signs 25,000 45,000 12,995 371,100 391,100 92,798 **Total Expenditures** 298,302 Excess (Deficiency) of Revenues Over (Under) Expenditures 92,688 (50, 100)(70, 100)22,588 Fund Balance at Beginning of Year 516,569 516,569 516,569 0 Fund Balance at End of Year 466,469 446,469 539,157 92.688 \$ \$ \$ \$

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

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, 2013

	Original Budget Final Budget Actual		Final Budget		Actual		Variance with Final Budget Positive (Negative)	
Revenues:								
Other Local Taxes	\$	16,500	\$	16,500	\$	15,706	\$	(794)
Investment Earnings		500		500		194		(306)
Total Revenues		17,000		17,000		15,900		(1,100)
Expenditures:								
Transportation:								
Contractual Services		18,000		18,000		12,106		5,894
Total Expenditures		18,000		18,000		12,106		5,894
Excess (Deficiency) of Revenues								
Over (Under) Expenditures		(1,000)		(1,000)		3,794		4,794
Fund Balance at Beginning of Year		16,654		16,654		16,654		0
Fund Balance at End of Year	\$	15,654	\$	15,654	\$	20,448	\$	4,794

MOTOR VEHICLE LICENSE TAX FUND

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, 2013

	C	Priginal					Fina	ance with 11 Budget ositive
	Budget		Final Budget		Actual		(Negative)	
Revenues:								8,
Intergovernmental Revenues	\$	26,250	\$	26,250	\$	25,278	\$	(972)
Investment Earnings		500		500		194		(306)
Total Revenues		26,750		26,750		25,472		(1,278)
Expenditures:								
Transportation:								
Street Maintenance and Repair:								
Personal Services		11,600		11,600		10,968		632
Snow and Ice Removal:								
Materials and Supplies		11,400		11,400		6,300		5,100
Traffic Signals and Signs:								
Contractual Services		7,000		7,000		648		6,352
Total Expenditures		30,000		30,000		17,916		12,084
Excess (Deficiency) of Revenues								
Over (Under) Expenditures		(3,250)		(3,250)		7,556		10,806
Fund Balance at Beginning of Year		63,873		63,873		63,873		0
Fund Balance at End of Year	\$	60,623	\$	60,623	\$	71,429	\$	10,806

STATE HIGHWAY IMPROVEMENT FUND

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, 2013

	riginal Sudget	Fina	l Budget	 Actual		ance with al Budget Positive egative)
Revenues:						
Licenses and Permits	\$ 7,000	\$	7,000	\$ 4,804	\$	(2,196)
Investment Earnings	 500		500	 194		(306)
Total Revenues	 7,500		7,500	 4,998		(2,502)
Expenditures:						
Community Environment:						
Personal Services	 7,000		7,000	 6,943		57
Total Expenditures	 7,000		7,000	 6,943		57
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	500		500	(1,945)		(2,445)
Fund Balance at Beginning of Year	 2,270		2,270	 2,270		0
Fund Balance at End of Year	\$ 2,770	\$	2,770	\$ 325	\$	(2,445)

NORTHWOOD WASTE/ENVIRONMENTAL FUND

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, 2013

Variance with Final Budget Original Positive Budget Final Budget (Negative) Actual **Revenues:** Fines and Forfeitures 1,000 2,000 1,540 (460)\$ \$ \$ \$ 2,000 1,540 **Total Revenues** 1,000 (460) **Expenditures:** Security of Persons and Property: Capital Outlay 4,000 4,000 3,384 616 Total Expenditures 4,000 4,000 3,384 616 Excess (Deficiency) of Revenues Over (Under) Expenditures (3,000) (2,000) (1,844) 156 Fund Balance at Beginning of Year 4,441 4,441 4,441 0 Fund Balance at End of Year 1,441 2,441 2,597 \$ \$ \$ \$ 156

DRUG FINE FUND

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, 2013

	Driginal Budget	Fina	ll Budget	 Actual	Fina P	ance with al Budget ositive egative)
Revenues:						
Investment Earnings	\$ 1,000	\$	1,000	\$ 194	\$	(806)
Fines and Forfeitures	4,000		4,000	0		(4,000)
Total Revenues	 5,000		5,000	 194		(4,806)
Expenditures:						
Security of Persons and Property:						
Materials and Supplies	2,000		2,000	0		2,000
Capital Outlay	 10,000		10,000	 1,083		8,917
Total Expenditures	 12,000		12,000	 1,083		10,917
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(7,000)		(7,000)	(889)		6,111
Fund Balance at Beginning of Year	10,651		10,651	10,651		0
Fund Balance at End of Year	\$ 3,651	\$	3,651	\$ 9,762	\$	6,111

SPECIAL LAW ENFORCEMENT FUND

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, 2013

Revenues:	Original Budget Final Budge		ll Budget	udget Actual		Variance with Final Budget Positive (Negative)		
Fines and Forfeitures	\$	2,000	\$	2,000	\$	286	\$	(1,714)
Total Revenues		2,000		2,000		286		(1,714)
Expenditures:								
General Government:								
Materials and Supplies		5,000		5,000		770		4,230
Total Expenditures		5,000		5,000		770		4,230
Excess (Deficiency) of Revenues								
Over (Under) Expenditures		(3,000)		(3,000)		(484)		2,516
Fund Balance at Beginning of Year		4,591		4,591		4,591		0
Fund Balance at End of Year	\$	1,591	\$	1,591	\$	4,107	\$	2,516

ENFORCEMENT AND EDUCATION FUND

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, 2013

COMPUTERIZED RESEARCH FUND

Revenues:	Original Budget		Final Budget		Actual		Variance with Final Budget Positive (Negative)	
Fines and Forfeitures	\$	20,000	\$	20,000	\$	14,332	\$	(5,668)
Total Revenues	ф 	20,000	φ	20,000	φ	14,332	φ	(5,668)
Expenditures:								
General Government:								
Capital Outlay		30,000		30,000		6,737		23,263
Total Expenditures		30,000		30,000		6,737		23,263
Excess (Deficiency) of Revenues								
Over (Under) Expenditures		(10,000)		(10,000)		7,595		17,595
Fund Balance at Beginning of Year		25,766		25,766		25,766		0
Fund Balance at End of Year	\$	15,766	\$	15,766	\$	33,361	\$	17,595

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 275,000	\$ 275,000	\$ 196,608	\$ (78,392)
Total Revenues	275,000	275,000	196,608	(78,392)
Expenditures:				
Basic Utility Services:				
Personal Services	18,300	18,300	13,798	4,502
Contractual Services	10,000	10,000	3,239	6,761
Capital Outlay	190,204	190,204	106,537	83,667
Total Expenditures	218,504	218,504	123,574	94,930
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	56,496	56,496	73,034	16,538
Fund Balance at Beginning of Year	752,190	752,190	752,190	0
Fund Balance at End of Year	\$ 808,686	\$ 808,686	\$ 825,224	\$ 16,538

STORM WATER MANAGEMENT FUND

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, 2013

Revenues:	Driginal Budget	Fin	al Budget	 Actual	Fina P	ance with Il Budget ositive egative)
Intergovernmental Revenues	\$ 5,500	\$	5,500	\$ 5,265	\$	(235)
Total Revenues	 5,500		5,500	 5,265		(235)
Expenditures:						
Community Environment:						
Capital Outlay	20,000		20,000	0		20,000
Total Expenditures	 20,000		20,000	 0		20,000
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(14,500)		(14,500)	5,265		19,765
Fund Balance at Beginning of Year	87,296		87,296	87,296		0
Fund Balance at End of Year	\$ 72,796	\$	72,796	\$ 92,561	\$	19,765

KEEP NORTHWOOD BEAUTIFUL FUND

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, 2013

Revenues:	Original Budget		Final Budget		Actual		ance with al Budget Positive egative)
Other Local Taxes	\$ 2,000	\$	4,000	\$	3,000	\$	(1,000)
Intergovernmental Revenues	2,500		132,500		132,500		0
Total Revenues	 4,500		136,500		135,500		(1,000)
Expenditures:							
Total Expenditures	 0		0		0		0
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	4,500		136,500		135,500		(1,000)
Fund Balance at Beginning of Year	30,768		30,768		30,768		0
Fund Balance at End of Year	\$ 35,268	\$	167,268	\$	166,268	\$	(1,000)

RECREATION PARKS COMBINED FUND

Fiduciary Fund

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

Agency Fund

Mayor's Court Fund

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

Statement Of Changes In Assets And Liabilities Agency Fund For the Year Ended December 31, 2013

	Balance December 31,			Balance December 31,
	2012	Additions	Deductions	2013
Mayor's Court Fund				
Cash and Cash Equivalents	\$350	\$199,755	(\$198,205)	\$1,900
Total Assets	\$350	\$199,755	(\$198,205)	\$1,900
Liabilities:				
Due to Others	\$350	\$199,755	(\$198,205)	\$1,900
Total Liabilities	\$350	\$199,755	(\$198,205)	\$1,900

STATISTICAL SECTION



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 These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	S 2 – S 11
Revenue Capacity 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.	S 12 – S 15
Debt Capacity 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.	S 16 – S 23
Economic and Demographic Information 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.	S 24 – S 27
Operating Information 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.	S 28 – S 33
Sources Note: Unless otherwise noted, the information in these schedules is derived from the	

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.

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

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

Source: Finance Director's Office

2008	2009	2010	2011	2012	2013
\$6,116,752	\$8,091,560	\$8,446,516	\$8,284,546	\$9,368,500	\$9,457,531
4,308,532	4,027,308	4,863,846	5,989,880	5,056,816	6,236,172
(988,847)	(1,704,094)	(1,272,233)	(232,073)	<u>867,561</u>	1,578,612
\$9,436,437	\$10,414,774	\$12,038,129	\$14,042,353	\$15,292,877	\$17,272,315

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

	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Security of Persons and Property	\$2,687,303	\$2,945,787	\$2,774,120	\$2,891,340
Public Health and Welfare Services	7,919	6,976	7,256	7,869
Leisure Time Activities	83,270	88,266	81,343	98,108
Community Environment	454,832	335,915	271,984	582,567
Basic Utility Services	628,619	60,161	344,234	416,410
Transportation	481,056	678,071	559,877	3,152,393
General Government	1,456,201	1,448,482	1,526,552	1,765,444
Interest and Fiscal Charges	71,983	161,557	43,463	73,790
Total Primary Government Expenses	\$5,871,183	\$5,725,215	\$5,608,829	\$8,987,921
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$254,143	\$172,994	\$102,273	\$312,025
Leisure Time Activities	8,622	14,705	9,290	7,980
Community Environment	24,189	31,198	21,355	91,830
Basic Utility Services	378,804	467,475	423,974	359,903
Transportation	43,905	0	13,628	32,915
General Government	507,680	635,778	477,342	382,156
Operating Grants and Contributions	564,483	438,046	483,324	810,546
Capital Grants and Contributions	215,488	117,445	263,996	96,445
Total Governmental Activities Program Revenues		1,877,641	1,795,182	2,093,800
General Revenues and Other Changes in Net Position				
Governmental Activities:				
	212 017	222.200	200 254	240.006
Property Taxes Municipal Income Taxes	313,017 4,062,903	322,209 4,062,435	289,354 4,222,764	349,006
A				4,378,660
Other Local Taxes	76,183	76,855	73,800	61,285
Grants and Entitlements not	240.021	1 122 149	171 640	1 156 100
Restricted to Specific Programs	349,931	1,132,148	471,649	1,156,122
Investment Earnings	33,322	131,126	180,924	217,168
Miscellaneous	163,296	84,502	74,378	68,091
Total Primary Government	4,998,652	5,809,275	5,312,869	6,230,332
Special Item: Transfer of Debt	0	0	0	0
Change in Net Position	\$1,124,783	\$1,961,701	\$1,499,222	(\$663,789)

Source: Finance Director's Office

2008	2009	2010	2011	2012	2013
\$2,926,916	\$2,933,171	\$2,503,028	\$2,372,014	\$2,708,090	\$2,925,711
\$2,920,910 8,164	\$,975	8,833	8,682	6,695	6,432
82,278	68,744	82,707	87,105	80,200	76,125
201,995	345,967	381,282	107,373	102,235	122,419
200,738	530,276	172,679	214,271	86,753	143,644
873,865	652,731	376,340	598,193	972,133	910,073
2,250,336	1,648,872	1,468,895	1,381,014	1,518,514	1,369,674
77,672	36,024	181,053	112,882	81,286	84,282
\$6,621,964	\$6,224,760	\$5,174,817	\$4,881,534	\$5,555,906	\$5,638,360
\$0,021,904	\$0,224,700	\$3,174,017	\$4,001,004	\$3,333,900	\$5,058,500
\$189,662	\$226,894	\$220,362	\$235,697	\$213,543	\$202,644
2,995	4,755	6,105	135,640	5,975	6,830
17,262	15,663	16,815	34,602	26,956	27,456
295,004	243,580	174,697	289,722	273,409	206,799
24,103	35,578	15,656	5,246	6,172	12,734
330,888	359,009	369,572	422,418	382,898	321,591
380,473	630,584	770,000	375,248	376,964	352,982
34,912	241,714	185,416	4,779	2,500	556,325
1,275,299	1,757,777	1,758,623	1,503,352	1,288,417	1,687,361
360,753	331,711	476,377	427,146	413,241	331,564
4,195,332	3,667,625	3,945,769	4,359,623	4,720,735	5,127,797
48,851	47,714	39,035	44,816	37,077	34,032
- ,	- 7 -		,	,	- ,
785,185	501,639	552,730	474,873	239,456	359,087
138,404	17,024	9,273	15,983	20,512	19,383
94,557	0	16,365	59,965	86,992	58,574
5,623,082	4,565,713	5,039,549	5,382,406	5,518,013	5,930,437
0	879,607	0	0	0	0
\$276,417	\$978,337	\$1,623,355	\$2,004,224	\$1,250,524	\$1,979,438

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

	2004	2005	2006	2007
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	67,303	79,110	79,646	71,392
Unreserved	590,583	989,091	1,238,679	1,659,957
Total General Fund	657,886	1,068,201	1,318,325	1,731,349
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	137,056	397,302	266,399	215,849
Unreserved, Undesignated,				
Reported in:				
Special Revenue Funds	461,813	944,798	1,070,624	1,112,965
Debt Service Funds	0	0	26,487	125,182
Capital Projects Funds	1,339,196	1,638,569	1,810,665	2,043,330
Total All Other Governmental Funds	1,938,065	2,980,669	3,174,175	3,497,326
Total Governmental Funds	\$2,595,951	\$4,048,870	\$4,492,500	\$5,228,675

Source: Finance Director's Office

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

2008	2009	2010	2011	2012	2013
\$0	\$0	\$0	\$49,963	\$38,134	\$53,228
0	0	0	0	215	195,512
0	0	0	1,689,721	1,947,762	2,376,653
71,728	32,617	54,798	0	0	0
915,010	426,584	691,464	0	0	0
986,738	459,201	746,262	1,739,684	1,986,111	2,625,393
0	0	0	53,120	62,996	43,981
0	0	0	1,240,589	1,392,447	1,588,320
0	0	0	4,492,947	4,298,751	5,342,796
0	0	0	(147)	0	0
217,603	442,972	38,184	0	0	0
1,162,943	807,993	1,135,967	0	0	0
211,210	297,464	384,210	0	0	0
2,369,245	2,206,596	3,086,917	0	0	0
3,961,001	3,755,025	4,645,278	5,786,509	5,754,194	6,975,097
\$4,947,739	\$4,214,226	\$5,391,540	\$7,526,193	\$7,740,305	\$9,600,490

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

	2004	2005	2006	2007
Revenues:				
Taxes	\$4,314,284	\$4,470,044	\$4,752,120	\$4,760,809
Intergovernmental Revenues	1,257,237	1,609,116	1,435,315	2,115,238
Charges for Services	356,852	389,794	425,805	467,096
Licenses, Permits and Fees	442,158	350,593	206,052	213,636
Investment Earnings	36,055	109,416	213,501	217,168
Special Assessments	100,731	116,337	113,540	112,938
Fines and Forfeitures	183,732	480,941	347,983	215,554
Donations	12,260	16,287	2,925	142,250
All Other Revenue	125,768	84,135	72,294	89,977
Total Revenue	6,829,077	7,626,663	7,569,535	8,334,666
Expenditures:				
Current:				
Security of Persons and Property	2,471,232	2,680,788	2,669,816	2,754,757
Public Health and Welfare Services	7,919	6,976	7,256	7,869
Leisure Time Activities	76,855	75,929	72,183	87,164
Community Environment	446,489	325,469	264,879	574,272
Basic Utility Services	628,619	51,834	338,972	405,668
Transportation	454,210	511,382	466,844	519,115
General Government	1,368,328	1,333,162	1,463,430	1,679,704
Capital Outlay	1,102,567	1,777,387	1,633,065	3,568,027
Debt Service:				
Principal Retirement	86,888	111,556	108,426	120,405
Interest and Fiscal Charges	71,983	100,724	92,658	83,363
Total Expenditures	6,715,090	6,975,207	7,117,529	9,800,344
Excess (Deficiency) of Revenues				
Over Expenditures	113,987	651,456	452,006	(1,465,678)

2008	2009	2010	2011	2012	2013
\$4,584,503	\$4,099,357	\$4,475,046	\$4,812,246	\$5,172,313	\$5,495,84
1,279,354	1,377,468	1,303,269	906,492	695,338	1,229,60
366,060	347,120	281,710	377,372	338,083	357,88
159,152	140,602	118,472	97,433	129,223	135,78
114,996	40,432	9,273	15,083	21,412	15,86
78,805	90,020	83,179	96,248	91,510	87,05
184,004	231,562	231,306	333,344	264,656	205,35
9,329	46,572	9,941	3,108	950	5,48
75,859	87,423	73,478	193,017	72,380	68,02
6,852,062	6,460,556	6,585,674	6,834,343	6,785,865	7,600,89
8,164	8,975	8,833	8,682	6,695	6,43
2,799,260	2,763,288	2,393,940	2,280,391	2,496,622	2,506,11
71,334	65,645	51,496	55,894	52,933	50,82
198,281	343,722	380,054	106,247	100,996	120,35
188,488	521,738	134,189	193,065	84,886	123,6
530,824	519,477	456,878	453,799	447,831	437,07
2,144,392	1,558,290	1,425,422	1,279,165	1,423,482	1,267,95
998,686	1,338,924	287,514	139,903	1,782,475	996,57
122,498	84,390	89,390	94,390	124,390	124,39
77,934	21,620	181,333	113,180	81,767	84,76
7,139,861	7,226,069	5,409,049	4,724,716	6,602,077	5,718,15
(287,799)	(765,513)	1,176,625	2,109,627	183,788	1,882,74

(Continued)

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

	2004	2005	2006	2007
Other Financing Sources (Uses):				
Sale of Capital Assets	9,100	0	0	500
General Obligation Bonds Issued	0	800,000	0	2,200,000
Transfers In	229,000	289,000	364,000	294,000
Transfers Out	(229,000)	(289,000)	(364,000)	(294,000)
Total Other Financing Sources (Uses)	9,100	800,000	0	2,200,500
Net Change in Fund Balance	\$123,087	\$1,451,456	\$452,006	\$734,822
Debt Service as a Percentage of Noncapital Expenditures	2.83%	4.14%	3.71%	2.34%

Source: Finance Director's Office

2008	2009	2010	2011	2012	2013
5,210 0 197,000 (197,000) 5,210	$2,200 \\ 0 \\ 102,000 \\ (102,000) \\ 2,200 \\ $	6,119 0 104,000 (104,000) 6 119	$ \begin{array}{r} 10,000 \\ 0 \\ 105,000 \\ (105,000) \\ 10,000 \end{array} $	19,056 0 105,000 (105,000)	0 0 100,000 (100,000)
<u>(\$282,589)</u> 3.16%	2,200 (\$763,313) 1.83%	6,119 \$1,182,744 5.61%	<u>10,000</u> \$2,119,627 4.58%	<u>19,056</u> <u>\$202,844</u> 4.01%	0 \$1,882,741 3.95%

Last Ten Years						
Tax year	2004	2005	2006	2007	2008	
Income Tax Rate	1.50%	1.50%	1.50%	1.50%	1.50%	
Total Tax Collected	\$4,127,618	\$4,304,522	\$4,478,459	\$4,433,918	\$4,292,624	
Income Tax Receipts						
Withholding Accounts	3,148,326	3,271,490	3,398,217	3,540,483	3,480,120	
Percentage	76.3%	76.0%	75.9%	79.9%	81.1%	
Business Accounts	694,875	764,568	808,377	626,095	423,309	
Percentage	16.8%	17.8%	18.1%	14.1%	9.9%	
Residential Accounts	284,416	268,463	271,865	267,340	389,195	
Percentage	6.9%	6.2%	6.0%	6.0%	9.0%	

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Source: City Income Tax Department

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2009	2010	2011	2012	2013
1.50%	1.50%	1.50%	1.50%	1.50%
\$3,736,474	\$3,851,790	\$4,343,123	\$4,507,859	\$5,218,070
3,020,380 80.9% 382,160 10.2% 333,934 8.9%	3,240,345 84.1% 370,316 9.6% 241,129 6.3%	3,653,962 84.1% 428,083 9.9% 261,078 6.0%	3,716,861 82.5% 512,721 11.4% 278,277 6.1%	3,781,888 72.5% 1,145,616 22.0% 290,566 5.5%



Income Tax Collections Current Year and Seven Years Ago

	Calendar Year 2013					
		Local				
	Number of Filers	Percent of Total	Taxable Income	Percent of Income		
Top Ten All Others	10 1,735	0.57% 99.43%	\$505,866 89,113,320	0.56% 99.44%		
Total	1,745	100.00%	\$89,619,186	100.00%		
Local Taxes Paid by Resid	lents		Tax Dollars			
Taxes Paid to Northwood			\$510,108			
Taxes Credited to Other M	Iunicipalities	-	760,265			
		_	\$1,270,373			

	Calendar Year 2006				
	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income	
Top Ten All Others	10 1,601	0.62% 99.38%	\$3,251,434 69,664,510	4.46% 95.54%	
Total	1,611	100.00%	\$72,915,944	100.00%	
Local Taxes Paid by Reside	ents	-	Tax Dollars		
Taxes Paid to Northwood	• • • • •		\$444,075		
Taxes Credited to Other Mu	inicipalities	-	649,664 \$1,093,739		

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

Ratio of Outstanding Debt By Type Last Ten Years						
	2004	2005	2006	2007		
Governmental Activities (1)						
General Obligation Bonds Payable	\$0	\$730,000	\$665,000	\$590,000		
General Obligation Bonds Payable (TIF Supported)	0	0	0	2,200,000		
OPWC Loan Payable	136,145	126,755	117,365	107,975		
OWDA Loans Payable	1,019,932	987,766	953,730	917,715		
Capital Leases	0	0	0	0		
Total Primary Government	\$1,156,077	\$1,844,521	\$1,736,095	\$3,815,690		
Population (2)						
City of Northwood	5,484	5,493	5,493	5,493		
Outstanding Debt Per Capita	\$211	\$336	\$316	\$695		
Income (3)						
Personal (in thousands)	161,635	166,811	179,319	188,289		
Percentage of Personal Income	0.72%	1.11%	0.97%	2.03%		

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

2008	2009	2010	2011	2012	2013
\$515,000	\$440,000	\$360,000	\$275,000	\$185,000	\$95,000
2,200,000	2,200,000	2,200,000	2,200,000	2,175,000	2,150,000
98,585	89,195	79,805	70,415	61,025	51,635
879,607	0	0	0	0	0
0	0	0	0	0	0
\$3,693,192	\$2,729,195	\$2,639,805	\$2,545,415	\$2,421,025	\$2,296,635
5,493	5,493	5,265	5,269	5,304	5,344
\$672	\$497	\$501	\$483	\$456	\$430
197,215	187,443	182,085	182,223	197,256	142,359
1.87%	1.46%	1.45%	1.40%	1.23%	1.61%

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2004	2005	2006	2007
Population (1)	5,484	5,493	5,493	5,493
Assessed Value (2)	\$141,109,588	\$153,781,028	\$149,509,617	\$139,923,694
General Bonded Debt (3) General Obligation Bonds	\$0	\$730,000	\$665,000	\$2,790,000
Resources Available to Pay Principal (4)	\$71,677	\$56,239	\$26,487	\$125,182
Net General Bonded Debt	\$0	\$673,761	\$638,513	\$2,664,818
Ratio of Net Bonded Debt to Assessed Value	0.00%	0.44%	0.43%	1.90%
Net Bonded Debt per Capita	\$0.00	\$122.66	\$116.24	\$485.13

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.

2008	2009	2010	2011	2012	2013
5,493	5,493	5,265	5,269	5,304	5,344
\$143,367,100	\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810	\$135,206,460
\$2,715,000	\$2,640,000	\$2,560,000	\$2,475,000	\$2,360,000	\$2,245,000
\$2,715,000	\$2,040,000	\$2,300,000	\$2,475,000	\$2,300,000	\$2,243,000
\$211,210	\$297,464	\$384,210	\$466,997	\$577,167	\$601,369
\$2,503,790	\$2,342,536	\$2,175,790	\$2,008,003	\$1,782,833	\$1,643,631
1.75%	1.62%	1.53%	1.54%	1.33%	1.22%
\$455.81	\$426.46	\$413.26	\$381.10	\$336.13	\$307.57



Computation of Direct and Overlapping Debt Attributable to Governmental Activities December 31, 2013

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to the City of Northwood	Amount Applicable to the City of Northwood
Direct:			
City of Northwood	\$2,296,635	100.00%	\$2,296,635
Overlapping:			
Wood County	1,821,910	5.00%	91,096
		Subtotal	91,096
		Total	\$2,387,731

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	2004	2005	2006	2007		
Total Debt						
Net Assessed Valuation	\$141,109,588	\$153,781,028	\$149,509,617	\$139,923,694		
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%		
Legal Debt Limitation (\$) (1)	14,816,507	16,147,008	15,698,510	14,691,988		
City Debt Outstanding	300,000	930,000	665,000	2,790,000		
Less: Applicable Debt Service Fund Amounts (2)	(71,677)	(56,239)	(26,487)	(125,182)		
Net Indebtedness Subject to Limitation	228,323	873,761	638,513	2,664,818		
Overall Legal Debt Margin	\$14,588,184	\$15,273,247	\$15,059,997	\$12,027,170		
Unvoted Debt						
Net Assessed Valuation	\$141,109,588	\$153,781,028	\$149,509,617	\$139,923,694		
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%		
Legal Debt Limitation (\$) (1)	7,761,027	8,457,957	8,223,029	7,695,803		
City Debt Outstanding	300,000	930,000	665,000	2,790,000		
Less: Applicable Debt Service Fund Amounts (2)	(71,677)	(56,239)	(26,487)	(125,182)		
Net Indebtedness Subject to Limitation	228,323	873,761	638,513	2,664,818		
Overall Legal Debt Margin	\$7,532,704	\$7,584,196	\$7,584,516	\$5,030,985		

(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

2008	2009	2010	2011	2012	2013
\$143,367,100	\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810	\$135,206,460
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
15,053,546	15,214,375	14,938,206	13,725,825	14,118,805	14,196,678
2,715,000	2,640,000	2,560,000	2,475,000	2,360,000	2,245,000
(211,210)	(297,464)	(384,210)	(466,997)	(577,167)	(601,369)
2,503,790	2,342,536	2,175,790	2,008,003	1,782,833	1,643,631
\$12,549,756	\$12,871,839	\$12,762,416	\$11,717,822	\$12,335,972	\$12,553,047
\$143,367,100	\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810	\$135,206,460
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
7,885,191	7,969,435	7,824,775	7,189,718	7,395,565	7,436,355
2,715,000	2,640,000	2,560,000	2,475,000	2,360,000	2,245,000
(211,210)	(297,464)	(384,210)	(466,997)	(577,167)	(601,369)
2,503,790	2,342,536	2,175,790	2,008,003	1,782,833	1,643,631
\$5,381,401	\$5,626,899	\$5,648,985	\$5,181,715	\$5,612,732	\$5,792,724

Demographic and Economic Statistics Last Ten Years					
Calendar Year	2004	2005	2006	2007	2008
Population (1)					
City of Northwood	5,484	5,493	5,493	5,493	5,493
Wood County	121,065	123,929	123,929	123,929	123,929
Income (2) (a)					
Total Personal (in thousands)	161,635	166,811	179,319	188,289	197,215
Per Capita	29,474	30,368	32,645	34,278	35,903
Unemployment Rate (3)					
Federal	6.0%	5.5%	5.0%	4.6%	5.8%
State	6.1%	6.0%	5.9%	5.6%	6.5%
Wood County	5.6%	5.6%	5.2%	5.4%	6.9%
Civilian Work Force Estimates (3)					
State	5,875,300	5,900,400	5,971,500	5,976,500	5,986,400
Wood County	66,800	67,000	68,400	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

2009	2010	2011	2012	2013
5,493	5,265	5,269	5,304	5,344
123,929	125,380	126,909	128,200	129,264
187,443	182,085	182,223	197,256	142,359
34,124	34,584	34,584	37,190	26,639
9.3%	9.6%	8.9%	7.9%	7.1%
10.3%	10.1%	8.6%	6.9%	6.9%
11.2%	10.1%	8.3%	6.5%	6.5%
5,970,000	5,897,600	5,806,000	5,695,000	5,520,049
68,600	65,000	65,000	65,100	65,763



Principal Employers Current Year and Nine Years Ago

		2013	
Employer	Nature of Business	Number of Employees	Rank
Norplas Industries	Automotive Parts	993	1
Hoover Industrial	Automotive Parts	419	2
North American Science Association	Medical Equipment Testing	330	3
Federal Express	Package Delivery	325	4
Cardinal Staffing	Job Placement	209	5
Hirzel Canning	Food Cannery	169	6
Millward Brown	Research	167	7
Pilkington	Glass Manufacturing	140	8
TNS Cumstom Research	Research	138	9
Thyssenkrupp Logistics	Trucking	132	10
Total		3,022	

		2004	
		Number of	
Employer	Nature of Business	Employees	Rank
NFO Worldwide Inc.	Market Research	1,070	1
Norplas Industries	Automotive Parts	714	2
Andersons	Retail	294	3
Northwood Local Board of Education	Education	251	4
Hirzel Canning	Food Cannery	241	5
Sears Mechandise Group	Retail	213	6
Alcoa Automotive Structures	Automotive	207	7
Advance Engineering	Engineering	200	8
Malcolm Meat Company	Meat	189	9
Johnson Controls	Manufacturing	187	10
Total		3,566	

Source: City Income Tax Department

Full Time Equivalent Employees by Function Last Ten Years						
	2004	2005	2006	2007	2008	2009
Governmental Activities						
General Government						
Finance	5.00	5.00	5.00	5.00	5.00	4.00
Legal/Court	3.50	3.50	3.50	3.50	3.50	2.50
Administration	2.00	2.00	2.00	2.00	2.00	1.00
Maintenance	2.50	2.50	2.50	2.50	2.50	2.50
Security of Persons and Property						
Police	23.00	24.00	24.00	24.00	24.00	23.00
Dispatch	6.00	6.00	6.00	6.00	6.00	5.00
Fire	2.00	2.00	2.00	2.00	2.00	1.00
Fire - Volunteers	50.00	53.00	45.00	46.00	46.00	43.00
Transportation						
Street	8.00	8.00	8.00	7.00	7.00	6.00
Leisure Time Activities						
Recreation/Seniors	0.50	0.50	0.50	0.50	0.50	0.50
Community Environment						
Service	1.50	1.50	1.50	1.50	1.50	1.00
Total Employees	104.00	108.00	100.00	100.00	100.00	89.50

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

2010	2011	2012	2013
3.00	4.00	4.00	4.00
2.50	2.50	2.00	2.00
1.00	1.00	1.00	1.00
2.00	1.50	1.50	1.50
17.50	17.00	18.00	18.00
4.50	4.50	5.50	5.00
1.00	1.00	9.00	9.00
39.00	51.00	35.00	35.00
5.00	5.00	5.00	5.00
2100	2100	2.00	2.00
0.50	0.50	0.50	0.50
0.50	0.50	0.50	0.50
1.00	1.00	1.00	1.00
77.00	89.00	82.50	82.00

Operating Indicators by Function Last Ten Years						
	2004	2005	2006	2007	2008	2009
Governmental Activities						
General Government						
Court						
Number of Criminal Cases	359	286	379	310	296	215
Number of Traffic Cases	1,932	1,832	1,853	1,559	1,457	2,067
Number of Open Cases	166	221	302	133	162	140
Permits						
Residential Zoning Permits	265	289	270	275	253	217
Commercial Zoning Permits	73	92	57	123	93	22
Industrial Zoning Permits	32	20	31	17	17	11
Central Business District						
Security of Persons and Property						
Police						
Criminal/Juvenile Arrests	642	519	571	444	454	406
Traffic Citations Issued	1,672	1,527	1,728	1,530	1,398	2,101
Parking Tickets Written	286	229	122	103	158	72
Number of Calls Answered	10,633	10,601	10,094	8,925	8,938	9,311
Fire	·			·	,	
Number of Calls Answered	849	804	751	834	822	711
Number of Inspections	200	122	111	166	262	n/a

Source: Finance Director's Office

n/a = not available

2010	2011	2012	2013
176	207	186	226
2,219	1,667	1,283	1,606
2,217	1,007	1,205	1,000
200	124	136	108
223	153	135	151
29	17	14	18
22	5	4	5
	41	40	26
	41	40	20
404	383	353	312
2,254	1,630	1,394	1,613
38	71	42	97
8,982	8,173	8,598	11,199
0,702	0,175	3,370	,177
732	767	701	791
n/a	10	212	207

	2004	2005	2006	2007	2008
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	118	118	118	118	118
Buildings	5	6	6	6	6
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	12	12	12	16	16
Fire					
Stations	1	1	1	2	2
Vehicles	12	12	12	14	13
Transportation					
Streets					
Streets (lane miles)	41	41	41	41	41
Intersections with Traffic Signals	16	16	16	16	16
Vehicles	9	9	9	10	10
Leisure Time Activities					
Recreation					
Park Areas (acres)	78	78	78	83	83
Shelter Houses	2	2	2	2	2
Parks	3	3	3	4	4
Playgrounds	2	2	2	2	2
Tennis Courts	4	4	4	4	4
Baseball/Softball Diamonds	2	2	2	2	2
Soccer Fields	0	2	2	2	2

Capital Asset Statistics by Function Last Ten Years

Source: Finance Director's Office

City of Northwood

2009	2010	2011	2012	2013
118	118	118	118	118
6	6	6	6	6
1	1	1	1	1
14	14	14	12	12
2	2	2	2	2
14	14	14	15	15
41	47	47	47	47
16	16	16	16	16
10	10	10	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





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 Babbett

CLERK OF THE BUREAU

CERTIFIED JUNE 26, 2014

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