



OHIO AUDITOR OF STATE  
**KEITH FABER**





CITY OF NORTHWOOD  
WOOD COUNTY  
DECEMBER 31, 2018

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Northwood  
Wood County  
6000 Wales Road  
Northwood, Ohio 43619-1480

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 20, 2019 wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and

accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

June 20, 2019

# CITY OF NORTHWOOD, OHIO

*Wood County, Ohio*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2018





COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2018

Issued by:  
Department of Finance  
Kenneth A. Yant  
Director



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CITY OF NORTHWOOD  
WOOD COUNTY, OHIO

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# *INTRODUCTORY SECTION*

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# City of Northwood, Ohio

6000 Wales Road

Northwood, Ohio 43619

Phone (419) 693-9328

Fax (419) 693-6705

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June 20, 2019

## Introduction

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

I am pleased to present the twenty-first Comprehensive Annual Financial Report for the City of Northwood, Ohio for the fiscal year ended December 31, 2018. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Generally Accepted Government Auditing Standards (GAGAS) by the Auditor of the State of Ohio. 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, 2018.

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

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

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

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The City's financial statements have been audited by the audit staff of the Auditor of the State of Ohio. 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, 2018. The report from the Auditor is presented as the first component of the financial section of this report.

***PROFILE OF THE CITY OF NORTHWOOD***

**Early History**

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

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

**Location**

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

**Form of Government**

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

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

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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 1<sup>st</sup>, 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 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 19 sworn full-time positions. Current staffing includes the Chief, a Captain, 4 sergeants, 13 patrol officers, and a seasonal crossing guard. The City received partial grant funding for the Bulletproof Vest Partnership Program, a DARE grant, Operating a Vehicle while Intoxicated Enforcement and negotiated a 50% reimbursement of salary costs for a School Resource Officer with Northwood Local Schools beginning in 2017.

The department includes dispatching services for police, fire, and public works and is staffed by 5 full-time and 2 part-time dispatchers.

The Northwood Police Department serves the community in many different capacities. The police are involved in the protection of life and property, law enforcement and community education. Community service programs include Ohio Public Safety Department's Third Grade Safety Belt Program, A.L.E.I.A. (Area Law Enforcement Investigators Association), School Resource Officer, DARE 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 4 ISO rating.

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

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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, picnic facilities and playground equipment. Central Park, located on Wales Road, features a shelter house, picnic facilities, a baseball diamond, tennis courts and playground equipment. Ranger Park located on Curtice Road features a pond and walking trail.

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

Public Works:

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

Water and Wastewater:

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

***INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION***

**Economic Outlook**

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

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.

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

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Setting Northwood apart from surrounding areas is its 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 167 in 2018. 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.

The City of Northwood takes an aggressive approach towards encouraging well-rounded economic growth through a holistic approach to community development. This approach takes into consideration the improvement of all the city’s systems from the improvement of neighborhoods, its transportation systems that connect people and products, and through economic development programs that incentivize individual initiative and investments.

In 2018, city officials completed its journey to arm the community with almost every economic development tool offered to municipalities in the State of Ohio. At the present time, Northwood offers residents and businesses property tax abatement programs (Community Reinvestment Area and Enterprise Zone), income tax refund programs (jobs grant), a façade and building grant program (Woodville Road Renewal Program), tax increment financing, and a revitalization district that provides for potential restaurateurs to receive a D-5 liquor license if they located within the designated zone. Also, at the end of 2018, city council advanced improvements to their zoning ordinance that provides flexibility to developers and investors that wish to invest in designated areas along the Woodville Road, including the “Enclave” (the former Woodville Mall site) and Northwood Commons.

Notable economic /community development projects occurring in 2018 in the city of Northwood included:

- A publicly-generated renewal plan for the former Woodville Mall. Entitled the “Enclave” city officials and residents are desirous to see the footprint evolve into Northwest Ohio’s first mixed use “Age in Place” neighborhood.
- The welcoming of the 725-employee Buckeye Broadband on Oregon Road.
- The complete build out of the Birchwood Hollow subdivision, a residential neighborhood where the city incentivized the developer with a 100%-15year property tax abatement.
- The planning of Sahm Glass’s North American HQ in McNerney Business Park.
- Joining the Energy Special Improvement District offering building owners the ability to tap into low interest financing for energy-related building improvements.
- Improvements in the McNerney Business Park that included the widening the intersection at Wales/Tracy Road.
- Pedestrian connectivity projects along Woodville Road and Oregon Road to enhance connectivity and safety
- Improvement of Brentwood Park.
- The development of a Safe Routes to School Plan that encourages K-8 students to bike and walk to school.
- The remediation of the brownfield at 4433 Woodville Road, a former abandoned gas station.

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

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In 2015, Buckeye Broadband announced their interest in moving four of their facilities into an existing facility in the City of Northwood with a total acquisition and property improvement cost of \$10 million. Job grants were negotiated for the creation of 400-500 jobs that were phased in beginning with 130 jobs in January and ending with 479 jobs in December, 2016. The company ended 2018 with a total of 725 jobs.

**Unemployment Rates**

According to the Ohio Bureau of Employment Services, the 2018 annual average unemployment rate for Wood County was 4.3% which was lower than the state rate of 4.6% and slightly higher than the national rate of 4.0%.

**Employee Relations**

The City has 36 full-time and 47 part-time employees. A statewide public employee collective bargaining law applies to public employee relations and collective bargaining. There are three bargaining units representing 29 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 13 patrol officers and 5 police dispatchers. The FOP/OLC represents 4 sergeants.

The City negotiated in 2018 with A.F.S.C.M.E. for a 3-year term ending on March 31, 2021. The contract with O.P.B.A. was negotiated in 2017 for a 3-year term ending December 31, 2020. The City reached agreement with FOP/OLC in 2016 for a 3-year term ending June 30, 2019.

**Major City Initiatives**

During 2018, 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 2018, the City received the following Police related grants; Bulletproof Vest, DARE and D.U.I. Task Force. The City also received grants from Wood County Recycling, Landfill Sponsorship along with other training and equipment grants for the Fire Department.

During 2018, the City completed eight Street Resurfacing Improvements and one drainage project.

**Continuing and Future Projects**

Demolition of the Woodville Mall by a contractor hired by the owner took place in 2015 by removing the mall and Sears store. The City purchased the property in 2016 and began removing the former Elder Beerman and Andersons stores in 2017. The remainder of the mall was removed in 2018.

The City will continue making infrastructure improvements throughout the City in 2019, including resurfacing projects on Curtice Rd., Maryland Place, Drouillard Rd, Piper Dr., Carvelle Dr., and Zepplin Ct. The drainage project on Rochester Place is scheduled to be completed in the Spring and W. Andrus and Otter Creek storm water projects will start in 2019. A concession stand project including handicap restrooms will begin in 2019 along with a paved walking and biking path at Brentwood Park.

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

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**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 twenty-first Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to the GFOA.

**Public Disclosure**

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

**Acknowledgements**

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

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

Respectfully,



Kenneth A. Yant  
Finance & Revenue Director

**CITY OF NORTHWOOD, OHIO**

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

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**Elected Officials**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Edward Schimmel	Mayor	12/31/19
Louis Fahrbach	City Council, President	12/31/21
James Barton	City Council	12/31/19
Patrick Huntermark	City Council	12/31/21
Randy Kozina	City Council	12/31/21
Mark Stoner	City Council	12/31/21
Dean Edwards	City Council	12/31/19
Dan Mikolajczyk	City Council	12/31/19

**Administrative Personnel**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>	<u>Surety</u>
Brian Ballenger	Director of Law	Indefinite	
Robert Anderson	City Administrator	Indefinite	\$50,000 Bond
Tom Cairl	Chief of Police	Indefinite	
Joel Whitmore	Chief of Fire	Indefinite	
Craig Meier	Director of Public Service	Indefinite	
Kenneth Yant	Director of Finance	Indefinite	\$50,000 Bond
Zack Boraby	Zoning/Economic Development Coordinator	Indefinite	
Laura Schroeder	Clerk of Mayor's Court	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, 2018 to July 9, 2019

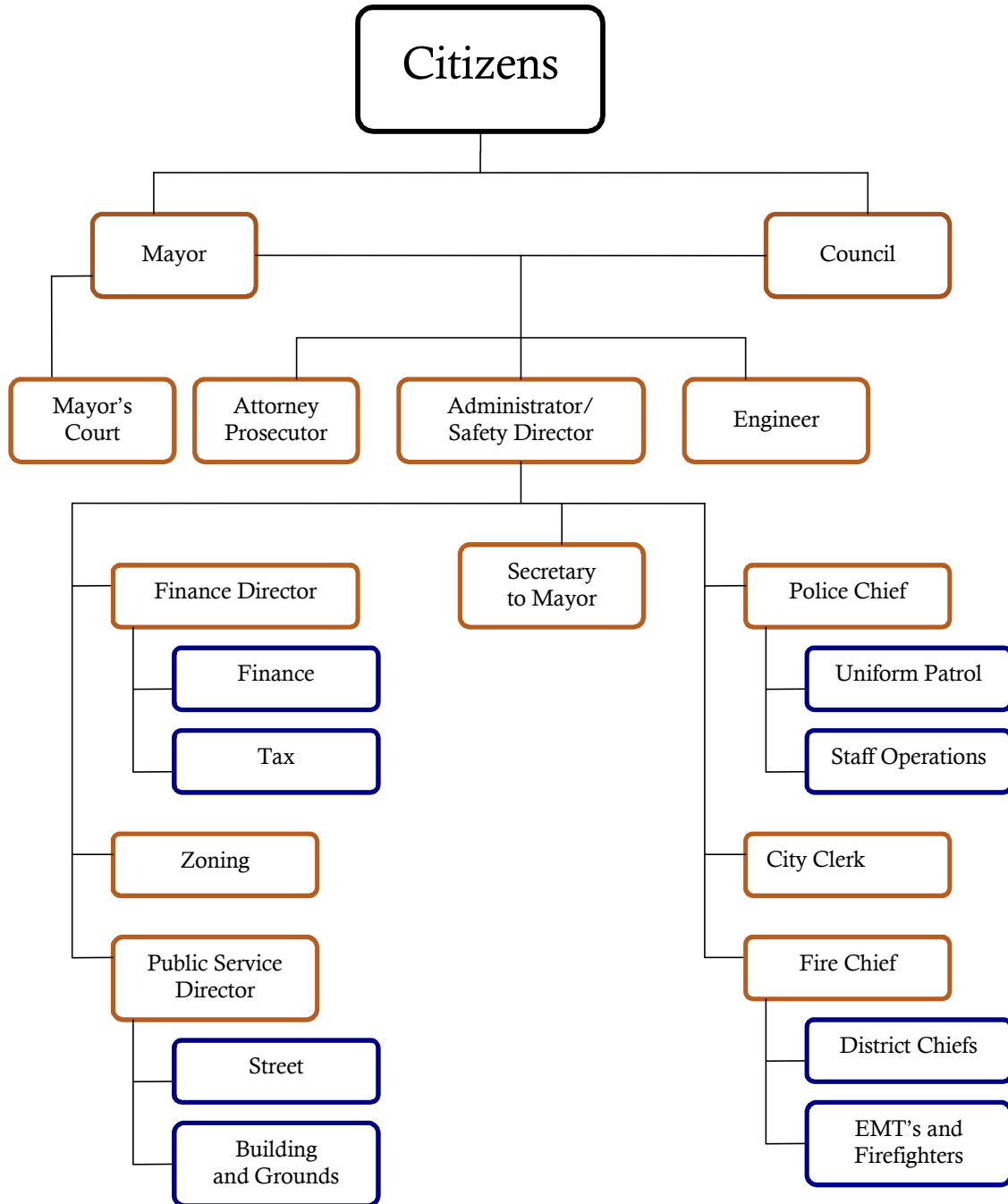
City Address:

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, 2018*

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

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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, 2017**

*Christopher P. Morill*

Executive Director/CEO

## *FINANCIAL SECTION*

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# OHIO AUDITOR OF STATE KEITH FABER



One Government Center  
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NorthwestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

City of Northwood  
Wood County  
6000 Wales Road  
Northwood, Ohio 43619-1480

To the City Council:

### ***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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

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

### ***Emphasis of Matter***

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

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

June 20, 2019





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

***Unaudited***

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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, 2018. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

**Key financial highlights for 2018 are as follows:**

- ❑ In total, net position increased \$476,620, which represents a 3% increase from 2017.
- ❑ General revenues accounted for \$7.2 million in revenue or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 16% of total revenues of \$8.7 million.
- ❑ The City had \$8.2 million in expenses related to governmental activities; only \$1.4 million of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$5.7 million in revenues and \$4.7 million in expenditures. The general fund's fund balance increased \$665,296 to \$6,399,785.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**Government-wide Statements**

The government-wide statements report information about the City as a whole using accepting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net-position (the difference between the City's assets plus deferred outflows of resources and the City's liabilities plus deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, basic utility services, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City has no business-type activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City activities. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

***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 2018 and 2017:

	Governmental Activities	
	2018	Restated 2017
Current and other assets	\$15,499,153	\$16,248,888
Capital assets, Net	15,470,836	13,176,280
Total assets	<u>30,969,989</u>	<u>29,425,168</u>
Deferred outflows of resources	<u>1,195,411</u>	<u>1,345,383</u>
Net pension liability	4,523,859	5,163,408
Net OPEB liability	3,901,960	3,324,224
Other long-term liabilities	4,150,806	3,709,823
Other liabilities	154,790	129,739
Total liabilities	<u>12,731,415</u>	<u>12,327,194</u>
Deferred inflows of resources	<u>927,649</u>	<u>413,641</u>
Net position:		
Net investment in capital assets	13,830,638	12,016,505
Restricted	1,831,781	1,763,568
Unrestricted	2,843,917	4,249,643
Total net position	<u>\$18,506,336</u>	<u>\$18,029,716</u>

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

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

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

***Unaudited***

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

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from \$21,336,102 to \$18,029,716 for Governmental Activities.

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

***Unaudited***

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

	Governmental	
	Activities	
	2018	2017
Revenues		
Program revenues:		
Charges for Services and Sales	\$894,199	\$906,231
Operating Grants and Contributions	507,725	423,121
Capital Grants and Contributions	21,351	63,172
General revenues:		
Property Taxes	246,897	213,155
Municipal Income Taxes	6,256,790	6,276,340
Other Local Taxes	47,198	143,734
Payments in Lieu of Taxes	203,140	200,448
Grants and Entitlements not Restricted to Specific Programs	272,015	230,824
Investment Earnings	116,145	77,361
Miscellaneous	93,559	160,465
Total revenues	<u>8,659,019</u>	<u>8,694,851</u>
Program Expenses		
Security of Persons and Property	3,727,631	3,364,327
Public Health and Welfare Services	5,559	5,633
Leisure Time Activities	94,455	81,012
Community Environment	242,517	216,140
Basic Utility Services	514,907	413,573
Transportation	1,422,291	822,308
General Government	2,047,897	1,587,855
Interest and Fiscal Charges	127,142	86,642
Total expenses	<u>8,182,399</u>	<u>6,577,490</u>
Total Change in Net Position	476,620	2,117,361
Beginning Net Position, as Restated	<u>18,029,716</u>	<u>N/A</u>
Ending Net Position	<u>\$18,506,336</u>	<u>\$18,029,716</u>

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

***Unaudited***

***Governmental Activities***

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$17,838 for Governmental Activities computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows.

The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$317,845 for Governmental Activities.

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

	<u>Governmental Activities</u>
Total 2018 program expenses under GASB 75	\$8,182,399
OPEB expense under GASB 75	(317,845)
2018 contractually required contribution	<u>6,109</u>
Adjusted 2018 program expenses	7,870,663
Total 2017 program expenses under GASB 45	<u>6,577,490</u>
Change in program expenses not related to OPEB	<u><u>\$1,293,173</u></u>

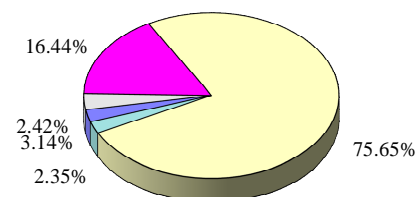
***Governmental Activities***

Net position of the City's governmental activities increased by \$476,620. This was due primarily to the fact that both revenues and expenditures stayed relatively stable from 2017 to 2018.

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 72% respectively of revenues for governmental activities for the City in fiscal year 2018. The City's reliance upon tax revenues is demonstrated by the following graph indicating 76% of total revenues from general tax revenues:

<u>Revenue Sources</u>	<u>2018</u>	<u>Percent of Total</u>
General Shared Revenues	\$272,015	3.14%
Program Revenues	1,423,275	16.44%
General Tax Revenues	6,550,885	75.65%
Payments in Lieu of Taxes	203,140	2.35%
General Other	<u>209,704</u>	<u>2.42%</u>
Total Revenue	<u><u>\$8,659,019</u></u>	<u><u>100.00%</u></u>



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

**Unaudited**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$14,334,098, which is a decrease from last year's balance of \$15,227,842. The most significant factor contributing to this decrease was a significant increase in street construction in the Capital Improvement Fund during 2018. The schedule below indicates the fund balance and the total change in fund balance by major and nonmajor fund as of December 31, 2018 and 2017:

	Fund Balance December 31, 2018	Fund Balance December 31, 2017	Increase (Decrease)
General	\$6,399,785	\$5,734,489	\$665,296
Capital Improvement	3,570,622	4,852,310	(1,281,688)
Capital Replacement	2,041,388	1,812,914	228,474
Other Governmental	2,322,303	2,828,129	(505,826)
<b>Total</b>	<b>\$14,334,098</b>	<b>\$15,227,842</b>	<b>(\$893,744)</b>

General Fund – The City's General Fund balance increase is due to many factors. The City's General Fund balance increase was due to revenues exceeding expenditures as noted below. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2018 Revenues	2017 Revenues	Increase (Decrease)
Property Taxes	\$224,704	\$215,004	\$9,700
Municipal Income Tax	4,374,096	4,394,681	(20,585)
Other Local Taxes	30,613	125,448	(94,835)
Intergovernmental Revenue	304,820	304,368	452
Charges for Services	144,229	122,330	21,899
Licenses and Permits	89,518	97,784	(8,266)
Investment Earnings	84,802	67,579	17,223
Special Assessments	104,790	115,824	(11,034)
Fines & Forfeitures	142,797	176,234	(33,437)
Donations	65	3,765	(3,700)
All Other Revenue	151,212	189,288	(38,076)
<b>Total</b>	<b>\$5,651,646</b>	<b>\$5,812,305</b>	<b>(\$160,659)</b>

General Fund revenues in 2018 decreased 3% compared to revenues in fiscal year 2017. The most significant factor contributing to this decrease was a decrease of \$94,835 in other local taxes during 2018 due to decreased hotel motel tax collections.

	2018 Expenditures	2017 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,003,646	\$2,993,612	\$10,034
Public Health and Welfare Services	5,559	5,633	(74)
Leisure Time Activities	67,573	54,813	12,760
Community Environment	198,704	181,151	17,553
Transportation	0	787	(787)
General Government	1,427,775	1,372,118	55,657
<b>Total</b>	<b>\$4,703,257</b>	<b>\$4,608,114</b>	<b>\$95,143</b>

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

***Unaudited***

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General Fund expenditures increased by \$95,143 or about 2% from the prior year mostly due to increases in health insurance costs and minimal wage increases.

The Capital Improvement Fund balance decreased by \$1,281,688 in 2018. This decrease was due to an increase in capital expenditures during 2018 compared to 2017.

The Capital Replacement Fund balance increased by \$228,474 in 2018. This increase was due to income tax revenue being greater than capital expenditures during 2018.

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 \$5.8 million changed over the original budget estimates of \$5.5 million. This increase was primarily due to an increase in investment earnings over the original estimated amount. 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 2018 the City had \$15,470,836 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, vehicles and machinery and equipment. The following table shows fiscal year 2018 and 2017 balances:

	Governmental Activities		Increase (Decrease)
	2018	2017	
Land	\$2,248,673	\$1,400,931	\$847,742
Land Improvements	27,175	27,175	0
Buildings and Improvements	4,411,939	4,233,033	178,906
Machinery and Equipment	1,683,876	1,492,148	191,728
Vehicles	3,805,732	3,772,656	33,076
Infrastructure	10,448,805	8,716,405	1,732,400
Less: Accumulated Depreciation	<u>(7,155,364)</u>	<u>(6,466,068)</u>	<u>(689,296)</u>
Totals	<u>\$15,470,836</u>	<u>\$13,176,280</u>	<u>\$2,294,556</u>

The primary increase occurred in infrastructure. This increase is the result of the purchase of the Woodville Mall property and capitalized cost of demolition of the existing buildings.

As of December 31, 2018, the City had contractual commitments of \$518,435. This is primarily related to the Rochester Place storm sewer project, a new concession stand at Brentwood Park and a new bike and walking trail at Brentwood Park. 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, 2018**

**Unaudited**

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**Debt**

The following table summarizes the City's debt outstanding as of December 31, 2018 and 2017:

	2018	Restated 2017
Governmental Activities:		
General Obligation Bonds	\$1,980,000	\$2,020,000
Ohio Public Works Commission	4,685	14,075
Ohio Water Development Authority	1,391,040	778,188
Compensated Absences	530,668	530,048
Capital Leases Payable	244,473	367,512
Net Pension Liability	4,523,859	5,163,408
Net OPEB Liability	3,901,960	3,324,224
Totals	<u>\$12,576,685</u>	<u>\$12,197,455</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Northwood lies, is limited to 11.5 mills. At December 31, 2018, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

**ECONOMIC FACTORS**

The City's original budget for 2018 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be 5.3% lower than actual receipts for 2017. This difference was due to less miscellaneous revenue estimated in 2018.

General Fund expenditures were originally budgeted at 13.1% more than 2017 actual expenditures. Department requests were reduced from original submissions and in general, departments closely monitored spending, resulting in actual expenditures being less than the final budget by \$580,096.

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

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 419-693-9328 or writing to City of Northwood Finance Department, 6000 Wales Road, Northwood, Ohio 43619.

**CITY OF NORTHWOOD, OHIO**

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

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 6,141,364
Investments	7,355,214
Receivables:	
Taxes	1,057,849
Accounts	284,437
Intergovernmental	316,494
Interest	24,278
Special Assessments	173,798
Inventory of Supplies at Cost	90,965
Prepaid Items	54,754
Capital Assets:	
Capital Assets Not Being Depreciated	2,248,673
Capital Assets Being Depreciated, Net	13,222,163
<b>Total Assets</b>	<b>30,969,989</b>
<b>Deferred Outflows of Resources:</b>	
Pension	803,389
OPEB	392,022
Total Deferred Outflows of Resources	1,195,411
<b>Liabilities:</b>	
Accounts Payable	16,331
Accrued Wages and Benefits	124,301
Claims Payable	266
Accrued Interest Payable	13,832
Long-Term Liabilities:	
Due Within One Year	338,685
Net Pension Liability	4,523,859
Net OPEB Liability	3,901,960
Due in More Than One Year	3,812,181
<b>Total Liabilities</b>	<b>12,731,415</b>
<b>Deferred Inflows of Resources:</b>	
Property Tax Levy for Next Fiscal Year	305,303
Pension	514,162
OPEB	108,184
Total Deferred Inflows of Resources	927,649
<b>Net Position:</b>	
Net Investment in Capital Assets	13,830,638
Restricted For:	
Capital Projects	143,821
Debt Service	988,785
Street Construction, Maintenance and Repair	406,048
Other Purposes	293,127
Unrestricted	2,843,917
<b>Total Net Position</b>	<b>\$ 18,506,336</b>

See accompanying notes to the basic financial statements

**CITY OF NORTHWOOD, OHIO**

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

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental Activities:</b>					
Security of Persons and Property	\$ 3,727,631	\$ 316,107	\$ 36,689	\$ 2,759	\$ (3,372,076)
Public Health and Welfare Services	5,559	0	0	0	(5,559)
Leisure Time Activities	94,455	4,540	0	0	(89,915)
Community Environment	242,517	25,696	92,301	15,176	(109,344)
Basic Utility Services	514,907	253,636	0	0	(261,271)
Transportation	1,422,291	3,502	378,735	3,416	(1,036,638)
General Government	2,047,897	290,718	0	0	(1,757,179)
Interest and Fiscal Charges	127,142	0	0	0	(127,142)
<b>Total Governmental Activities</b>	<b>\$ 8,182,399</b>	<b>\$ 894,199</b>	<b>\$ 507,725</b>	<b>\$ 21,351</b>	<b>(6,759,124)</b>
<b>General Revenues</b>					
Property Taxes					246,897
Municipal Income Taxes					6,256,790
Other Local Taxes					47,198
Payments in Lieu of Taxes					203,140
Grants and Entitlements not Restricted to Specific Programs					272,015
Investment Earnings					116,145
Miscellaneous					93,559
Total General Revenues					7,235,744
Change in Net Position					476,620
Net Position Beginning of Year, as Restated					18,029,716
Net Position End of Year					\$ 18,506,336

See accompanying notes to the basic financial statements

**CITY OF NORTHWOOD, OHIO**

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

	General	Capital Improvement	Capital Replacement
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,083,433	\$ 1,189,874	\$ 685,737
Investments	3,817,224	2,244,476	1,293,514
Receivables:			
Taxes	750,653	142,860	71,430
Accounts	248,389	0	0
Intergovernmental	147,937	12,676	0
Interest	24,278	0	0
Special Assessments	92,205	81,593	0
Inventory of Supplies, at Cost	23,368	0	0
Prepaid Items	42,756	11,998	0
<b>Total Assets</b>	<b>\$ 7,230,243</b>	<b>\$ 3,683,477</b>	<b>\$ 2,050,681</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 3,655	\$ 12,676	\$ 0
Accrued Wages and Benefits Payable	109,075	0	0
Claims Payable	266	0	0
<b>Total Liabilities</b>	<b>112,996</b>	<b>12,676</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	503,899	100,179	9,293
Property Tax for Next Fiscal Year	213,563	0	0
<b>Total Deferred Inflows of Resources</b>	<b>717,462</b>	<b>100,179</b>	<b>9,293</b>
<b>Fund Balances:</b>			
Nonspendable	66,124	11,998	0
Restricted	0	0	0
Committed	0	3,558,624	2,041,388
Assigned	16,190	0	0
Unassigned	6,317,471	0	0
<b>Total Fund Balances</b>	<b>6,399,785</b>	<b>3,570,622</b>	<b>2,041,388</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,230,243</b>	<b>\$ 3,683,477</b>	<b>\$ 2,050,681</b>

See accompanying notes to the basic financial statements

**CITY OF NORTHWOOD, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 2,182,320	\$ 6,141,364
0	7,355,214
92,906	1,057,849
36,048	284,437
155,881	316,494
0	24,278
0	173,798
67,597	90,965
0	54,754
<u>\$ 2,534,752</u>	<u>\$ 15,499,153</u>
\$ 0	\$ 16,331
15,226	124,301
0	266
<u>15,226</u>	<u>140,898</u>
105,483	718,854
91,740	305,303
<u>197,223</u>	<u>1,024,157</u>
67,597	145,719
1,778,257	1,778,257
476,449	6,076,461
0	16,190
0	6,317,471
<u>2,322,303</u>	<u>14,334,098</u>
<u>\$ 2,534,752</u>	<u>\$ 15,499,153</u>



**CITY OF NORTHWOOD, OHIO**

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***Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2018***

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<b>Total Governmental Fund Balances</b>		\$	14,334,098
<b><i>Amounts reported for governmental activities in the statement of net position are different because</i></b>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			15,470,836
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.			
Municipal Income Taxes	92,930		
Property Taxes	27,127		
Charges for Services	207,652		
Interest Revenues	19,693		
Special Assessments	173,798		
Intergovernmental	<u>197,654</u>		718,854
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred Outflows - Pension	803,389		
Deferred Inflows - Pension	(514,162)		
Deferred Outflows - OPEB	392,022		
Deferred Inflows - OPEB	(108,184)		
Net Pension Liability	(4,523,859)		
Net OEPB Liability	<u>(3,901,960)</u>		(7,852,754)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.			(13,832)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds Payable	(1,980,000)		
Ohio Public Works Commission Loan Payable	(4,685)		
Ohio Water Development Authority Loan Payable	(1,391,040)		
Capital Lease Payable	(244,473)		
Compensated Absences Payable	<u>(530,668)</u>		(4,150,866)
<b><i>Net Position of Governmental Activities</i></b>		\$	<u><u>18,506,336</u></u>

See accompanying notes to the basic financial statements

**CITY OF NORTHWOOD, OHIO**

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

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	General	Capital Improvement	Capital Replacement
<b>Revenues:</b>			
Property Taxes	\$ 224,704	\$ 0	\$ 0
Municipal Income Tax	4,374,096	1,249,742	624,871
Other Local Taxes	30,613	0	0
Intergovernmental Revenues	304,820	31,406	0
Payments in Lieu of Taxes	0	0	0
Charges for Services	144,229	0	0
Licenses and Permits	89,518	0	0
Investment Earnings	84,802	0	0
Special Assessments	104,790	3,416	0
Fines and Forfeitures	142,797	0	0
Donations	65	140	0
All Other Revenue	151,212	0	0
<b>Total Revenue</b>	<u>5,651,646</u>	<u>1,284,704</u>	<u>624,871</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	3,003,646	0	0
Public Health and Welfare Services	5,559	0	0
Leisure Time Activities	67,573	0	0
Community Environment	198,704	0	0
Basic Utility Services	0	0	0
Transportation	0	0	0
General Government	1,427,775	0	0
Capital Outlay	0	2,963,475	396,397
Debt Service:			
Principal Retirement	0	0	0
Interest & Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<u>4,703,257</u>	<u>2,963,475</u>	<u>396,397</u>
Excess (Deficiency) of Revenues Over Expenditures	948,389	(1,678,771)	228,474



**CITY OF NORTHWOOD, OHIO**

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<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 224,704
0	6,248,709
16,585	47,198
458,350	794,576
203,140	203,140
266,873	411,102
5,980	95,498
19,598	104,400
0	108,206
14,923	157,720
1,258	1,463
86	151,298
<u>986,793</u>	<u>8,548,014</u>
1,899	3,005,545
0	5,559
0	67,573
33,328	232,032
377,888	377,888
622,495	622,495
14,873	1,442,648
676,684	4,036,556
350,031	350,031
<u>127,535</u>	<u>127,535</u>
<u>2,204,733</u>	<u>10,267,862</u>
(1,217,940)	(1,719,848)

**CITY OF NORTHWOOD, OHIO**

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

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	General	Capital Improvement	Capital Replacement
<b>Other Financing Sources (Uses):</b>			
OWDA Loan Issued	0	792,118	0
Transfers In	0	0	0
Transfers Out	(289,041)	(395,035)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(289,041)</u>	<u>397,083</u>	<u>0</u>
Net Change in Fund Balances	659,348	(1,281,688)	228,474
<b>Fund Balances at Beginning of Year</b>	5,734,489	4,852,310	1,812,914
Increase in Inventory Reserve	5,948	0	0
<b>Fund Balances End of Year</b>	<u>\$ 6,399,785</u>	<u>\$ 3,570,622</u>	<u>\$ 2,041,388</u>

See accompanying notes to the basic financial statements

**CITY OF NORTHWOOD, OHIO**

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<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
0	792,118
684,076	684,076
<u>0</u>	<u>(684,076)</u>
<u>684,076</u>	<u>792,118</u>
(533,864)	(927,730)
2,828,129	15,227,842
<u>28,038</u>	<u>33,986</u>
<u>\$ 2,322,303</u>	<u>\$ 14,334,098</u>

**CITY OF NORTHWOOD, OHIO**

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

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**Net Change in Fund Balances - Total Governmental Funds** \$ (927,730)

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

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

Capital Outlay	3,028,602	
Depreciation	<u>(734,046)</u>	2,294,556

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

Municipal Income Taxes	8,081	
Property Taxes	22,193	
Charges for Services	(31,693)	
Interest Revenues	11,745	
Special Assessments	96,923	
Intergovernmental	<u>3,756</u>	111,005

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

Pension	402,022	
OPEB	<u>6,109</u>	408,131

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

Pension	(683,496)	
OPEB	<u>(317,845)</u>	(1,001,341)

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

OWDA Loan Issued	(792,118)	
General Obligation Bonds Principal	40,000	
OWDA Loan Principal	179,266	
OPWC Loan Principal	9,390	
Capital Lease Principal	<u>123,039</u>	(440,423)

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

Accrued Interest Payable		393
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in Supplies Inventory	33,986	
Increase in Compensated Absences Payable	<u>(1,957)</u>	<u>32,029</u>

***Change in Net Position of Governmental Activities*** \$ 476,620

See accompanying notes to the basic financial statements

**CITY OF NORTHWOOD, OHIO**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 219,613	\$ 233,492	\$ 224,704	\$ (8,788)
Municipal Income Tax	4,410,000	4,410,000	4,414,427	4,427
Other Local Taxes	40,000	40,000	29,778	(10,222)
Intergovernmental Revenue	273,823	288,931	299,773	10,842
Charges for Services	110,000	140,000	135,968	(4,032)
Licenses and Permits	96,800	111,800	98,515	(13,285)
Special Assessments	78,000	107,350	104,790	(2,560)
Investment Earnings	52,501	172,501	176,365	3,864
Fines and Forfeitures	141,700	156,950	142,797	(14,153)
Donations	1,000	1,000	65	(935)
All Other Revenues	79,559	142,859	152,440	9,581
<b>Total Revenues</b>	<b>5,502,996</b>	<b>5,804,883</b>	<b>5,779,622</b>	<b>(25,261)</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,249,985	3,287,508	3,005,371	282,137
Public Health and Welfare Services	6,500	6,500	5,559	941
Leisure Time Activities	179,200	161,450	67,624	93,826
Community Environment	222,100	242,950	201,462	41,488
General Government	1,546,145	1,585,895	1,424,191	161,704
<b>Total Expenditures</b>	<b>5,203,930</b>	<b>5,284,303</b>	<b>4,704,207</b>	<b>580,096</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	299,066	520,580	1,075,415	554,835
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
Transfers Out	(293,000)	(302,800)	(289,041)	13,759
<b>Total Other Financing Sources (Uses):</b>	<b>(293,000)</b>	<b>(302,800)</b>	<b>(289,041)</b>	<b>13,759</b>
Net Change In Fund Balance	6,066	217,780	786,374	568,594
Fund Balance at Beginning of Year	5,203,519	5,203,519	5,203,519	0
Prior Year Encumbrances	4,192	4,192	4,192	0
<b>Fund Balance at End of Year</b>	<b>\$ 5,213,777</b>	<b>\$ 5,425,491</b>	<b>\$ 5,994,085</b>	<b>\$ 568,594</b>

See accompanying notes to the basic financial statements

**CITY OF NORTHWOOD, OHIO**

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

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 2,715
<b>Total Assets</b>	<u>\$ 2,715</u>
<b>Liabilities:</b>	
Due to Others	\$ 2,715
<b>Total Liabilities</b>	<u>\$ 2,715</u>

See accompanying notes to the basic financial statements





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

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

**A. Reporting Entity**

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

Based on the foregoing, the City’s financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police protection, fire protection, ambulance transport, parks and recreation and street maintenance and repair, as well as a staff to provide administrative support (i.e., payroll processing, accounts payable and revenue collection) to the service providers.

**B. Basis of Presentation - Fund Accounting**

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

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting** (Continued)

***Governmental Funds***

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

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

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

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

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

***Fiduciary Funds***

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

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

**Government-wide Financial Statements** – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The City has no activities considered business-type activities.

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

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

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

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

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

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

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**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, 2018, but which are not intended to finance 2018 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources as further described in Note 5.

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

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**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 2018.

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Appropriations**

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, object level, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--General Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

**6. Budgetary Basis of Accounting**

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**6. Budgetary Basis of Accounting (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the Street Construction, Maintenance and Repair Fund:

	<u>Net Change In Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$659,348
Increase (Decrease):	
Accrued Revenues at December 31, 2018 received during 2019	(546,000)
Accrued Revenues at December 31, 2017 received during 2018	590,329
Accrued Expenditures at December 31, 2018 paid during 2019	112,996
Accrued Expenditures at December 31, 2017 paid during 2018	(96,626)
2017 Prepays for 2018	44,794
2018 Prepays for 2019	(42,756)
2017 Mark to Market	(29,139)
2018 Mark to Market	112,786
Outstanding Encumbrances	<u>(19,358)</u>
Budget Basis	<u><u>\$786,374</u></u>

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Pooled Cash, Cash Equivalents and Investments."

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

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**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 2018 amounted to \$84,802, which includes \$47,331 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 4, "Pooled Cash, Cash Equivalents and Investments."

**H. Inventory**

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

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**J. Capital Assets and Depreciation**

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

**1. Property, Plant and Equipment - Governmental Activities**

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



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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Capital Assets and Depreciation (Continued)**

2. Depreciation

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

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

**K. Long-Term Obligations**

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund
Ohio Public Works Commission Loan	General Bond Retirement Fund
Capital Leases	General Bond Retirement Fund
Compensated Absences	General Fund
Pension Liabilities	General Fund
OPEB Liabilities	General Fund

**L. Compensated Absences**

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

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Compensated Absences** (Continued)

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” In the government wide statement of net position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account.

**M. Net position**

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

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

**N. Fund Balances**

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

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

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

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

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**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. Pension/OPEB**

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

**P. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Q. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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

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**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 2018.

**S. Deferred Inflows/Outflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. For the City, deferred outflows related to pension/OPEB are explained in notes 10 and 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 10 and 11)

**T. Fair Value**

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

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

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

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

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

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

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

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

	Governmental Activities
Net position December 31, 2017	<u>\$21,336,102</u>
Adjustments:	
Net OPEB Liability	(3,324,224)
Deferred Outflow - Payments Subsequent to the Measurement Date	<u>17,838</u>
Restated Net Position December 31, 2017	<u><u>\$18,029,716</u></u>

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

**CITY OF NORTHWOOD, OHIO**

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

**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	Capital Improvement Fund	Capital Replacement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies Inventory	\$23,368	\$0	\$0	\$67,597	\$90,965
Prepaid Items	42,756	11,998	0	0	54,754
Total Nonspendable	<u>66,124</u>	<u>11,998</u>	<u>0</u>	<u>67,597</u>	<u>145,719</u>
Restricted:					
General Obligation Debt Service Payments	0	0	0	997,930	997,930
Street Construction and Maintenance	0	0	0	387,965	387,965
Motor Vehicle License Tax	0	0	0	30,280	30,280
State Highway Improvements	0	0	0	126,073	126,073
Drug Fines	0	0	0	3,632	3,632
Law Enforcement	0	0	0	11,414	11,414
Enforcement and Education	0	0	0	920	920
Computerized Research	0	0	0	16,801	16,801
Economic Development	0	0	0	8,549	8,549
Recreation Parks	0	0	0	107,393	107,393
Keep Northwood Beautiful	0	0	0	87,300	87,300
Total Restricted	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,778,257</u>	<u>1,778,257</u>
Committed:					
Capital Improvements	0	3,558,624	0	0	3,558,624
Capital Replacement	0	0	2,041,388	0	2,041,388
Fire Station Addition	0	0	0	9,049	9,049
Storm Water Management	0	0	0	457,617	457,617
Northwood Environment	0	0	0	9,783	9,783
Total Committed	<u>0</u>	<u>3,558,624</u>	<u>2,041,388</u>	<u>476,449</u>	<u>6,076,461</u>
Assigned:					
Purchase Orders	16,190	0	0	0	16,190
Unassigned	6,317,471	0	0	0	6,317,471
Total Fund Balances	<u>\$6,399,785</u>	<u>\$3,570,622</u>	<u>\$2,041,388</u>	<u>\$2,322,303</u>	<u>\$14,334,098</u>

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

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**NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

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

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

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

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**NOTE 4 - 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.

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

At year end the carrying amount of the City's deposits was \$6,144,079, which includes \$700 of petty cash on hand, and the bank balance was \$6,411,656. Federal depository insurance covered \$250,000 of the bank balance and \$6,161,656 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.



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

**NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments**

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

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years)		
				less than 1	1-3	3-5
FHLB	744,596	AAA <sup>1</sup> / Aaa <sup>2</sup>	Level 2	\$0	\$250,180	\$494,416
FHLMC	494,053	AAA <sup>1</sup> / Aaa <sup>2</sup>	Level 2	247,640	246,413	0
FNMA	245,458	AAA <sup>1</sup> / Aaa <sup>2</sup>	Level 2	0	245,458	0
Negotiable CD's	5,871,107	N/A	N/A	989,859	2,877,028	2,004,220
Total Investments	<u>\$7,355,214</u>			<u>\$1,237,499</u>	<u>\$3,619,079</u>	<u>\$2,498,636</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

*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. The City's investments in FHLB, FHLMC, FNMA and negotiable certificates of deposit were insured by Federal Depository Insurance in the amount of \$7,355,214.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. The City's investments in FHLB, FHLMC, FNMA and negotiable certificates of deposit represent 10.1%, 6.7%, 3.4% and 79.8%, respectively of the City's total investments.

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

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**NOTE 5 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2018 were levied after October 1, 2017 on assessed values as of January 1, 2017, the lien date. Assessed values were established by the County Auditor at 35 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 2017. 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.

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

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**NOTE 5 – 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, 2018 was \$1.60 per \$1,000 of assessed value. The assessed value upon which the 2018 tax receipts were based was \$139,299,370. This amount constitutes \$134,884,080 in real property assessed value and \$4,415,290 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.

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

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**NOTE 6 – TAX ABATEMENT DISCLOSURES**

As of December 31, 2018, the City provides tax incentives under The Community Reinvestment Area (CRA) and a TIF with Alcoa.

***Real Estate Tax Abatement***

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area. The City authorizes incentives through passage of public ordinances, based upon each businesses investment criteria and through a contractual application process with each business. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located within the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements in specified areas.

The City has offered the CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth.

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

<u>Property Tax Abatement</u>	<u>Total Amount of Taxes Abated (Incentives Abated For the Year 2017 In Actual Dollars)</u>
<i>Adient US LLC (2013 - 2027)</i>	
- Gross Dollar amount of taxes abated during 2018	\$109,485
<i>Fed Ex/KW Toledo LLC (2014 - 2023)</i>	
- Gross Dollar amount of taxes abated during 2018	223,587
<i>All Others</i>	
- Gross Dollar amount of taxes abated during 2018	290,707
Total	<u>\$623,779</u>

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2018 consisted of taxes, special assessments, interest receivable, accounts receivable and intergovernmental receivables.

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

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**NOTE 8 - TRANSFERS**

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

	<u>Transfers In:</u>
	Other Governmental Funds
<u>Transfers Out:</u>	<u>Funds</u>
General Fund	\$289,041
Capital Improvement Fund	395,035
	<u>\$684,076</u>

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

The transfer from the Capital Improvement Fund to the Other Governmental Funds is related to a debt service payment on a capital lease.

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

**NOTE 9 – CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

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

**Historical Cost:**

Class	December 31, 2017	Additions	Deletions	December 31, 2018
<b>Capital assets not being depreciated:</b>				
Land	\$1,400,931	\$847,742	\$0	\$2,248,673
<b>Capital assets being depreciated:</b>				
Land Improvements	27,175	0	0	27,175
Buildings and Improvements	4,233,033	178,906	0	4,411,939
Machinery and Equipment	1,492,148	191,728	0	1,683,876
Vehicles	3,772,656	77,826	(44,750)	3,805,732
Infrastructure	8,716,405	1,732,400	0	10,448,805
	18,241,417	2,180,860	(44,750)	20,377,527
Total Cost	\$19,642,348	\$3,028,602	(\$44,750)	\$22,626,200

**Accumulated Depreciation:**

Class	December 31, 2017	Additions	Deletions	December 31, 2018
Land Improvements	(\$18,000)	(\$306)	\$0	(\$18,306)
Buildings and Improvements	(1,992,797)	(93,404)	0	(2,086,201)
Machinery and Equipment	(829,636)	(115,242)	0	(944,878)
Vehicles	(1,953,539)	(260,440)	44,750	(2,169,229)
Infrastructure	(1,672,096)	(264,654)	0	(1,936,750)
Total Depreciation	(\$6,466,068)	(\$734,046) *	\$44,750	(\$7,155,364)
<b>Net Value:</b>	\$13,176,280			\$15,470,836

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$251,486
Leisure Time Activities	26,027
Community Environment	1,450
Basic Utility Services	44,625
Transportation	296,668
General Government	113,790
Total Depreciation Expense	\$734,046

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

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

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

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$169,899 for 2018.

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

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

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

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

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

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

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$232,123 for 2018.

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

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,379,543	\$3,144,316	\$4,523,859
Proportion of the Net Pension Liability-2018	0.008794%	0.051232%	
Proportion of the Net Pension Liability-2017	<u>0.008571%</u>	<u>0.050793%</u>	
Percentage Change	<u>0.000223%</u>	<u>0.000439%</u>	
Pension Expense	\$327,045	\$356,402	\$683,447

**CITY OF NORTHWOOD, OHIO**

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

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$164,864	\$137,014	\$301,878
Differences between expected and actual experience	1,408	47,718	49,126
Change in proportionate share	29,265	21,098	50,363
City contributions subsequent to the measurement date	<u>169,899</u>	<u>232,123</u>	<u>402,022</u>
Total Deferred Outflows of Resources	<u><u>\$365,436</u></u>	<u><u>\$437,953</u></u>	<u><u>\$803,389</u></u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$296,170	\$108,768	\$404,938
Differences between expected and actual experience	27,186	5,688	32,874
Change in proportionate share	<u>0</u>	<u>76,350</u>	<u>76,350</u>
Total Deferred Inflows of Resources	<u><u>\$323,356</u></u>	<u><u>\$190,806</u></u>	<u><u>\$514,162</u></u>

\$402,022 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2019	\$154,908	\$61,190	\$216,098
2020	(27,956)	32,591	4,635
2021	(133,070)	(80,066)	(213,136)
2022	(121,701)	(46,553)	(168,254)
2023	0	38,465	38,465
2024	<u>0</u>	<u>9,397</u>	<u>9,397</u>
Total	<u><u>(\$127,819)</u></u>	<u><u>\$15,024</u></u>	<u><u>(\$112,795)</u></u>

**Actuarial Assumptions - OPERS**

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

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

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

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

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

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

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$2,449,715	\$1,379,543	\$487,340

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

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

***Actuarial Assumptions – OPF***

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

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

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

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

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

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

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

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

\* levered 2x

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

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



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

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
City's proportionate share of the net pension liability	\$4,358,846	\$3,144,316	\$2,153,755

**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability**

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

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

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

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

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

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

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

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

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

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

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

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

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

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

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

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

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

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$6,109 for 2018.

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

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$999,249	\$2,902,711	\$3,901,960
Proportion of the Net OPEB Liability-2018	0.009202%	0.051232%	
Proportion of the Net OPEB Liability-2017	<u>0.009041%</u>	<u>0.050793%</u>	
Percentage Change	<u>0.000161%</u>	<u>0.000439%</u>	
OPEB Expense	\$87,608	\$230,237	\$317,845

**CITY OF NORTHWOOD, OHIO**

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

**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$72,756	\$283,243	\$355,999
Differences between expected and actual experience	779	0	779
Change in proportionate share	10,979	18,156	29,135
City contributions subsequent to the measurement date	0	6,109	6,109
Total Deferred Outflows of Resources	<u>\$84,514</u>	<u>\$307,508</u>	<u>\$392,022</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$74,437	\$19,107	\$93,544
Differences between expected and actual experience	0	14,640	14,640
Total Deferred Inflows of Resources	<u>\$74,437</u>	<u>\$33,747</u>	<u>\$108,184</u>

\$6,109 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2019	\$21,798	\$37,147	\$58,945
2020	21,798	37,147	58,945
2021	(14,909)	37,147	22,238
2022	(18,610)	37,148	18,538
2023	0	41,924	41,924
2024	0	41,924	41,924
2025	0	35,215	35,215
Total	<u>\$10,077</u>	<u>\$267,652</u>	<u>\$277,729</u>

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

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

***Actuarial Assumptions - OPERS***

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

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

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

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

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

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

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

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

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

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

**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

	1% Decrease █ (2.85%)	Current Discount Rate █ (3.85%)	1% Increase █ (4.85%)
City’s proportionate share of the net OPEB liability	\$1,327,545	\$999,249	\$733,660

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City’s proportionate share of the net OPEB liability	\$956,068	\$999,249	\$1,043,853

**Actuarial Assumptions – OP&F**

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



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

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

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

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

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

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

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

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

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

Note: Assumptions are geometric.

\* levered 2x

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

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$3,628,424	\$2,902,711	\$2,344,307

**CITY OF NORTHWOOD, OHIO**

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

**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$2,254,878	\$2,902,711	\$3,775,771

**Changes between Measurement Date and Report Date**

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

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

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**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 half of the value of their accumulated unused sick leave up to a maximum of seventy-five to ninety days.

At December 31, 2018, the City's accumulated, unpaid compensated absences amounted to \$530,668, which has been recorded as a liability of the Governmental Activities.

**NOTE 13 - CAPITAL LEASES**

The City leases equipment and a fire truck under two capital leases. The original cost of the equipment was \$8,259 and the original cost of the fire truck was \$606,875. The related liabilities are reported in the Government-Wide Statement of Net Position.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2018:

<u>Year Ending December 31,</u>	<u>Capital Lease</u>
2019	\$128,337
2020	<u>123,651</u>
Minimum Lease Payments	251,988
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(7,515)</u>
Present value of minimum lease payments	<u><u>\$244,473</u></u>

**CITY OF NORTHWOOD, OHIO**

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

**NOTE 14 - LONG-TERM DEBT**

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

	Issue Date	Original Issue Amount	Restated Balance December 31, 2017	Issued	(Retired)	Balance December 31, 2018	Amounts Due Within One Year
<b>Governmental Activities:</b>							
General Obligation Bonds:							
8.00% TIF Improvement	2007	\$2,200,000	\$2,020,000	\$0	(\$40,000)	\$1,980,000	\$45,000
Ohio Public Works Commission Loan:							
0.00% Wales Road Pavement & Storm Drainage	1999	187,790	14,075	0	(9,390)	4,685	4,685
Ohio Water Development Authority (OWDA) Loan:							
2.43% Woodville Mall Brownfield - 7555	2017	778,188	778,188	792,118	(179,266)	1,391,040	0
Compensated Absences			530,048	530,668	(530,048)	530,668	165,902
Capital Leases			367,512	0	(123,039)	244,473	123,098
Net Pension Liability			5,163,408	0	(639,549)	4,523,859	0
Net OPEB Liability			3,324,224	577,736	0	3,901,960	0
Total Governmental Activities			\$12,197,455	\$1,900,522	(\$1,521,292)	\$12,576,685	\$338,685
Long-Term Debt							

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, 2018, follow:

Years	General Obligation Bonds		OPWC Loan	
	Principal	Interest	Principal	Interest
2019	\$45,000	\$158,400	\$4,685	\$0
2020	45,000	155,224	0	0
2021	50,000	151,200	0	0
2022	55,000	147,200	0	0
2023	60,000	142,800	0	0
2024-2028	375,000	634,693	0	0
2029-2033	545,000	459,029	0	0
2034-2038	805,000	203,314	0	0
Totals	\$1,980,000	\$2,051,860	\$4,685	\$0

The City has been approved for the Ohio Water Development Authority (OWDA) loan, however, the project is not complete and the final value of the loan is indeterminate, the amortization of the loan is not presented above.

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

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**NOTE 15 - CONSTRUCTION COMMITMENTS**

As of December 31, 2018 the City had the following commitments with respect to capital projects:

Project	Remaining Construction Commitment	Expected Date of Completion
Brentwood Park Bike and Walking Path	\$88,000	2019
Rochester Place Storm Sewers	130,435	2019
Brentwood Park Concession Stand	300,000	2019
Total	\$518,435	

**NOTE 16 - RISK MANAGEMENT**

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

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

The City obtained insurance coverage from the Pool from July, 2018 through July, 2019 for various insurance coverages, as follows:

Type of Coverage	Limits
Property	\$9,243,065
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	\$689,672
Fire Vehicles	\$1,575,734
Bonds	\$50,000
Crime	\$25,000
EDP	\$50,000
Employee Benefit Liability	\$5,000,000/ \$7,000,000

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

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**NOTE 16 - RISK MANAGEMENT (Continued)**

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

Changes in the claims liability amount in fiscal 2017 and 2018 were:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
2017	\$0	\$33,322	(\$33,046)	\$276
2018	276	36,587	(36,597)	266

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

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

**NOTE 17 - CONTINGENCIES**

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

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

**NOTE 18 – SIGNIFICANT COMMITMENTS**

There were significant encumbrances outstanding at year-end in the Capital Improvement Fund (capital projects fund) in the amount of \$218,805. This amount is reported as part of the committed fund balance.





*REQUIRED SUPPLEMENTAL INFORMATION*

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**CITY OF NORTHWOOD, OHIO**

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

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**Ohio Public Employees Retirement System**

Fiscal Year	2014	2015	2016	2017	2018
City's proportion of the net pension liability (asset)	0.008050%	0.008050%	0.008499%	0.008571%	0.008794%
City's proportionate share of the net pension liability (asset)	\$948,990	\$970,920	\$1,472,180	\$1,946,217	\$1,379,543
City's covered payroll	\$1,208,238	\$1,006,617	\$1,209,892	\$1,107,900	\$1,162,100
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	78.54%	96.45%	121.68%	175.67%	118.71%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%	84.66%

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

**Ohio Police and Fire Pension Fund**

Fiscal Year	2014	2015	2016	2017	2018
City's proportion of the net pension liability (asset)	0.0534517%	0.0534517%	0.051576%	0.050793%	0.051232%
City's proportionate share of the net pension liability (asset)	\$2,603,265	\$2,769,021	\$3,317,919	\$3,217,191	\$3,144,316
City's covered payroll	\$1,279,754	\$1,082,878	\$1,112,464	\$1,147,606	\$1,175,933
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	203.42%	255.71%	298.25%	280.34%	267.39%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%	70.91%

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

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2014 is not available.

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

The schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information

**CITY OF NORTHWOOD, OHIO**

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

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**Ohio Public Employees Retirement System**

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$157,071	\$120,794	\$145,187	\$132,948
Contributions in relation to the contractually required contribution	<u>157,071</u>	<u>120,794</u>	<u>145,187</u>	<u>132,948</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,208,238	\$1,006,617	\$1,209,892	\$1,107,900
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%

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

**Ohio Police and Fire Pension Fund**

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$218,582	\$220,474	\$223,494	\$230,554
Contributions in relation to the contractually required contribution	<u>218,582</u>	<u>220,474</u>	<u>223,494</u>	<u>230,554</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,279,754	\$1,082,878	\$1,112,464	\$1,147,606
Contributions as a percentage of covered payroll	17.08%	20.36%	20.09%	20.09%

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

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information

**CITY OF NORTHWOOD, OHIO**

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<u>2017</u>	<u>2018</u>
\$151,072	\$169,899
<u>151,072</u>	<u>169,899</u>
<u>\$0</u>	<u>\$0</u>
\$1,162,100	\$1,213,564
13.00%	14.00%

<u>2017</u>	<u>2018</u>
\$236,245	\$232,123
<u>236,245</u>	<u>232,123</u>
<u>\$0</u>	<u>\$0</u>
\$1,175,933	\$1,155,416
20.09%	20.09%



**CITY OF NORTHWOOD, OHIO**

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

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**Ohio Public Employees Retirement System**

Year	<u>2017</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.009041%	0.009202%
City's proportionate share of the net OPEB liability (asset)	\$913,185	\$999,249
City's covered payroll	\$1,107,900	\$1,162,100
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	82.42%	85.99%
Plan fiduciary net position as a percentage of the total OPEB liability	54.04%	54.14%

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

**Ohio Police and Fire Pension Fund**

Year	<u>2017</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.050793%	0.051232%
City's proportionate share of the net OPEB liability (asset)	\$2,411,039	\$2,902,711
City's covered payroll	\$1,147,606	\$1,175,933
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	210.09%	246.84%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

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

See accompanying notes to required supplementary information

**CITY OF NORTHWOOD, OHIO**

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

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**Ohio Public Employees Retirement System**

Year	2013	2014	2015	2016
Contractually required contribution	\$12,082	\$20,132	\$24,198	\$22,158
Contributions in relation to the contractually required contribution	12,082	20,132	24,198	22,158
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$1,208,238	\$1,006,617	\$1,209,892	\$1,107,900
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%	2.00%

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

**Ohio Police and Fire Pension Fund**

Year	2013	2014	2015	2016
Contractually required contribution	\$6,399	\$5,414	\$5,562	\$5,738
Contributions in relation to the contractually required contribution	6,399	5,414	5,562	5,738
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$1,279,754	\$1,082,878	\$1,112,464	\$1,147,606
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2013 is not available.

See accompanying notes to required supplementary information



**CITY OF NORTHWOOD, OHIO**

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<u>2017</u>	<u>2018</u>
\$11,621	\$0
<u>11,621</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>
\$1,162,100	\$1,213,564
1.00%	0.00%

<u>2017</u>	<u>2018</u>
\$6,217	\$6,109
<u>6,217</u>	<u>6,109</u>
<u>\$0</u>	<u>\$0</u>
\$1,175,933	\$1,155,416
0.50%	0.50%

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

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**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

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

*Changes in assumptions:*

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

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

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

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

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

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

*Changes in assumptions:*

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

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

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

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

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**NET OPEB LIABILITY**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

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

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

**OHIO POLICE AND FIRE (OP&F)**

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

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



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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

**Street Construction Maintenance and Repair Fund**

To account for that portion of the state gasoline tax and motor vehicle registration fees Designated for maintenance and repair of dedicated streets.

**Motor Vehicle License Tax Fund**

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

**State Highway Improvement Fund**

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

**Northwood Waste/Environmental Fund**

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

**Drug Fine Fund**

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

**Special Law Enforcement Fund**

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

**Enforcement and Education Fund**

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

**Computerized Research Fund**

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

(Continued)

***Special Revenue Funds***

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**Storm Water Management 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.

**Northwood Civic Events Fund**

To account for proceeds received from fundraising events in order to provide funding for community wide social events.

***Debt Service Fund***

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

**General Obligation Debt Retirement Fund**

This fund is used to account for the accumulation of resources for and the payment of, principal and interest on general obligation debt.

***Capital Projects Funds***

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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.

**Economic Development Acquisition Fund**

To account for funds used for various Economic Development programs and initiatives.

**Fire Station Addition Fund**

To account for funds used for the construction of an addition to the fire station.

**CITY OF NORTHWOOD, OHIO**

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,059,399	\$ 124,991	\$ 997,930	\$ 2,182,320
Receivables:				
Taxes	1,166	0	91,740	92,906
Accounts	36,048	0	0	36,048
Intergovernmental	151,194	0	4,687	155,881
Inventory of Supplies, at Cost	67,597	0	0	67,597
<b>Total Assets</b>	<u>\$ 1,315,404</u>	<u>\$ 124,991</u>	<u>\$ 1,094,357</u>	<u>\$ 2,534,752</u>
<b>Liabilities:</b>				
Accrued Wages and Benefits Payable	15,226	0	0	15,226
<b>Total Liabilities</b>	<u>15,226</u>	<u>0</u>	<u>0</u>	<u>15,226</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	100,796	0	4,687	105,483
Property Tax for Next Fiscal Year	0	0	91,740	91,740
<b>Total Deferred Inflows of Resources</b>	<u>100,796</u>	<u>0</u>	<u>96,427</u>	<u>197,223</u>
<b>Fund Balances:</b>				
Nonspendable	67,597	0	0	67,597
Restricted	664,385	115,942	997,930	1,778,257
Committed	467,400	9,049	0	476,449
<b>Total Fund Balances</b>	<u>1,199,382</u>	<u>124,991</u>	<u>997,930</u>	<u>2,322,303</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 1,315,404</u>	<u>\$ 124,991</u>	<u>\$ 1,094,357</u>	<u>\$ 2,534,752</u>



**CITY OF NORTHWOOD, OHIO**

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Other Local Taxes	\$ 15,672	\$ 913	\$ 0	\$ 16,585
Intergovernmental Revenues	364,118	89,536	4,696	458,350
Payments in Lieu of Taxes	0	91,238	111,902	203,140
Charges for Services	266,873	0	0	266,873
Licenses and Permits	1,380	4,600	0	5,980
Investment Earnings	19,598	0	0	19,598
Fines and Forfeitures	14,923	0	0	14,923
Donations	0	1,258	0	1,258
All Other Revenue	86	0	0	86
<b>Total Revenue</b>	<b>682,650</b>	<b>187,545</b>	<b>116,598</b>	<b>986,793</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	1,899	0	0	1,899
Community Environment	33,328	0	0	33,328
Basic Utility Services	377,888	0	0	377,888
Transportation	622,495	0	0	622,495
General Government	14,873	0	0	14,873
Capital Outlay	0	676,684	0	676,684
Debt Service:				
Principal Retirement	0	0	350,031	350,031
Interest & Fiscal Charges	0	0	127,535	127,535
<b>Total Expenditures</b>	<b>1,050,483</b>	<b>676,684</b>	<b>477,566</b>	<b>2,204,733</b>
Excess (Deficiency) of Revenues Over Expenditures	(367,833)	(489,139)	(360,968)	(1,217,940)
<b>Other Financing Sources (Uses):</b>				
Transfers In	281,250	41,851	360,975	684,076
<b>Total Other Financing Sources (Uses)</b>	<b>281,250</b>	<b>41,851</b>	<b>360,975</b>	<b>684,076</b>
Net Change In Fund Balance	(86,583)	(447,288)	7	(533,864)
<b>Fund Balances at Beginning of Year</b>	<b>1,257,927</b>	<b>572,279</b>	<b>997,923</b>	<b>2,828,129</b>
Increase in Inventory Reserve	28,038	0	0	28,038
<b>Fund Balances End of Year</b>	<b>\$ 1,199,382</b>	<b>\$ 124,991</b>	<b>\$ 997,930</b>	<b>\$ 2,322,303</b>

**CITY OF NORTHWOOD, OHIO**

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

	Street Construction, Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste/ Environmental	Drug Fine
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 355,637	\$ 29,114	\$ 122,362	\$ 10,572	\$ 3,632
Receivables:					
Taxes	0	1,166	0	0	0
Accounts	0	0	0	0	0
Intergovernmental	139,851	0	11,343	0	0
Inventory of Supplies, at Cost	67,597	0	0	0	0
<b>Total Assets</b>	<b>\$ 563,085</b>	<b>\$ 30,280</b>	<b>\$ 133,705</b>	<b>\$ 10,572</b>	<b>\$ 3,632</b>
<b>Liabilities:</b>					
Accrued Wages and Benefits Payable	14,289	0	70	789	0
<b>Total Liabilities</b>	<b>14,289</b>	<b>0</b>	<b>70</b>	<b>789</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Amounts	93,234	0	7,562	0	0
<b>Total Deferred Inflows of Resources</b>	<b>93,234</b>	<b>0</b>	<b>7,562</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>					
Nonspendable	67,597	0	0	0	0
Restricted	387,965	30,280	126,073	0	3,632
Committed	0	0	0	9,783	0
<b>Total Fund Balances</b>	<b>455,562</b>	<b>30,280</b>	<b>126,073</b>	<b>9,783</b>	<b>3,632</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 563,085</b>	<b>\$ 30,280</b>	<b>\$ 133,705</b>	<b>\$ 10,572</b>	<b>\$ 3,632</b>

**CITY OF NORTHWOOD, OHIO**

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Special Law Enforcement	Enforcement and Education	Computerized Research	Storm Water Management	Keep Northwood Beautiful	Total Nonmajor Special Revenue Funds
\$ 11,414	\$ 920	\$ 16,801	\$ 421,647	\$ 87,300	\$ 1,059,399
0	0	0	0	0	1,166
0	0	0	36,048	0	36,048
0	0	0	0	0	151,194
0	0	0	0	0	67,597
<u>\$ 11,414</u>	<u>\$ 920</u>	<u>\$ 16,801</u>	<u>\$ 457,695</u>	<u>\$ 87,300</u>	<u>\$ 1,315,404</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>78</u>	<u>0</u>	<u>15,226</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>78</u>	<u>0</u>	<u>15,226</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,796</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,796</u>
0	0	0	0	0	67,597
11,414	920	16,801	0	87,300	664,385
0	0	0	457,617	0	467,400
<u>11,414</u>	<u>920</u>	<u>16,801</u>	<u>457,617</u>	<u>87,300</u>	<u>1,199,382</u>
<u>\$ 11,414</u>	<u>\$ 920</u>	<u>\$ 16,801</u>	<u>\$ 457,695</u>	<u>\$ 87,300</u>	<u>\$ 1,315,404</u>

**CITY OF NORTHWOOD, OHIO**

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

	Street Construction, Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste/ Environmental	Drug Fine
<b>Revenues:</b>					
Other Local Taxes	\$ 0	\$ 15,672	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	331,938	0	26,915	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	1,380	0
Investment Earnings	11,758	1,960	1,960	1,960	0
Fines and Forfeitures	0	0	0	0	1,987
All Other Revenue	86	0	0	0	0
<b>Total Revenue</b>	<b>343,782</b>	<b>17,632</b>	<b>28,875</b>	<b>3,340</b>	<b>1,987</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	1,000
Community Environment	0	0	0	26,024	0
Basic Utility Services	0	0	0	0	0
Transportation	586,783	16,089	19,623	0	0
General Government	0	0	0	0	0
<b>Total Expenditures</b>	<b>586,783</b>	<b>16,089</b>	<b>19,623</b>	<b>26,024</b>	<b>1,000</b>
Excess (Deficiency) of Revenues Over Expenditures	(243,001)	1,543	9,252	(22,684)	987
<b>Other Financing Sources (Uses):</b>					
Transfers In	265,000	0	0	11,250	0
<b>Total Other Financing Sources (Uses)</b>	<b>265,000</b>	<b>0</b>	<b>0</b>	<b>11,250</b>	<b>0</b>
Net Change In Fund Balances	21,999	1,543	9,252	(11,434)	987
<b>Fund Balances at Beginning of Year</b>	<b>405,525</b>	<b>28,737</b>	<b>116,821</b>	<b>21,217</b>	<b>2,645</b>
Increase in Inventory Reserve	28,038	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 455,562</b>	<b>\$ 30,280</b>	<b>\$ 126,073</b>	<b>\$ 9,783</b>	<b>\$ 3,632</b>

**CITY OF NORTHWOOD, OHIO**

Special Law Enforcement	Enforcement and Education	Computerized Research	Storm Water Management	Keep Northwood Beautiful	Northwood Civic Events	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,672
0	0	0	0	5,265	0	364,118
0	0	0	266,873	0	0	266,873
0	0	0	0	0	0	1,380
1,960	0	0	0	0	0	19,598
94	394	12,448	0	0	0	14,923
0	0	0	0	0	0	86
<u>2,054</u>	<u>394</u>	<u>12,448</u>	<u>266,873</u>	<u>5,265</u>	<u>0</u>	<u>682,650</u>
899	0	0	0	0	0	1,899
0	0	0	0	2,304	5,000	33,328
0	0	0	377,888	0	0	377,888
0	0	0	0	0	0	622,495
0	389	14,484	0	0	0	14,873
<u>899</u>	<u>389</u>	<u>14,484</u>	<u>377,888</u>	<u>2,304</u>	<u>5,000</u>	<u>1,050,483</u>
1,155	5	(2,036)	(111,015)	2,961	(5,000)	(367,833)
0	0	0	0	0	5,000	281,250
0	0	0	0	0	5,000	281,250
1,155	5	(2,036)	(111,015)	2,961	0	(86,583)
10,259	915	18,837	568,632	84,339	0	1,257,927
0	0	0	0	0	0	28,038
<u>\$ 11,414</u>	<u>\$ 920</u>	<u>\$ 16,801</u>	<u>\$ 457,617</u>	<u>\$ 87,300</u>	<u>\$ 0</u>	<u>\$ 1,199,382</u>

**CITY OF NORTHWOOD, OHIO**

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

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	<u>Recreation Parks Combined</u>	<u>Economic Development Acquisition</u>	<u>Fire Station Addition</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 107,393	\$ 8,549	\$ 9,049	\$ 124,991
<b>Total Assets</b>	<u>\$ 107,393</u>	<u>\$ 8,549</u>	<u>\$ 9,049</u>	<u>\$ 124,991</u>
<b>Liabilities:</b>				
<b>Fund Balances:</b>				
Restricted	107,393	8,549	0	115,942
Committed	0	0	9,049	9,049
<b>Total Fund Balances</b>	<u>107,393</u>	<u>8,549</u>	<u>9,049</u>	<u>124,991</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 107,393</u>	<u>\$ 8,549</u>	<u>\$ 9,049</u>	<u>\$ 124,991</u>

**CITY OF NORTHWOOD, OHIO**

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

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	Recreation Parks Combined	Economic Development Acquisition	Fire Station Addition	Total Nonmajor Capital Project Funds
<b>Revenues:</b>				
Other Local Taxes	\$ 913	\$ 0	\$ 0	\$ 913
Intergovernmental Revenues	2,500	87,036	0	89,536
Payments in Lieu of Taxes	0	91,238	0	91,238
Licenses and Permits	0	4,600	0	4,600
Donations	0	0	1,258	1,258
<b>Total Revenue</b>	<b>3,413</b>	<b>182,874</b>	<b>1,258</b>	<b>187,545</b>
<b>Expenditures:</b>				
Capital Outlay	18,629	658,055	0	676,684
<b>Total Expenditures</b>	<b>18,629</b>	<b>658,055</b>	<b>0</b>	<b>676,684</b>
Excess (Deficiency) of Revenues Over Expenditures	(15,216)	(475,181)	1,258	(489,139)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	34,060	7,791	41,851
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>34,060</b>	<b>7,791</b>	<b>41,851</b>
Net Change In Fund Balances	(15,216)	(441,121)	9,049	(447,288)
<b>Fund Balances at Beginning of Year</b>	<b>122,609</b>	<b>449,670</b>	<b>0</b>	<b>572,279</b>
<b>Fund Balances End of Year</b>	<b>\$ 107,393</b>	<b>\$ 8,549</b>	<b>\$ 9,049</b>	<b>\$ 124,991</b>

**CITY OF NORTHWOOD, OHIO**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 219,613	\$ 233,492	\$ 224,704	\$ (8,788)
Municipal Income Taxes	4,410,000	4,410,000	4,414,427	4,427
Other Local Taxes	40,000	40,000	29,778	(10,222)
Intergovernmental Revenues	273,823	288,931	299,773	10,842
Charges for Services	110,000	140,000	135,968	(4,032)
Licenses and Permits	96,800	111,800	98,515	(13,285)
Investment Earnings	52,501	172,501	176,365	3,864
Special Assessments	78,000	107,350	104,790	(2,560)
Fines and Forfeitures	141,700	156,950	142,797	(14,153)
Donations	1,000	1,000	65	(935)
All Other Revenues	79,559	142,859	152,440	9,581
Total Revenues	5,502,996	5,804,883	5,779,622	(25,261)
<b>Expenditures:</b>				
Security of Persons and Property:				
Police Department:				
Personal Services	1,955,220	1,955,220	1,773,951	181,269
Materials and Supplies	104,480	110,672	98,838	11,834
Contractual Services	65,950	65,950	48,074	17,876
Other Expenditures	5,000	5,000	4,267	733
Total Police Department	2,130,650	2,136,842	1,925,130	211,712
Fire Department:				
Personal Services	499,251	515,751	507,913	7,838
Materials and Supplies	133,950	147,281	128,098	19,183
Contractual Services	61,984	61,984	49,770	12,214
Total Fire Department	695,185	725,016	685,781	39,235
Civil Defense:				
Contractual Services	3,000	3,000	2,896	104
Police and Fire Communications:				
Personal Services	407,550	409,050	380,187	28,863
Materials and Supplies	6,200	6,200	5,260	940
Contractual Services	7,400	7,400	6,117	1,283
Total Police and Fire Communications	421,150	422,650	391,564	31,086
Total Security of Persons and Property	3,249,985	3,287,508	3,005,371	282,137

(Continued)



**CITY OF NORTHWOOD, OHIO**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health and Welfare Services:				
County Board of Health:				
Contractual Services	6,500	6,500	5,559	941
Total Public Health and Welfare Services	6,500	6,500	5,559	941
Leisure Time Activities:				
Parks and Playgrounds:				
Materials and Supplies	2,500	3,700	3,048	652
Contractual Services	22,000	22,000	14,848	7,152
Capital Outlay	5,000	5,000	1,843	3,157
Total Parks and Playgrounds	29,500	30,700	19,739	10,961
Recreation:				
Personal Services	40,000	21,000	12,552	8,448
Materials and Supplies	76,500	76,500	16,074	60,426
Contractual Services	5,500	5,500	1,598	3,902
Total Recreation	122,000	103,000	30,224	72,776
Baseball Programs:				
Materials and Supplies	10,400	10,400	8,852	1,548
Contractual Services	17,200	17,200	8,668	8,532
Other Expenditures	100	150	141	9
Total Baseball Programs	27,700	27,750	17,661	10,089
Total Leisure Time Activities	179,200	161,450	67,624	93,826
Community Environment:				
Planning and Zoning:				
Personal Services	88,600	88,600	75,826	12,774
Materials and Supplies	2,300	2,240	1,822	418
Contractual Services	200	260	259	1
Total Planning and Zoning	91,100	91,100	77,907	13,193
Weed Control and Tree Care:				
Personal Services	25,000	43,000	42,040	960
Materials and Supplies	1,000	1,100	1,034	66
Contractual Services	7,000	9,850	9,421	429
Capital Outlay	1,000	900	97	803
Total Weed Control and Tree Care	34,000	54,850	52,592	2,258

(Continued)

**CITY OF NORTHWOOD, OHIO**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Economic Development:				
Materials and Supplies	17,000	17,000	11,257	5,743
Contractual Services	80,000	80,000	59,706	20,294
Total Economic Development	97,000	97,000	70,963	26,037
Total Community Environment	222,100	242,950	201,462	41,488
General Government:				
Mayor:				
Personal Services	42,500	42,500	38,797	3,703
Materials and Supplies	2,500	2,500	724	1,776
Contractual Services	400	400	318	82
Total Mayor	45,400	45,400	39,839	5,561
Finance Director:				
Personal Services	303,000	306,400	306,105	295
Materials and Supplies	9,500	8,500	8,454	46
Contractual Services	16,300	13,900	13,534	366
Total Finance Director	328,800	328,800	328,093	707
City Administrator:				
Personal Services	109,965	110,265	110,224	41
Materials and Supplies	1,500	2,200	2,089	111
Contractual Services	200	850	832	18
Total City Administrator	111,665	113,315	113,145	170
Legal Administration:				
Personal Services	79,100	79,100	65,106	13,994
Materials and Supplies	4,000	4,000	3,868	132
Contractual Services	10,000	10,000	4,432	5,568
Total Legal Administration	93,100	93,100	73,406	19,694
City Council:				
Personal Services	59,330	59,330	58,596	734
Materials and Supplies	1,000	1,000	680	320
Total City Council	60,330	60,330	59,276	1,054

(Continued)

**CITY OF NORTHWOOD, OHIO**

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***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, 2018***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
City Clerk:				
Personal Services	55,265	55,265	54,170	1,095
Materials and Supplies	1,700	1,700	998	702
Contractual Services	7,200	7,200	3,392	3,808
Total City Clerk	64,165	64,165	58,560	5,605
Mayor's Court:				
Personal Services	115,100	115,100	112,362	2,738
Materials and Supplies	5,500	9,310	7,948	1,362
Contractual Services	12,600	13,790	13,783	7
Total Mayor's Court	133,200	138,200	134,093	4,107
Civil Service Commission:				
Materials and Supplies	100	100	0	100
Contractual Services	6,000	6,000	4,562	1,438
Total Civil Service Commission	6,100	6,100	4,562	1,538
Buildings and Grounds:				
Personal Services	99,485	99,485	83,638	15,847
Materials and Supplies	7,000	6,450	5,556	894
Contractual Services	26,100	29,650	29,602	48
Other Expenditures	25,000	27,100	27,025	75
Total Buildings and Grounds	157,585	162,685	145,821	16,864
General Miscellaneous:				
Contractual Services	19,500	19,500	15,411	4,089
Special Assessments:				
Contractual Services	71,300	71,300	64,762	6,538

(Continued)

**CITY OF NORTHWOOD, OHIO**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Administrative:				
Personal Services	12,000	12,000	3,350	8,650
Materials and Supplies	14,000	14,000	10,485	3,515
Contractual Services	301,000	304,000	245,029	58,971
Other Expenditures	128,000	153,000	128,359	24,641
Total General Administrative	<u>455,000</u>	<u>483,000</u>	<u>387,223</u>	<u>95,777</u>
Total General Government	<u>1,546,145</u>	<u>1,585,895</u>	<u>1,424,191</u>	<u>161,704</u>
Total Expenditures	<u>5,203,930</u>	<u>5,284,303</u>	<u>4,704,207</u>	<u>580,096</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	299,066	520,580	1,075,415	554,835
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(293,000)</u>	<u>(302,800)</u>	<u>(289,041)</u>	<u>13,759</u>
Total Other Financing Sources (Uses)	<u>(293,000)</u>	<u>(302,800)</u>	<u>(289,041)</u>	<u>13,759</u>
Net Change In Fund Balance	6,066	217,780	786,374	568,594
Fund Balance at Beginning of Year	5,203,519	5,203,519	5,203,519	0
Prior Year Encumbrances	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,213,777</u>	<u>\$ 5,425,491</u>	<u>\$ 5,994,085</u>	<u>\$ 568,594</u>

**CITY OF NORTHWOOD, OHIO**

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

<b>CAPITAL IMPROVEMENT FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Municipal Income Taxes	\$ 1,259,000	\$ 1,259,000	\$ 1,261,265	\$ 2,265
Intergovernmental Revenues	0	0	48,430	48,430
Special Assessments	0	129,500	3,416	(126,084)
Fines and Forfeitures	500	500	0	(500)
Donations	500	500	140	(360)
Total Revenues	<u>1,260,000</u>	<u>1,389,500</u>	<u>1,313,251</u>	<u>(76,249)</u>
<b>Expenditures:</b>				
Capital Outlay:				
Security of Persons and Property	82,196	170,903	170,867	36
Transportation	1,924,274	2,514,750	2,018,121	496,629
General Government	1,037,441	1,089,822	982,054	107,768
Total Expenditures	<u>3,043,911</u>	<u>3,775,475</u>	<u>3,171,042</u>	<u>604,433</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,783,911)	(2,385,975)	(1,857,791)	528,184
<b>Other Financing Sources (Uses):</b>				
OWDA Loan Issued	792,118	792,118	792,118	0
Transfers Out	(512,200)	(512,200)	(395,035)	117,165
Total Other Financing Sources (Uses)	<u>279,918</u>	<u>279,918</u>	<u>397,083</u>	<u>117,165</u>
Net Change In Fund Balance	(1,503,993)	(2,106,057)	(1,460,708)	645,349
Fund Balance at Beginning of Year	4,237,873	4,237,873	4,237,873	0
Prior Year Encumbrances	438,380	438,380	438,380	0
Fund Balance at End of Year	<u>\$ 3,172,260</u>	<u>\$ 2,570,196</u>	<u>\$ 3,215,545</u>	<u>\$ 645,349</u>

**CITY OF NORTHWOOD, OHIO**

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

<b>CAPITAL REPLACEMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 629,000	\$ 629,000	\$ 630,633	\$ 1,633
Total Revenues	<u>629,000</u>	<u>629,000</u>	<u>630,633</u>	<u>1,633</u>
<b>Expenditures:</b>				
Capital Outlay	572,455	593,488	474,764	118,724
Total Expenditures	<u>572,455</u>	<u>593,488</u>	<u>474,764</u>	<u>118,724</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	56,545	35,512	155,869	120,357
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	1,000	1,000	2,759	1,759
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>2,759</u>	<u>1,759</u>
Net Change in Fund Balance	57,545	36,512	158,628	122,116
Fund Balance at Beginning of Year	1,723,953	1,723,953	1,723,953	0
Prior Year Encumbrances	21,033	21,033	21,033	0
Fund Balance at End of Year	<u>\$ 1,802,531</u>	<u>\$ 1,781,498</u>	<u>\$ 1,903,614</u>	<u>\$ 122,116</u>

**CITY OF NORTHWOOD, OHIO**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND</b>				
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 299,000	\$ 330,000	\$ 329,992	\$ (8)
Investment Earnings	1,000	11,500	11,758	258
All Other Revenues	0	100	86	(14)
Total Revenues	<u>300,000</u>	<u>341,600</u>	<u>341,836</u>	<u>236</u>
Transportation:				
Street Maintenance and Repair:				
Personal Services	394,390	440,435	440,297	138
Materials and Supplies	36,500	56,455	56,403	52
Contractual Services	1,875	1,475	1,444	31
Total Street Maintenance and Repair	<u>432,765</u>	<u>498,365</u>	<u>498,144</u>	<u>221</u>
Snow and Ice Removal:				
Personal Services	25,000	25,000	9,265	15,735
Materials and Supplies	70,000	69,500	36,622	32,878
Contractual Services	12,000	19,000	18,912	88
Total Snow and Ice Removal	<u>107,000</u>	<u>113,500</u>	<u>64,799</u>	<u>48,701</u>
Traffic Signals and Signs:				
Personal Services	10,000	10,000	7,352	2,648
Materials and Supplies	4,000	4,000	3,252	748
Contractual Services	25,500	25,500	11,773	13,727
Total Traffic Signals and Signs	<u>39,500</u>	<u>39,500</u>	<u>22,377</u>	<u>17,123</u>
Total Expenditures	<u>579,265</u>	<u>651,365</u>	<u>585,320</u>	<u>66,045</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(279,265)	(309,765)	(243,484)	66,281
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	265,000	265,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>265,000</u>	<u>265,000</u>	<u>0</u>
Net Change In Fund Balance	(279,265)	(44,765)	21,516	66,281
Fund Balance at Beginning of Year	<u>334,121</u>	<u>334,121</u>	<u>334,121</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 54,856</u>	<u>\$ 289,356</u>	<u>\$ 355,637</u>	<u>\$ 66,281</u>

**CITY OF NORTHWOOD, OHIO**

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

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Other Local Taxes	\$ 16,000	\$ 16,000	\$ 15,698	\$ (302)
Investment Earnings	500	2,075	1,960	(115)
Total Revenues	<u>16,500</u>	<u>18,075</u>	<u>17,658</u>	<u>(417)</u>
<b>Expenditures:</b>				
Transportation:				
Contractual Services	<u>20,000</u>	<u>20,000</u>	<u>16,089</u>	<u>3,911</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>16,089</u>	<u>3,911</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,500)	(1,925)	1,569	3,494
Fund Balance at Beginning of Year	<u>27,545</u>	<u>27,545</u>	<u>27,545</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,045</u>	<u>\$ 25,620</u>	<u>\$ 29,114</u>	<u>\$ 3,494</u>



**CITY OF NORTHWOOD, OHIO**

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

<b>STATE HIGHWAY IMPROVEMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 24,000	\$ 27,500	\$ 26,756	\$ (744)
Investment Earnings	500	1,950	1,960	10
Total Revenues	<u>24,500</u>	<u>29,450</u>	<u>28,716</u>	<u>(734)</u>
<b>Expenditures:</b>				
Transportation:				
Street Maintenance and Repair:				
Personal Services	12,200	12,200	11,307	893
Snow and Ice Removal:				
Materials and Supplies	11,500	11,500	7,909	3,591
Traffic Signals and Signs:				
Contractual Services	1,000	1,000	452	548
Total Expenditures	<u>24,700</u>	<u>24,700</u>	<u>19,668</u>	<u>5,032</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200)	4,750	9,048	4,298
Fund Balance at Beginning of Year	113,314	113,314	113,314	0
Fund Balance at End of Year	<u>\$ 113,114</u>	<u>\$ 118,064</u>	<u>\$ 122,362</u>	<u>\$ 4,298</u>

**CITY OF NORTHWOOD, OHIO**

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

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Licenses and Permits	\$ 5,500	\$ 5,500	\$ 1,380	\$ (4,120)
Investment Earnings	500	1,200	1,960	760
Total Revenues	<u>6,000</u>	<u>6,700</u>	<u>3,340</u>	<u>(3,360)</u>
<b>Expenditures:</b>				
Community Environment:				
Personal Services	<u>30,500</u>	<u>30,500</u>	<u>25,235</u>	<u>5,265</u>
Total Expenditures	<u>30,500</u>	<u>30,500</u>	<u>25,235</u>	<u>5,265</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,500)	(23,800)	(21,895)	1,905
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>0</u>	<u>36,250</u>	<u>11,250</u>	<u>(25,000)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>36,250</u>	<u>11,250</u>	<u>(25,000)</u>
Net Change in Fund Balance	(24,500)	12,450	(10,645)	(23,095)
Fund Balance at Beginning of Year	<u>21,217</u>	<u>21,217</u>	<u>21,217</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (3,283)</u>	<u>\$ 33,667</u>	<u>\$ 10,572</u>	<u>\$ (23,095)</u>

**CITY OF NORTHWOOD, OHIO**

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

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	DRUG FINE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 1,000	\$ 2,500	\$ 1,987	\$ (513)
Total Revenues	<u>1,000</u>	<u>2,500</u>	<u>1,987</u>	<u>(513)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Capital Outlay	<u>1,100</u>	<u>1,100</u>	<u>1,000</u>	<u>100</u>
Total Expenditures	<u>1,100</u>	<u>1,100</u>	<u>1,000</u>	<u>100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100)	1,400	987	(413)
Fund Balance at Beginning of Year	<u>2,645</u>	<u>2,645</u>	<u>2,645</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,545</u>	<u>\$ 4,045</u>	<u>\$ 3,632</u>	<u>\$ (413)</u>

**CITY OF NORTHWOOD, OHIO**

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

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 500	\$ 1,950	\$ 1,960	\$ 10
Fines and Forfeitures	3,500	3,500	94	(3,406)
Total Revenues	<u>4,000</u>	<u>5,450</u>	<u>2,054</u>	<u>(3,396)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Materials and Supplies	6,600	6,600	899	5,701
Total Expenditures	<u>6,600</u>	<u>6,600</u>	<u>899</u>	<u>5,701</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,600)	(1,150)	1,155	2,305
Fund Balance at Beginning of Year	<u>10,259</u>	<u>10,259</u>	<u>10,259</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,659</u>	<u>\$ 9,109</u>	<u>\$ 11,414</u>	<u>\$ 2,305</u>

**CITY OF NORTHWOOD, OHIO**

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

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 394	\$ (606)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>394</u>	<u>(606)</u>
<b>Expenditures:</b>				
General Government:				
Materials and Supplies	<u>500</u>	<u>500</u>	<u>389</u>	<u>111</u>
Total Expenditures	<u>500</u>	<u>500</u>	<u>389</u>	<u>111</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	500	500	5	(495)
Fund Balance at Beginning of Year	<u>915</u>	<u>915</u>	<u>915</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,415</u>	<u>\$ 1,415</u>	<u>\$ 920</u>	<u>\$ (495)</u>

**CITY OF NORTHWOOD, OHIO**

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

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 14,000	\$ 14,000	\$ 12,448	\$ (1,552)
Total Revenues	<u>14,000</u>	<u>14,000</u>	<u>12,448</u>	<u>(1,552)</u>
<b>Expenditures:</b>				
General Government:				
Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>14,626</u>	<u>374</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>14,626</u>	<u>374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(1,000)	(2,178)	(1,178)
Fund Balance at Beginning of Year	<u>18,979</u>	<u>18,979</u>	<u>18,979</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,979</u>	<u>\$ 17,979</u>	<u>\$ 16,801</u>	<u>\$ (1,178)</u>

**CITY OF NORTHWOOD, OHIO**

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

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 275,000	\$ 275,000	\$ 268,672	\$ (6,328)
Total Revenues	<u>275,000</u>	<u>275,000</u>	<u>268,672</u>	<u>(6,328)</u>
<b>Expenditures:</b>				
Basic Utility Services:				
Personal Services	25,400	25,400	14,110	11,290
Contractual Services	13,700	13,650	5,857	7,793
Capital Outlay	<u>385,800</u>	<u>439,082</u>	<u>374,008</u>	<u>65,074</u>
Total Expenditures	<u>424,900</u>	<u>478,132</u>	<u>393,975</u>	<u>84,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(149,900)	(203,132)	(125,303)	77,829
Fund Balance at Beginning of Year	520,550	520,550	520,550	0
Prior Year Encumbrances	<u>14,647</u>	<u>14,647</u>	<u>14,647</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 385,297</u>	<u>\$ 332,065</u>	<u>\$ 409,894</u>	<u>\$ 77,829</u>

**CITY OF NORTHWOOD, OHIO**

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

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 5,500	\$ 5,500	\$ 5,265	\$ (235)
Total Revenues	<u>5,500</u>	<u>5,500</u>	<u>5,265</u>	<u>(235)</u>
<b>Expenditures:</b>				
Community Environment:				
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>2,304</u>	<u>17,696</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>2,304</u>	<u>17,696</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,500)	(14,500)	2,961	17,461
Fund Balance at Beginning of Year	<u>84,339</u>	<u>84,339</u>	<u>84,339</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 69,839</u>	<u>\$ 69,839</u>	<u>\$ 87,300</u>	<u>\$ 17,461</u>



**CITY OF NORTHWOOD, OHIO**

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

<b>NORTHWOOD CIVIC EVENTS FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Community Environment:				
Materials and Supplies	3,000	8,000	5,000	3,000
Total Expenditures	3,000	8,000	5,000	3,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	(8,000)	(5,000)	3,000
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	5,000	5,000	0
Total Other Financing Sources (Uses)	0	5,000	5,000	0
Net Change in Fund Balance	(3,000)	(3,000)	0	3,000
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ (3,000)	\$ (3,000)	\$ 0	\$ 3,000

**CITY OF NORTHWOOD, OHIO**

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

<b>GENERAL OBLIGATION DEBT RETIREMENT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Payments in Lieu of Taxes	\$ 202,000	\$ 202,000	\$ 111,902	\$ (90,098)
Intergovernmental Revenues	4,695	4,695	4,696	1
Total Revenues	<u>206,695</u>	<u>206,695</u>	<u>116,598</u>	<u>(90,097)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	418,890	370,890	350,031	20,859
Interest and Fiscal Charges	170,600	218,600	127,535	91,065
Total Expenditures	<u>589,490</u>	<u>589,490</u>	<u>477,566</u>	<u>111,924</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(382,795)	(382,795)	(360,968)	21,827
<b>Other Financing Sources (Uses):</b>				
Transfers In	134,700	362,195	360,975	(1,220)
Total Other Financing Sources (Uses)	<u>134,700</u>	<u>362,195</u>	<u>360,975</u>	<u>(1,220)</u>
Net Change in Fund Balance	(248,095)	(20,600)	7	20,607
Fund Balance at Beginning of Year	997,923	997,923	997,923	0
Fund Balance at End of Year	<u>\$ 749,828</u>	<u>\$ 977,323</u>	<u>\$ 997,930</u>	<u>\$ 20,607</u>

**CITY OF NORTHWOOD, OHIO**

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***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, 2018***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Other Local Taxes	\$ 2,000	\$ 2,000	\$ 913	\$ (1,087)
Intergovernmental Revenues	2,500	152,500	2,500	(150,000)
Total Revenues	<u>4,500</u>	<u>154,500</u>	<u>3,413</u>	<u>(151,087)</u>
<b>Expenditures:</b>				
Capital Outlay	270,000	270,000	18,629	251,371
Total Expenditures	<u>270,000</u>	<u>270,000</u>	<u>18,629</u>	<u>251,371</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(265,500)	(115,500)	(15,216)	100,284
Fund Balance at Beginning of Year	122,609	122,609	122,609	0
Fund Balance at End of Year	<u>\$ (142,891)</u>	<u>\$ 7,109</u>	<u>\$ 107,393</u>	<u>\$ 100,284</u>

**CITY OF NORTHWOOD, OHIO**

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

**ECONOMIC DEVELOPMENT ACQUISITION FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Payments in Lieu of Taxes	\$ 78,250	\$ 91,250	\$ 91,238	\$ (12)
Intergovernmental Revenues	0	88,000	87,036	(964)
Licenses and Permits	0	5,200	4,600	(600)
Total Revenues	<u>78,250</u>	<u>184,450</u>	<u>182,874</u>	<u>(1,576)</u>
<b>Expenditures:</b>				
Community Environment:				
Capital Outlay	<u>193,000</u>	<u>670,060</u>	<u>663,641</u>	<u>6,419</u>
Total Expenditures	<u>193,000</u>	<u>670,060</u>	<u>663,641</u>	<u>6,419</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114,750)	(485,610)	(480,767)	4,843
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	<u>0</u>	<u>34,060</u>	<u>34,060</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>34,060</u>	<u>34,060</u>	<u>0</u>
Net Change in Fund Balance	(114,750)	(451,550)	(446,707)	4,843
Fund Balance at Beginning of Year	<u>449,670</u>	<u>449,670</u>	<u>449,670</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 334,920</u>	<u>\$ (1,880)</u>	<u>\$ 2,963</u>	<u>\$ 4,843</u>

**CITY OF NORTHWOOD, OHIO**

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**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, 2018**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Donations	\$ 0	\$ 2,209	\$ 1,258	\$ (951)
Total Revenues	<u>0</u>	<u>2,209</u>	<u>1,258</u>	<u>(951)</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	2,209	1,258	(951)
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Fixed Assets	0	0	0	0
Transfers In	0	7,791	7,791	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>7,791</u>	<u>7,791</u>	<u>0</u>
Net Change in Fund Balance	0	10,000	9,049	(951)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 9,049</u>	<u>\$ (951)</u>

***Fiduciary Fund***

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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***

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**Mayor's Court Fund**

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

**CITY OF NORTHWOOD, OHIO**

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***Statement Of Changes In Assets And Liabilities  
Agency Fund  
For the Year Ended December 31, 2018***

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	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
<u>Mayor's Court Fund</u>				
Cash and Cash Equivalents	\$2,124	\$228,660	(\$228,069)	\$2,715
Total Assets	<u>\$2,124</u>	<u>\$228,660</u>	<u>(\$228,069)</u>	<u>\$2,715</u>
Liabilities:				
Due to Others	\$2,124	\$228,660	(\$228,069)	\$2,715
Total Liabilities	<u>\$2,124</u>	<u>\$228,660</u>	<u>(\$228,069)</u>	<u>\$2,715</u>





*STATISTICAL SECTION*

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## ***STATISTICAL TABLES***

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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***

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<b>Financial Trends</b>	S 2 – S 11
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 12 – S 15
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the property tax and the income tax.	
<b>Debt Capacity</b>	S 16 – S 23
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 24 – S 27
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 28 – S 33
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

*City of Northwood, Ohio*

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

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	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$8,091,560	\$8,446,516	\$8,284,546	\$9,368,500
Restricted	4,027,308	4,863,846	5,989,880	5,056,816
Unrestricted	(1,704,094)	(1,272,233)	(232,073)	867,561
Total Governmental Activities Net Position	<u>\$10,414,774</u>	<u>\$12,038,129</u>	<u>\$14,042,353</u>	<u>\$15,292,877</u>

Source: Finance Director's Office

*City of Northwood, Ohio*

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<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Restated 2017</u>	<u>2018</u>
\$9,457,531	\$9,561,074	\$10,422,136	\$11,630,689	\$12,016,505	\$13,830,638
878,115	1,743,885	1,745,010	948,082	1,763,568	1,831,781
6,936,669	7,817,154	5,466,887	6,639,970	4,249,643	2,843,917
<u>\$17,272,315</u>	<u>\$19,122,113</u>	<u>\$17,634,033</u>	<u>\$19,218,741</u>	<u>\$18,029,716</u>	<u>\$18,506,336</u>

## City of Northwood, Ohio

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

	2009	2010	2011	2012
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$2,933,171	\$2,503,028	\$2,372,014	\$2,708,090
Public Health and Welfare Services	8,975	8,833	8,682	6,695
Leisure Time Activities	68,744	82,707	87,105	80,200
Community Environment	345,967	381,282	107,373	102,235
Basic Utility Services	530,276	172,679	214,271	86,753
Transportation	652,731	376,340	598,193	972,133
General Government	1,648,872	1,468,895	1,381,014	1,518,514
Interest and Fiscal Charges	36,024	181,053	112,882	81,286
<i>Total Primary Government Expenses</i>	<u>\$6,224,760</u>	<u>\$5,174,817</u>	<u>\$4,881,534</u>	<u>\$5,555,906</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$226,894	\$220,362	\$235,697	\$213,543
Leisure Time Activities	4,755	6,105	135,640	5,975
Community Environment	15,663	16,815	34,602	26,956
Basic Utility Services	243,580	174,697	289,722	273,409
Transportation	35,578	15,656	5,246	6,172
General Government	359,009	369,572	422,418	382,898
Operating Grants and Contributions	630,584	770,000	375,248	376,964
Capital Grants and Contributions	241,714	185,416	4,779	2,500
<i>Total Governmental Activities Program Revenues</i>	<u>1,757,777</u>	<u>1,758,623</u>	<u>1,503,352</u>	<u>1,288,417</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes Levied for:				
Property Taxes	331,711	476,377	427,146	413,241
Municipal Income Taxes	3,667,625	3,945,769	4,359,623	4,720,735
Other Local Taxes	47,714	39,035	44,816	37,077
Payments In Lieu of Taxes	0	0	0	0
Grants and Entitlements not Restricted to Specific Programs	501,639	552,730	474,873	239,456
Investment Earnings	17,024	9,273	15,983	20,512
Miscellaneous	0	16,365	59,965	86,992
<i>Total Primary Government</i>	<u>4,565,713</u>	<u>5,039,549</u>	<u>5,382,406</u>	<u>5,518,013</u>
Special Item: Transfer of Debt	879,607	0	0	0
<b>Change in Net Position</b>	<u>\$978,337</u>	<u>\$1,623,355</u>	<u>\$2,004,224</u>	<u>\$1,250,524</u>

Source: Finance Director's Office

*City of Northwood, Ohio*

2013	2014	2015	2016	2017	2018
\$2,925,711	\$2,921,387	\$3,029,803	\$3,254,558	\$3,364,327	\$3,727,631
6,432	6,465	6,429	5,966	5,633	5,559
76,125	81,679	72,887	68,280	81,012	94,455
122,419	120,352	138,973	427,103	216,140	242,517
143,644	376,044	473,215	361,862	413,573	514,907
910,073	803,229	684,805	782,986	822,308	1,422,291
1,369,674	1,464,739	1,504,412	1,576,359	1,587,855	2,047,897
84,282	78,332	74,639	86,571	86,642	127,142
<u>\$5,638,360</u>	<u>\$5,852,227</u>	<u>\$5,985,163</u>	<u>\$6,563,685</u>	<u>\$6,577,490</u>	<u>\$8,182,399</u>
\$202,644	\$114,034	\$261,118	\$238,337	\$189,275	\$316,107
6,830	4,340	1,055	6,378	2,343	4,540
27,456	34,467	18,145	13,176	26,988	25,696
206,799	302,114	313,457	274,449	391,099	253,636
12,734	5,225	3,421	3,300	5,107	3,502
321,591	253,728	243,030	280,290	291,419	290,718
352,982	378,141	376,079	377,950	423,121	507,725
556,325	134,119	166,530	87,500	63,172	21,351
<u>1,687,361</u>	<u>1,226,168</u>	<u>1,382,835</u>	<u>1,281,380</u>	<u>1,392,524</u>	<u>1,423,275</u>
202,903	210,189	212,332	219,744	213,155	246,897
5,127,797	5,617,863	5,507,757	5,915,300	6,276,340	6,256,790
34,032	58,624	51,560	46,557	143,734	47,198
128,661	175,840	176,740	191,104	200,448	203,140
359,087	223,942	149,712	263,749	230,824	272,015
19,383	8,656	89,788	148,769	77,361	116,145
58,574	180,743	137,346	81,790	160,465	93,559
<u>5,930,437</u>	<u>6,475,857</u>	<u>6,325,235</u>	<u>6,867,013</u>	<u>7,302,327</u>	<u>7,235,744</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$1,979,438</u>	<u>\$1,849,798</u>	<u>\$1,722,907</u>	<u>\$1,584,708</u>	<u>\$2,117,361</u>	<u>\$476,620</u>

**City of Northwood, Ohio**

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

	2009	2010	2011	2012
<b>General Fund</b>				
Nonspendable	\$0	\$0	\$49,963	\$38,134
Assigned	0	0	0	215
Unassigned	0	0	1,689,721	1,947,762
Reserved	32,617	54,798	0	0
Unreserved	426,584	691,464	0	0
<b>Total General Fund</b>	<b>459,201</b>	<b>746,262</b>	<b>1,739,684</b>	<b>1,986,111</b>
<b>All Other Governmental Funds</b>				
Nonspendable	0	0	53,120	62,996
Restricted	0	0	1,240,589	1,392,447
Committed	0	0	4,492,947	4,298,751
Unassigned	0	0	(147)	0
Reserved	442,972	38,184	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	807,993	1,135,967	0	0
Debt Service Funds	297,464	384,210	0	0
Capital Projects Funds	2,206,596	3,086,917	0	0
<b>Total All Other Governmental Funds</b>	<b>3,755,025</b>	<b>4,645,278</b>	<b>5,786,509</b>	<b>5,754,194</b>
<b>Total Governmental Funds</b>	<b>\$4,214,226</b>	<b>\$5,391,540</b>	<b>\$7,526,193</b>	<b>\$7,740,305</b>

Source: Finance Director's Office

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



*City of Northwood, Ohio*

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2013	2014	2015	2016	2017	2018
\$53,228	\$62,257	\$63,119	\$66,357	\$62,214	\$66,124
195,512	205,376	69,123	23,186	71,934	16,190
2,376,653	3,167,093	3,800,962	4,719,158	5,600,341	6,317,471
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,625,393</u>	<u>3,434,726</u>	<u>3,933,204</u>	<u>4,808,701</u>	<u>5,734,489</u>	<u>6,399,785</u>
43,981	48,585	83,856	41,347	50,119	79,595
1,588,320	1,595,584	1,609,773	829,693	1,749,051	1,778,257
5,342,796	6,395,020	6,590,427	7,352,417	7,694,183	6,076,461
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>6,975,097</u>	<u>8,039,189</u>	<u>8,284,056</u>	<u>8,223,457</u>	<u>9,493,353</u>	<u>7,934,313</u>
<u>\$9,600,490</u>	<u>\$11,473,915</u>	<u>\$12,217,260</u>	<u>\$13,032,158</u>	<u>\$15,227,842</u>	<u>\$14,334,098</u>

## City of Northwood, Ohio

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

	2009	2010	2011	2012
<b>Revenues:</b>				
Taxes	\$4,099,357	\$4,475,046	\$4,812,246	\$5,172,313
Intergovernmental Revenues	1,377,468	1,303,269	906,492	695,338
Payments in Lieu of Taxes	0	0	0	0
Charges for Services	347,120	281,710	377,372	338,083
Licenses, Permits and Fees	140,602	118,472	97,433	129,223
Investment Earnings	40,432	9,273	15,083	21,412
Special Assessments	90,020	83,179	96,248	91,510
Fines and Forfeitures	231,562	231,306	333,344	264,656
Donations	46,572	9,941	3,108	950
All Other Revenue	87,423	73,478	193,017	72,380
<b>Total Revenue</b>	<b>6,460,556</b>	<b>6,585,674</b>	<b>6,834,343</b>	<b>6,785,865</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,763,288	2,393,940	2,280,391	2,496,622
Public Health and Welfare Services	8,975	8,833	8,682	6,695
Leisure Time Activities	65,645	51,496	55,894	52,933
Community Environment	343,722	380,054	106,247	100,996
Basic Utility Services	521,738	134,189	193,065	84,886
Transportation	519,477	456,878	453,799	447,831
General Government	1,558,290	1,425,422	1,279,165	1,423,482
Capital Outlay	1,338,924	287,514	139,903	1,782,475
Debt Service:				
Principal Retirement	84,390	89,390	94,390	124,390
Interest and Fiscal Charges	21,620	181,333	113,180	81,767
<b>Total Expenditures</b>	<b>7,226,069</b>	<b>5,409,049</b>	<b>4,724,716</b>	<b>6,602,077</b>
Excess (Deficiency) of Revenues Over Expenditures	(765,513)	1,176,625	2,109,627	183,788

*City of Northwood, Ohio*

2013	2014	2015	2016	2017	2018
\$5,367,181	\$5,912,768	\$5,739,176	\$6,225,655	\$6,636,853	\$6,520,611
1,229,605	774,666	703,799	739,778	708,201	794,576
128,661	175,840	176,740	191,104	200,448	203,140
357,881	499,966	464,564	390,280	498,514	411,102
135,789	121,665	108,725	95,065	99,384	95,498
15,867	4,850	87,756	148,931	78,605	104,400
87,052	88,456	71,413	81,409	120,931	108,206
205,353	166,747	146,021	179,591	203,188	157,720
5,480	515	820	67,095	3,765	1,463
68,023	106,390	118,544	119,020	189,288	151,298
<u>7,600,892</u>	<u>7,851,863</u>	<u>7,617,558</u>	<u>8,237,928</u>	<u>8,739,177</u>	<u>8,548,014</u>
2,506,113	2,631,091	2,784,465	2,850,519	2,999,531	3,005,545
6,432	6,465	6,429	5,966	5,633	5,559
50,829	45,030	47,092	41,339	54,813	67,573
120,352	117,622	141,078	422,074	191,186	232,032
123,671	356,071	450,694	364,284	386,449	377,888
437,074	501,402	518,746	532,428	502,994	622,495
1,267,953	1,381,368	1,446,164	1,407,271	1,385,438	1,442,648
996,573	743,592	1,420,925	2,110,517	1,569,071	4,036,556
124,390	134,390	39,390	165,765	165,765	350,031
84,764	78,865	74,800	85,831	87,129	127,535
<u>5,718,151</u>	<u>5,995,896</u>	<u>6,929,783</u>	<u>7,985,994</u>	<u>7,348,009</u>	<u>10,267,862</u>
1,882,741	1,855,967	687,775	251,934	1,391,168	(1,719,848)

(Continued)

**City of Northwood, Ohio**

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	2,200	6,119	10,000	19,056
Inception of Capital Lease	0	0	0	0
Ohio Water Development Authority Loan Issued	0	0	0	0
Transfers In	102,000	104,000	105,000	105,000
Transfers Out	(102,000)	(104,000)	(105,000)	(105,000)
<b>Total Other Financing Sources (Uses)</b>	<u>2,200</u>	<u>6,119</u>	<u>10,000</u>	<u>19,056</u>
<b>Net Change in Fund Balance</b>	<u>(\$763,313)</u>	<u>\$1,182,744</u>	<u>\$2,119,627</u>	<u>\$202,844</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	1.83%	5.61%	4.58%	4.01%

Source: Finance Director's Office

*City of Northwood, Ohio*

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2013	2014	2015	2016	2017	2018
0	1,602	16,001	3,000	16,684	0
0	8,259	0	606,875	0	0
0	0	0	0	778,188	792,118
100,000	100,000	4,700	890,316	1,229,600	684,076
(100,000)	(100,000)	(4,700)	(890,316)	(1,229,600)	(684,076)
0	9,861	16,001	609,875	794,872	792,118
<u>\$1,882,741</u>	<u>\$1,865,828</u>	<u>\$703,776</u>	<u>\$861,809</u>	<u>\$2,186,040</u>	<u>(\$927,730)</u>
3.95%	3.85%	2.07%	4.43%	4.49%	6.60%

## *City of Northwood, Ohio*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

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

Source: City Income Tax Department

*City of Northwood, Ohio*

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2014	2015	2016	2017	2018
1.50%	1.50%	1.50%	1.50%	1.50%
\$5,552,109	\$5,247,534	\$6,261,413	\$6,282,057	\$6,262,675
4,246,028	4,169,700	4,879,365	4,794,247	5,348,873
76.5%	79.5%	77.9%	76.3%	85.4%
977,774	726,525	1,049,048	1,100,110	555,318
17.6%	13.8%	16.8%	17.5%	8.9%
328,307	351,309	333,000	387,700	358,484
5.9%	6.7%	5.3%	6.2%	5.7%





## *City of Northwood, Ohio*

### *Income Tax Collections Current Year and Nine Years Ago*

Calendar Year 2018				
	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
Top Ten	10	0.38%	\$220,687,802	52.48%
All Others	2,632	99.62%	199,796,457	47.52%
Total	2,642	100.00%	\$420,484,259	100.00%

#### Local Taxes Paid by Residents

	Tax Dollars
Taxes Paid to Northwood	\$533,601
Taxes Credited to Other Municipalities	1,078,291
	\$1,611,892

Calendar Year 2009				
	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
Top Ten	10	0.50%	\$3,083,701	3.49%
All Others	1,984	99.50%	85,150,704	96.51%
Total	1,994	100.00%	\$88,234,405	100.00%

#### Local Taxes Paid by Residents

	Tax Dollars
Taxes Paid to Northwood	\$522,081
Taxes Credited to Other Municipalities	801,435
	\$1,323,516

Source: City Income Tax Department

## *City of Northwood, Ohio*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	2009	2010	2011	2012
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$440,000	\$360,000	\$275,000	\$185,000
General Obligation Bonds Payable (TIF Supported)	2,200,000	2,200,000	2,200,000	2,175,000
OPWC Loan Payable	89,195	79,805	70,415	61,025
OWDA Loans Payable	0	0	0	0
Capital Leases	0	0	0	0
Total Primary Government	<u>\$2,729,195</u>	<u>\$2,639,805</u>	<u>\$2,545,415</u>	<u>\$2,421,025</u>
<b>Population</b> <sup>(2)</sup>				
City of Northwood	5,493	5,265	5,269	5,304
Outstanding Debt Per Capita	\$497	\$501	\$483	\$456
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	187,443	182,085	182,223	197,256
Percentage of Personal Income	1.46%	1.45%	1.40%	1.23%

**Sources:**

- (1) Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

*City of Northwood, Ohio*

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2013	2014	2015	2016	2017	2018
\$95,000	\$0	\$0	\$0	\$0	\$0
2,150,000	2,120,000	2,090,000	2,055,000	2,020,000	1,980,000
51,635	42,245	32,855	23,465	14,075	4,685
0	0	0	0	778,188	1,391,040
0	8,030	6,596	490,551	367,512	244,473
<u>\$2,296,635</u>	<u>\$2,170,275</u>	<u>\$2,129,451</u>	<u>\$2,569,016</u>	<u>\$3,179,775</u>	<u>\$3,620,198</u>
5,344	5,335	5,341	5,350	5,350	5,394
\$430	\$407	\$399	\$480	\$594	\$671
142,359	207,734	218,906	228,327	235,555	233,803
1.61%	1.04%	0.97%	1.13%	1.35%	1.55%

## *City of Northwood, Ohio*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	2009	2010	2011	2012
<b>Population</b> <sup>(1)</sup>	5,493	5,265	5,269	5,304
<b>Assessed Value</b> <sup>(2)</sup>	\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$2,640,000	\$2,560,000	\$2,475,000	\$2,360,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$297,464	\$384,210	\$466,997	\$577,167
<b>Net General Bonded Debt</b>	\$2,342,536	\$2,175,790	\$2,008,003	\$1,782,833
<b>Ratio of Net Bonded Debt to Assessed Value</b>	1.62%	1.53%	1.54%	1.33%
<b>Net Bonded Debt per Capita</b>	\$426.46	\$413.26	\$381.10	\$336.13

**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.

*City of Northwood, Ohio*

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<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
5,344	5,335	5,341	5,350	5,350	5,394
\$135,206,460	\$115,253,620	\$133,989,530	\$133,992,030	\$139,299,370	\$141,215,080
\$2,245,000	\$2,120,000	\$2,090,000	\$2,055,000	\$2,020,000	\$1,980,000
\$601,369	\$668,649	\$740,594	\$13,767	\$997,923	\$997,930
\$1,643,631	\$1,451,351	\$1,349,406	\$2,041,233	\$1,022,077	\$982,070
1.22%	1.26%	1.01%	1.52%	0.73%	0.70%
\$307.57	\$272.04	\$252.65	\$381.54	\$191.04	\$182.07



**City of Northwood, Ohio**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2018*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Northwood</u>	<u>Amount Applicable to the City of Northwood</u>
<b>Direct:</b>			
City of Northwood	\$3,620,198	100.00%	\$3,620,198
<b>Overlapping:</b>			
Wood County	4,879,976	0.40%	<u>19,520</u>
		Subtotal	<u>19,520</u>
		Total	<u><u>\$3,639,718</u></u>

**Source: Wood County**

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

**City of Northwood, Ohio**

*Debt Limitations  
Last Ten Years*

<b>Collection Year</b>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	15,214,375	14,938,206	13,725,825	14,118,805
City Debt Outstanding	2,640,000	2,560,000	2,475,000	2,360,000
Less: Applicable Debt Service Fund Amounts (2)	<u>(297,464)</u>	<u>(384,210)</u>	<u>(466,997)</u>	<u>(577,167)</u>
Net Indebtedness Subject to Limitation	<u>2,342,536</u>	<u>2,175,790</u>	<u>2,008,003</u>	<u>1,782,833</u>
Overall Legal Debt Margin	<u>\$12,871,839</u>	<u>\$12,762,416</u>	<u>\$11,717,822</u>	<u>\$12,335,972</u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$144,898,810	\$142,268,630	\$130,722,140	\$134,464,810
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	7,969,435	7,824,775	7,189,718	7,395,565
City Debt Outstanding	2,640,000	2,560,000	2,475,000	2,360,000
Less: Applicable Debt Service Fund Amounts (2)	<u>(297,464)</u>	<u>(384,210)</u>	<u>(466,997)</u>	<u>(577,167)</u>
Net Indebtedness Subject to Limitation	<u>2,342,536</u>	<u>2,175,790</u>	<u>2,008,003</u>	<u>1,782,833</u>
Overall Legal Debt Margin	<u>\$5,626,899</u>	<u>\$5,648,985</u>	<u>\$5,181,715</u>	<u>\$5,612,732</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.  
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: Finance Director's Office



*City of Northwood, Ohio*

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2013	2014	2015	2016	2017	2018
\$135,206,460	\$115,253,620	\$133,989,530	\$133,992,030	\$139,299,370	\$141,215,080
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
14,196,678	12,101,630	14,068,901	14,069,163	14,626,434	14,827,583
2,245,000	2,120,000	2,090,000	2,055,000	2,020,000	1,980,000
(601,369)	(668,649)	(740,594)	(13,767)	(997,923)	(997,930)
<u>1,643,631</u>	<u>1,451,351</u>	<u>1,349,406</u>	<u>2,041,233</u>	<u>1,022,077</u>	<u>982,070</u>
<u>\$12,553,047</u>	<u>\$10,650,279</u>	<u>\$12,719,495</u>	<u>\$12,027,930</u>	<u>\$13,604,357</u>	<u>\$13,845,513</u>
\$135,206,460	\$115,253,620	\$133,989,530	\$133,992,030	\$139,299,370	\$141,215,080
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
7,436,355	6,338,949	7,369,424	7,369,562	7,661,465	7,766,829
2,245,000	2,120,000	2,090,000	2,055,000	2,020,000	1,980,000
(601,369)	(668,649)	(740,594)	(13,767)	(997,923)	(997,930)
<u>1,643,631</u>	<u>1,451,351</u>	<u>1,349,406</u>	<u>2,041,233</u>	<u>1,022,077</u>	<u>982,070</u>
<u>\$5,792,724</u>	<u>\$4,887,598</u>	<u>\$6,020,018</u>	<u>\$5,328,329</u>	<u>\$6,639,388</u>	<u>\$6,784,759</u>

## *City of Northwood, Ohio*

### *Demographic and Economic Statistics Last Ten Years*

Calendar Year	2009	2010	2011	2012	2013
<b>Population</b> (1)					
City of Northwood	5,493	5,265	5,269	5,304	5,344
Wood County	123,929	125,380	126,909	128,200	129,264
<b>Income</b> (2) (a)					
Total Personal (in thousands)	187,443	182,085	182,223	197,256	142,359
Per Capita	34,124	34,584	34,584	37,190	26,639
<b>Unemployment Rate</b> (3)					
Federal	9.3%	9.6%	8.9%	7.9%	7.1%
State	10.3%	10.1%	8.6%	6.9%	6.9%
Wood County	11.2%	10.1%	8.3%	6.5%	6.5%
<b>Civilian Work Force Estimates</b> (3)					
State	5,970,000	5,897,600	5,806,000	5,695,000	5,520,049
Wood County	68,600	65,000	65,000	65,100	65,763

**Sources:**

- (1) Ohio Department of Job and Family Services - Estimate
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2010 for the presentation of 2011 statistics, the City is using the latest information available.
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics

*City of Northwood, Ohio*

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2014	2015	2016	2017	2018
5,335	5,341	5,350	5,350	5,394
129,590	129,730	130,219	130,219	130,492
207,734	218,906	228,327	235,555	233,803
38,938	40,986	42,678	44,029	43,345
5.5%	5.2%	5.1%	4.1%	4.0%
5.1%	4.9%	5.0%	4.7%	4.6%
4.2%	4.1%	4.8%	4.2%	4.3%
5,725,800	5,694,000	5,687,000	5,782,017	5,802,000
68,800	69,104	64,249	67,900	70,200



## *City of Northwood, Ohio*

### *Principal Employers Current Year and Nine Years Ago*

Employer	Nature of Business	2018		
		Number of Employees	Rank	Percentage of Total Employment
Norplas Industries	Automotive Parts	1,435	1	0.31
Cardinal Staffing	Employment Staffing	740	2	0.16
Buckeye Broadband	Cable/Internet Provider	725	3	0.15
Adient/Johnson Controls	Automotive Parts	475	4	0.10
North American Science Association	Medical Equipment Testing	366	5	0.08
Federal Express Freight	Package Delivery	260	6	0.05
Northwood Board of Education	Education	181	7	0.04
EMI Enterprises	Envelope Manufacturing	181	8	0.04
Pilkington	Glass Manufacturing	169	9	0.04
Federal Express Corp.	Package Delivery	139	10	0.03
Total		4,671		

Employer	Nature of Business	2009	
		Number of Employees	Rank
TNS Inc.	Research	475	1
Norplas Industries	Automotive Parts	464	2
North American Science Association	Medical Equipment Testing	225	3
Hoover Universal	Automotive Parts	217	4
Interstate Brands	Bakery Distribution Center	205	5
Andersons	Retail	156	6
Northwood Board of Education	Education	122	7
Malcolm Meats	Meat Processing	105	8
Pilkington	Glass Manufacturing	103	9
Federal Express	Package Delivery	100	10
Total		2,172	

Source: City Income Tax Department

## *City of Northwood, Ohio*

### *Full Time Equivalent Employees by Function Last Ten Years*

	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>						
General Government						
Finance	4.00	3.00	4.00	4.00	4.00	4.00
Legal/Court	2.50	2.50	2.50	2.00	2.00	2.00
Administration	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance	2.50	2.00	1.50	1.50	1.50	1.00
Security of Persons and Property						
Police	23.00	17.50	17.00	18.00	18.00	18.00
Dispatch	5.00	4.50	4.50	5.50	5.00	5.00
Fire	1.00	1.00	1.00	9.00	9.00	9.00
Fire - Volunteers	43.00	39.00	51.00	35.00	35.00	34.00
Transportation						
Street	6.00	5.00	5.00	5.00	5.00	6.00
Leisure Time Activities						
Recreation/Seniors	0.50	0.50	0.50	0.50	0.50	0.50
Community Environment						
Service	1.00	1.00	1.00	1.00	1.00	1.00
<i>Total Employees</i>	<u>89.50</u>	<u>77.00</u>	<u>89.00</u>	<u>82.50</u>	<u>82.00</u>	<u>81.50</u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: Finance Director's Office

*City of Northwood, Ohio*

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<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
4.00	4.00	4.00	4.00
2.00	1.50	1.50	1.50
1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00
18.00	18.00	18.00	18.00
6.00	6.00	6.00	6.00
9.00	9.00	9.00	9.00
34.00	35.00	35.00	35.00
6.00	6.00	6.00	6.00
0.50	0.50	1.50	1.50
<u>1.00</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
<u>82.50</u>	<u>83.50</u>	<u>84.50</u>	<u>84.50</u>

## *City of Northwood, Ohio*

### *Operating Indicators by Function Last Ten Years*

	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>						
General Government						
Court						
Number of Criminal Cases	215	176	207	186	226	169
Number of Traffic Cases	2,067	2,219	1,667	1,283	1,606	1,603
Number of Open Cases	140	206	124	138	168	174
Permits						
Residential Zoning Permits	217	223	153	135	151	141
Commercial Zoning Permits	22	29	17	14	18	13
Industrial Zoning Permits	11	22	5	4	5	19
Central Business District			41	40	26	27
Security of Persons and Property						
Police						
Criminal/Juvenile Arrests	406	404	383	353	312	436
Traffic Citations Issued	2,101	2,254	1,630	1,394	1,613	1,627
Parking Tickets Written	72	38	71	42	97	134
Number of Calls Answered	9,311	8,982	8,173	8,598	11,199	11,218
Fire						
Number of Calls Answered	711	732	767	701	791	896
Number of Inspections	n/a	n/a	10	212	207	202

Source: Finance Director's Office

n/a = not available



*City of Northwood, Ohio*

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<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
224	314	270	391
1,795	1,913	1,965	1,218
288	260	195	138
168	123	167	143
6	6	43	17
10	11	10	3
10	16	27	4
292	371	317	392
1,712	1,816	1,970	1,266
125	119	73	40
13,059	13,779	16,466	14,570
982	967	951	967
293	240	218	197

## *City of Northwood, Ohio*

### *Capital Asset Statistics by Function Last Ten Years*

	2009	2010	2011	2012	2013
<b>Governmental Activities</b>					
General Government					
Public Land and Buildings					
Land (acres)	118	118	118	118	118
Buildings	6	6	6	6	6
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	14	14	14	12	12
Fire					
Stations	2	2	2	2	2
Vehicles	14	14	14	15	15
Transportation					
Streets					
Streets (lane miles)	41	47	47	47	47
Intersections with Traffic Signals	16	16	16	16	16
Vehicles	10	10	10	11	11
Leisure Time Activities					
Recreation					
Park Areas (acres)	83	83	83	83	83
Shelter Houses	2	2	2	2	2
Parks	4	4	4	4	4
Playgrounds	2	2	2	2	2
Tennis Courts	4	4	4	4	4
Baseball/Softball Diamonds	4	4	4	4	4
Soccer Fields	2	2	2	2	2

Source: Finance Director's Office

*City of Northwood, Ohio*

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<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
118	118	118	220	240
6	6	6	6	6
1	1	1	1	1
12	12	12	12	13
2	2	2	2	2
15	15	15	15	15
47	47	47	47	47
16	16	16	16	16
11	11	11	11	11
83	83	83	83	86
2	2	2	2	2
4	4	4	4	4
2	2	2	2	2
4	4	2	2	1
4	4	4	4	4
2	2	2	2	2



# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF NORTHWOOD**

**WOOD COUNTY**

## **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 11, 2019**