

CITY OF NORTHWOOD, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the City of Northwood, Wood County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 24, 2006

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**CITY OF NORTHWOOD, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005**

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Certified Public Accountants

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Ohio Society of Certified Public Accountants

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

Honorable Mayor, City Manager, and
Members of Council
City of Northwood, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Northwood, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the City of Northwood, Ohio's basic financial statements and have issued our report thereon dated May 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Northwood, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Northwood, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter that we have reported to the management of the City of Northwood, Ohio, in a separate letter dated May 18, 2006.

This report is intended for the information and use of the audit committee, management, and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

May 18, 2006

**CITY OF NORTHWOOD, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005**

The prior audit report, as of December 31, 2004, included no citations. Management letter recommendations have been corrected and procedures instituted to prevent occurrences in this audit period.

Wood County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2005



Unity thru Diversification

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2005

Issued by:
Department of Finance
Toby Schroyer
Director



Unity thru Diversification

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WOOD COUNTY, OHIO

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INTRODUCTORY SECTION



Unity thru Diversification



City of Northwood, Ohio

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Northwood, Ohio 43619

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May 28, 2006

Introduction

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

I am pleased to present the eighth Comprehensive Annual Financial Report for the City of Northwood, Ohio for the fiscal year ended December 31, 2005. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Generally Accepted Auditing Standards (GAAS) by James G. Zupka, CPA, Inc. GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A) to accompany the basic financial statements. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Report

This Comprehensive Annual Financial Report (CAFR) is designed to assist and guide the reader in understanding its contents. The report is comprised of three major sections:

The Introductory Section includes this letter of transmittal, which presents the City's organization, operational structure and accomplishments; a list of principal officials; and an organizational chart.

The Financial Section contains the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, which include explanatory notes and provide an overview of the City's financial position and operating results, and the Combining Financial Statements of the Individual Funds that provide detailed information to the Basic Financial Statements;

The Statistical Section presents social, economic and historical data in a multi-year format, which can be used to identify financial trends and data relative to the fiscal capacity of the City.

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, 2005.

CITY OF NORTHWOOD, OHIO

Letter of Transmittal

For the Year Ended December 31, 2005

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

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

The City's financial statements have been audited by the audit staff of James G. Zupka, C.P.A., Inc. The Auditor issued an unqualified 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, 2005. 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 by an adz and 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.

CITY OF NORTHWOOD, OHIO

Letter of Transmittal

For the Year Ended December 31, 2005

Location

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

Form of Government

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

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

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

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

City Services

Police:

The Northwood Police Department is a full-time department with an authorized strength of 21 sworn full-time positions. Current staffing includes the Chief, a Captain, 5 sergeants, 14 patrol officers, a secretary, a part-time animal control officer, 2 part-time traffic camera operators, and 2 seasonal crossing guards. The City receives partial grant funding for DARE and Third Grade Safety Belt programs.

The department includes dispatching services for both police and fire and is staffed by 6 full-time dispatchers.

CITY OF NORTHWOOD, OHIO

Letter of Transmittal

For the Year Ended December 31, 2005

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 D.A.R.E. (Drug Abuse Resistance Education), a Block Watch program, Wood County Youth Violence Prevention, Ohio Public Safety Department's Third Grade Safety Belt Program, A.L.E.I.A. (Area Law Enforcement Investigators Association), and Bike Patrol.

Fire:

The City maintains a paid on-call fire and emergency medical services operation. The Fire Chief is a full-time position with two part-time district chiefs appointed by City Council. The department provides fire suppression, fire prevention and inspection, and EMS services to the City of Northwood and its residents. Their equipment includes 3 ambulance units, 3 class-A pumpers, 2 mini pumpers, a paramedic unit, a 50ft. telesquirt, and 2 cruiser-type vehicles. Northwood has a Class 5 ISO rating.

Parks and Recreation:

The City owns three major parks. Nature Trails Park located on Curtice Road features a one mile walking or jogging trail that is partially wooded. Brentwood Park, located on Brentwood Road, features a shelter house, tennis courts, picnic facilities and playground equipment. Central Park, located on Wales Road, features a shelter house, picnic facilities, a baseball diamond, tennis courts and playground equipment. The City also has a Community Room within the Municipal Complex. Residents can rent the shelters and Community Room for various functions.

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 Residents Summer Swim Program and Senior Aquanastics Program.

Public Works:

The Public Works Department maintains the 41 miles of streets in the City. The department's functions include repairs to City streets as well as cleaning and snow removal. Weekly refuse collection is provided through a contract with Waste Management, one of Northwood's largest employers. The Street Department provides a brush pick up service to the residents as well as a fall leaf collection and a Christmas tree recycling/mulching program. Tree maintenance and new tree plantings are planned each year.

Water and Wastewater:

The City of Northwood has separate water and wastewater services. The western portion of the City is served by water treated by the City of Toledo and purchased by the City of Northwood. The water is delivered through the distribution system owned and maintained by the City of Northwood. Wastewater treatment is provided by the City of Toledo on a contractual basis for this portion of the City. 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.

***Letter of Transmittal
For the Year Ended December 31, 2005***

The Reporting Entity

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

Based on the foregoing, the reporting entity of the City has no component units but includes all funds, agencies, boards and commissions that are part of the primary government. The following services are provided by the City as authorized by its Charter: police and fire protection, emergency medical services, parks and recreation, planning and zoning, street maintenance and other governmental services. The City currently purchases water and wastewater treatment services from the City of Toledo and the Northwestern Water & Sewer District.

Accounting Controls

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2005***

Budgetary Controls

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The Mayor, with the assistance of the Finance & Revenue Director, is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds for the succeeding fiscal year by the first council meeting in July. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 20 of each year. The Mayor, with the assistance of the Finance & Revenue Director, is required by Charter to submit to Council, on or before December 15 of each fiscal year, an appropriation ordinance, based on the tax budget, for the next succeeding fiscal year. Council is required to adopt the appropriation ordinance (the budget) in its original form or with those revisions as it may find proper, within thirty days of the beginning of the fiscal year covered by such ordinance.

The City maintains budgetary control on a non-GAAP basis by fund and within each fund by department at major object levels, which include personal services, contractual services, supplies and materials, other expenditures, capital outlay, debt service and operating transfers. For management purposes, the major object level is further defined with budgeted amounts not to exceed the aggregate appropriated by Council.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Finance & Revenue Director for approval, preparation of a purchase order and certification, after approval by the appropriate Department Director. The purchase order is reviewed for the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances, which would exceed the available appropriation, are not approved or recorded until City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year.

The City's accounting system provides interim financial reports which detail year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. The reports permit the Finance & Revenue Director and other city officials to ascertain the status of each department's appropriations at any time during the year.

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Economic Outlook

Located virtually at the crossroads of North America's most accessible highways, Northwood is at the center of it all. From Canada to Florida, I-75 connects the north and south. Interstate 80/90 bisects I-75 five miles south of Northwood, providing direct links between Northwest Ohio and the east and west coasts. Approximately 18 million people are within a two-hour driving radius of Wood County. Northwood is located within the Toledo metropolitan commercial truck zone, access to the services of some 100 truck lines as well as air freight and parcel services. There is approximately 100 acres of property adjacent to Interstate 75 known as Access Pointe which offers opportunities for light industrial and office park developments.

Letter of Transmittal

For the Year Ended December 31, 2005

Over \$22 million dollars were spent for new construction projects in Northwood in 2005. This represents a 110% increase over the previous year. The number of permits for commercial, industrial and residential increased by 8%. The 2006 population of Northwood will be in an upswing with the continued construction of two new subdivisions completing 40 villa homes and 37 new single family homes. New commercial businesses consisted of DS Technologies, Ltd., Cricket Communications, Mattress Firm, TaxThyme Services, Pet Pretti, Edward Schimmel Law Office, GoodNews Christian Bookstore, Woodville Auto Finance, Installed Building Products, Gambro healthcare Renal Care, Inc. Greenway Home Products, Phoenix Academy, Shaner's Jewelry and Payday Loans. New industrial businesses consisted of Interstate Commercial Glass & Door, Campbell, Inc., Fastenal Company, All American Skidsteer, Faurecia Interiors Systems, Oakley Industries and Edge Seal Technologies.

The City of Northwood has a J.E.D.Z. (Joint Economic Development Zone) agreement each with the Cities of Oregon and Rossford. In 2005 the City of Northwood set up guidelines for the new Job Creation and Retention Grant Program (J.C.R.G.) as a new economic development incentive tool.

Unemployment Rates

According to the Ohio Bureau of Employment Services, the 2005 annual average unemployment rate for Wood County was 5.7%, which was lower than the state rate of 6.0% but higher than the national rate of 5.1%.

Employee Relations

The City has 51 full-time and 67 part-time employees. A statewide public employee collective bargaining law applies to public employee relations and collective bargaining. There are three bargaining units representing 38 full-time employees. The A.F.S.C.M.E. (American Federation of State, County and Municipal Employees) Local 755 Ohio represents 13 full-time employees. The O.P.B.A. (Ohio Patrolmen's Benevolent Association) represents 14 patrol officers and 6 police dispatchers. The FOP/OLC represents 5 sergeants.

The City negotiated in 2003 with A.F.S.C.M.E. for a 3-year term ending on March 31, 2006. The contract with O.P.B.A. was negotiated in 2002 for a 3-year term ending December 31, 2005. The City reached agreement with FOP/OLC in 2004 for a 3-year term ending June 30, 2007.

Major City Initiatives

During 2005, 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 State Issue II funds and other federal, state and local grant funds. In 2005 the City received the following Police related grants; DARE, Safety Belt, Bulletproof Vest, and D.U.I. Task Force. The City also received grants from Wood County Solid Waste, Wood County Recycling, Landfill Sponsorship, a Fire Training Grant, and an E.M.S Fire Grant. The City received \$555,000 in CDBG, OHTF, and Home Funds from the Ohio Department of Development for their FY 2005 Community Housing Improvement Program.

During 2005, the City repaved Wise Street, Beachcraft Drive, and Dalling Road. A new Fire Station #1 was constructed on Tracy Road. Woodville/Wheeling St. Intersection Improvements was completed in 2005. A new parking lot was also constructed at Brentwood Park.

***Letter of Transmittal
For the Year Ended December 31, 2005***

Continuing and Future Projects

The City has been awarded an Issue II Grant to pay for one-half the cost of East Andrus Road resurfacing. A continuous right turn lane is to be constructed at Wales and Oregon Roads. Pavement and drainage improvements will be made on Hanson Street. The East Broadway Improvements Project is scheduled to begin in 2006. Other street improvements are also scheduled.

Debt Administration

The debt service funds accumulate resources for the payment of principal, interest and associated administrative costs on the City's general obligation long-term debt. Resources are derived from property taxes (real and personal), income taxes, TIF payments and operating transfers. The total bonded debt of the City at December 31, 2005 was \$730,000. At December 31, 2005, the City had no long-term special assessment related debt. During the year the City retired \$70,000 in general obligation debt. General obligation bonds are retired from income tax collections.

The City had an outstanding note liability of \$200,000 at December 31, 2005. During the year the City issued \$200,000 in notes and retired \$300,000. The City's general obligation notes are prepared by Squire, Sanders and Dempsey and purchased under private sale with J.J.B. Hilliard, W.L. Lyons, Inc. The rate on the 2005 \$200,000 note issuance was 4.0%.

Cash Management

Cash management is an integral component of the City's overall financial plan. The City attempts to earn a market rate of return consistent with providing the liquidity needed to pay obligations on a timely basis. Cash flow forecasting and the use of short-term investments, such as repurchase agreements, allows the City to earn interest on all funds. The City bid its banking services contract in December 2004, leaving its operating accounts at Sky Bank, effective January 1, 2005.

The City's investments comply with Section 135.14 of the Ohio Revised Code, and the maximum maturity is limited to five years. Most investments mature within the current fiscal year. Interest earnings are allocated to funds based on the requirements of the Ohio Constitution, state statutes and local ordinances. As required by law, all deposits and repurchase agreements are covered by eligible collateral, while investment securities (treasuries and agency/instrumentality issues) are specifically permitted by the Ohio Revised Code and the City's investment policy.

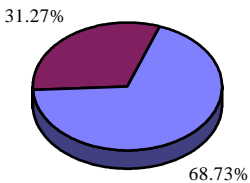
Authorized investments are described in detail in Note 5 of the footnotes to the basic financial statements included within the financial section of this comprehensive annual financial report. The City currently has all excess collected balances not needed to cover daily check clearings transferred into a repurchase investment account at Sky Bank, Toledo, Ohio. All funds held in the repurchase investment account are collateralized with eligible securities as defined by Chapter 135 of Ohio Revised Code, held by the trust department at Sky Bank.

CITY OF NORTHWOOD, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2005**

The City's cash resources were invested as follows at December 31, 2005:

U.S. Government Securities	\$2,490,950	68.73%
Cash	<u>1,133,272</u>	<u>31.27%</u>
Total Resources	<u><u>\$3,624,222</u></u>	<u><u>100.00%</u></u>



A pie chart illustrating the distribution of cash resources. The chart is divided into two segments: a larger blue segment representing U.S. Government Securities at 68.73%, and a smaller maroon segment representing Cash at 31.27%.

The amount of interest earned on investments for fiscal year 2005 was \$109,416. Interest earnings are credited to the Street Construction, Maintenance and Repair Fund, Motor Vehicle License Tax Fund, State Highway Improvement Fund, Northwood Waste and Environmental Fund, Special Law Enforcement Fund and the Sanitary Sewer Operation, Maintenance and Repairs Fund based on City ordinance. All other interest earnings are credited to the City's General Fund.

At December 31, 2005 the City had bank balances of \$1,140,360. Federal depository insurance covered \$100,000 of the bank balance. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority.

The primary objectives of the City's investment program, in order of priority, are as follows:

1. Safety – The safety of principal balances is the City's foremost objective and all investments are undertaken in a manner to insure the preservation of capital.
2. Liquidity – All investments should be sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment portfolio should consist of securities with active resale markets.
3. Yield – Return on investment is of least importance compared to the safety and liquidity objectives described above. Investments are limited to low risk securities with the expectation of earning market value.

CITY OF NORTHWOOD, OHIO

Letter of Transmittal For the Year Ended December 31, 2005

Risk Management

The City maintains comprehensive insurance coverage with private carriers for real property, building contents, fleet, and general liability coverage. The City also carries police professional and public official's liability insurance. The City provides a self-funded dental insurance program for its employees, which is funded through the general fund. See Note 16 to the basic financial statements for additional information.

The proactive approach that the administration employs in addressing its ongoing operations is reflected in the composition of the City's insurance protection package and its very favorable loss experience.

The City reduces exposure to risk through several initiatives. They include insurance coverages for vehicles, general liability, inland marine, building and contents and computer insurance, public officials and law enforcement liability coverages and boiler and machinery coverage.

The City contracted with Brooks Insurance Agency from January 1, 2005 through December 31, 2005 for various insurance coverages, as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Auto Fleet Liability/Physical Damage	\$5,000,000	\$250/500
Law Enforcement Liability	\$5,000,000	\$5,000
General Liability	\$5,000,000	\$1,000
Prior Acts Coverage	\$5,000,000	\$5,000
Real & Personal Property	\$4,622,463	\$1,000
Emergency Medical Services Liability	\$5,000,000	\$5,000
Inland Marine Equipment	\$1,603,430	\$1,000
Boiler & Machinery Property Damage	\$5,000,000	\$1,000
Demolition/Increased Cost-Construction	\$500,000	\$1,000
Public Officials Liability	\$5,000,000	\$5,000
Valuable Papers	\$250,000	\$1,000
Business Income and Extra Expense	\$100,000	\$1,000
Employee Benefit Liability	\$5,000,000	\$0

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 eighth 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.

***Letter of Transmittal
For the Year Ended December 31, 2005***

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,



Toby A. Schroyer
Finance & Revenue Director

CITY OF NORTHWOOD, OHIO

***List of Principal Officials
For the Year Ended December 31, 2005***

Elected Official

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mark A. Stoner	Mayor	12/31/07
James D. Barton	City Council, President	12/31/05
David A. Gallaher	City Council	12/31/05
Connie S. Hughes	City Council	12/31/05
Randy Kozina	City Council	12/31/07
Jim Moore	City Council	12/31/07
Mike Myers	City Council	12/31/05
Richard B. Radocy	City Council	12/31/07

Administrative Personnel

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>	<u>Surety</u>
Brian Ballenger	Director of Law	09/30/06	
Pat Bacon	City Administrator	Indefinite	\$50,000 Bond
Gerald Herman	Chief of Police	Indefinite	
Thomas Pack	Chief of Fire	Indefinite	
Craig Meier	Director of Public Service	Indefinite	
Toby Schroyer	Director of Finance	Indefinite	\$50,000 Bond
Paul Gercak	Director of Recreation	Indefinite	
Heather Sayler	Zoning Inspector	Indefinite	
Laura Schroeder	Clerk of Mayor's Courts	Indefinite	
C. Drew Griffith	Court Magistrate	Indefinite	

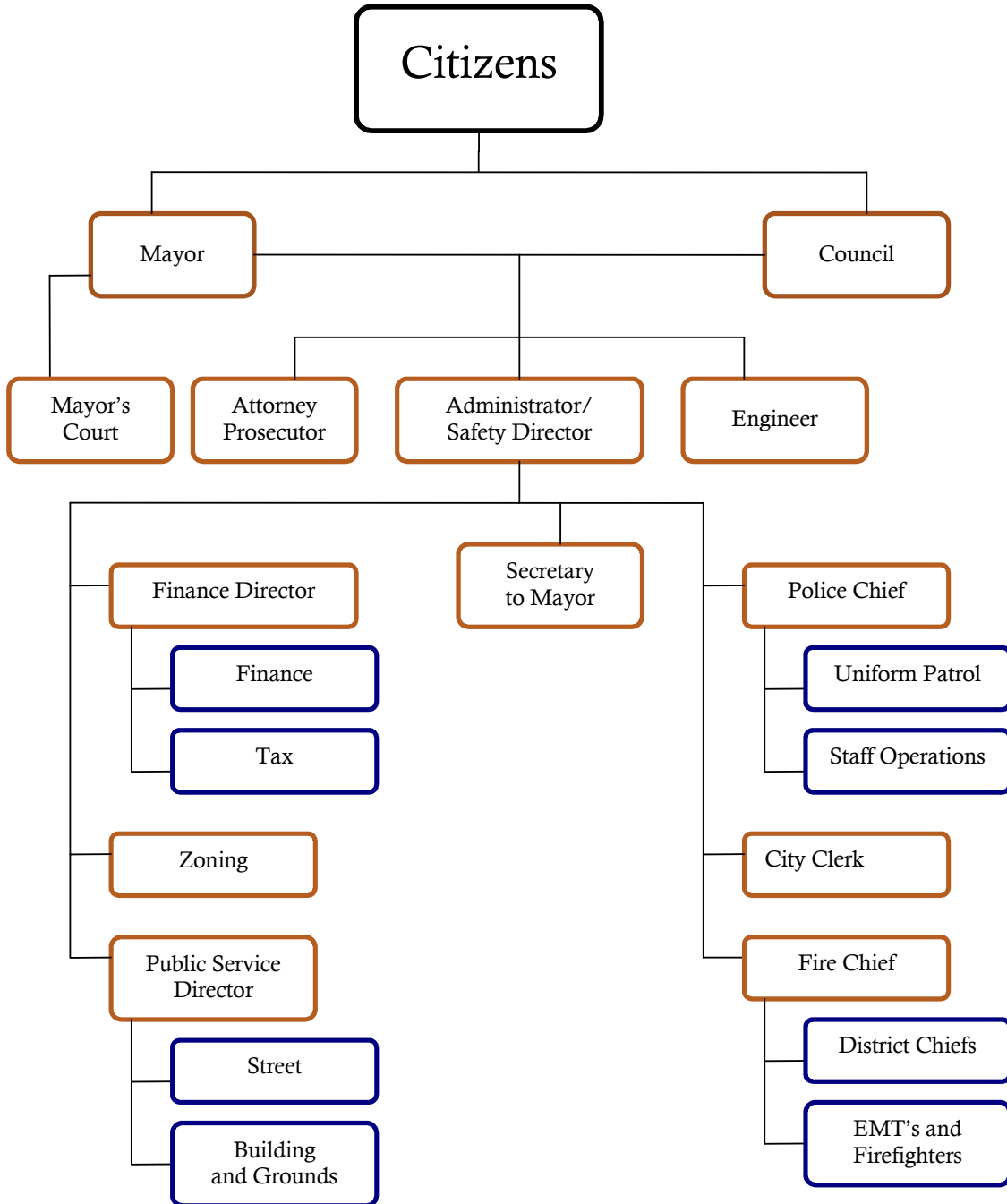
Applies to All Elected Officials

Public officials \$5 million/occurrence, \$7 million aggregate general liability.
Term July 9, 2005 to July 9, 2006.

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, 2005



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, 2004

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



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION



Unity thru Diversification

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, City Manager,
and Members of City Council
City of Northwood, Ohio

The Honorable Betty Montgomery
Auditor of State
State of Ohio

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, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Northwood, Ohio, as of December 31, 2005, the respective changes in financial position, where applicable, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2006 on our consideration of the City of Northwood, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3-11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Northwood, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund financial statements and schedules to the auditing procedures applied in the audit of the basic financial statements. 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 tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.


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

May 18, 2006

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, 2005. 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 2005 are as follows:

- ❑ In total, net assets increased \$1,961,701, which represents a 30.8% increase from 2004.
- ❑ General revenues accounted for \$5.8 million in revenue or 76% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 24% of total revenues of \$7.7 million.
- ❑ The City had \$5.7 million in expenses related to governmental activities; only \$1.9 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$5.8 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$4.8 million in revenues and \$4.4 million in expenditures. The general fund's fund balance increased \$422,439 to \$1,068,201.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. 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.

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 assets includes all of the government's assets and liabilities. 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 assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

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

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

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

Fund Financial Statements

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

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

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 Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following tables provides a comparison of the City's net assets between 2005 and 2004:

	Governmental Activities	
	2005	2004
Current and other assets	\$6,421,501	\$5,085,038
Capital assets, Net	5,124,646	3,865,087
Total assets	<u>11,546,147</u>	<u>8,950,125</u>
Long-term debt outstanding	2,158,481	1,408,284
Other liabilities	1,063,079	1,178,955
Total liabilities	<u>3,221,560</u>	<u>2,587,239</u>
Net assets		
Invested in capital assets, net of related debt	3,280,125	2,709,009
Restricted	3,530,758	2,561,935
Unrestricted	1,513,704	1,091,942
Total net assets	<u>\$8,324,587</u>	<u>\$6,362,886</u>

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CITY OF NORTHWOOD, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2005 and 2004:

	Governmental Activities	
	2005	2004
Revenues		
Program revenues:		
Charges for Services and Sales	\$1,322,150	\$1,217,343
Operating Grants and Contributions	438,046	564,483
Capital Grants and Contributions	117,445	215,488
General revenues:		
Municipal Income Taxes	4,062,435	4,062,903
Property Taxes	322,209	313,017
Other Local Taxes	76,855	76,183
Grants and Entitlements not Restricted to Specific Programs	1,132,148	349,931
Investment Earnings	131,126	33,322
Miscellaneous	84,502	163,296
Total revenues	<u>7,686,916</u>	<u>6,995,966</u>
Program Expenses		
Security of Persons and Property	2,945,787	2,687,303
Public Health and Welfare Services	6,976	7,919
Leisure Time Activities	88,266	83,270
Community Environment	335,915	454,832
Basic Utility Services	60,161	628,619
Transportation	678,071	481,056
General Government	1,448,482	1,456,201
Interest and Fiscal Charges	161,557	71,983
Total expenses	<u>5,725,215</u>	<u>5,871,183</u>
Total Change in Net Assets	1,961,701	1,124,783
Beginning Net Assets	<u>6,362,886</u>	<u>5,238,103</u>
Ending Net Assets	<u>\$8,324,587</u>	<u>\$6,362,886</u>

Governmental Activities

Net assets of the City's governmental activities increased by \$1,961,701. This was due primarily to an increase in intergovernmental revenues and traffic photo enforcement revenues, while holding operating expenses to a minimal increase.

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.

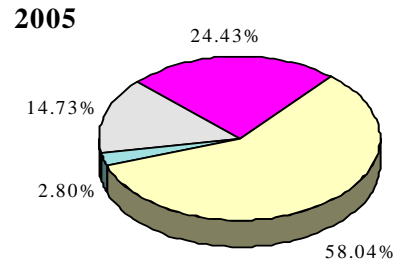
CITY OF NORTHWOOD, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Property taxes and income taxes made up 4.2% and 52.8% respectively of revenues for governmental activities for the City in fiscal year 2005. The City's reliance upon tax revenues is demonstrated by the following graph indicating 58.04% of total revenues from general tax revenues:

Revenue Sources	2005	Percent of Total
General Shared Revenues	\$1,132,148	14.73%
Program Revenues	1,877,641	24.43%
General Tax Revenues	4,461,499	58.04%
General Other	215,628	2.80%
Total Revenue	\$7,686,916	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$4,048,870, which is an increase from last year's balance of \$2,595,951. The schedule below indicates the fund balance and the total change in fund balance by major and nonmajor fund as of December 31, 2005 and 2004:

	Fund Balance December 31, 2005	Fund Balance December 31, 2004	Increase (Decrease)
General	\$1,068,201	\$645,762	\$422,439
General Obligation Debt Retirement	56,239	71,677	(15,438)
Capital Improvement	1,461,819	1,223,023	238,796
Other Governmental	1,462,611	655,489	807,122
Total	\$4,048,870	\$2,595,951	\$1,452,919

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CITY OF NORTHWOOD, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

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

	2005	2004	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Property Taxes	\$232,820	\$222,682	\$10,138
Municipal Income Tax	2,803,514	2,688,479	115,035
Other Local Taxes	46,960	50,841	(3,881)
Intergovernmental Revenue	900,975	628,183	272,792
Charges for Services	14,019	11,398	2,621
Licenses and Permits	237,274	369,982	(132,708)
Investment Earnings	98,476	31,304	67,172
Special Assessments	66,822	54,111	12,711
Fines & Forfeitures	378,570	159,730	218,840
Donations	450	60	390
All Other Revenue	59,885	101,275	(41,390)
Total	<u>\$4,839,765</u>	<u>\$4,318,045</u>	<u>\$521,720</u>

General Fund revenues in 2005 increased approximately 12.1% compared to revenues in fiscal year 2004. The most significant factor contributing to this increase was an increase in intergovernmental revenue. This increase is attributed to receiving a full year of Municipal Income Tax Fund 95 – Electric in the amount of \$240,517 from the Auditor of State. Fines and forfeitures also increased by \$218,840 due to the City's new Traffic Photo Enforcement Program implemented in 2005.

	2005	2004	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$2,667,075	\$2,454,283	\$212,792
Public Health and Welfare Services	6,976	7,919	(943)
Leisure Time Activities	75,929	76,855	(926)
Community Development	130,467	122,647	7,820
Basic Utility Services	1,013	5,174	(4,161)
Transportation	212,564	145,342	67,222
General Government	1,322,298	1,345,356	(23,058)
Total	<u>\$4,416,322</u>	<u>\$4,157,576</u>	<u>\$258,746</u>

General Fund expenditures increased by \$258,746 or 6.2% over the prior year mostly due to increases in wages and health insurance premiums for the City's employees.

The General Obligation Debt Retirement Fund balance decreased by \$15,438 in 2005 due to principal and interest payments on the new Fire Station Bonds.

CITY OF NORTHWOOD, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

The Capital Improvements Fund balance increased by \$238,796 to \$1,461,819 in 2005. This increase was due to an increase in photo enforcement collections and the issue of \$800,000 in bonds for the new Fire Station.

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.

During the course of fiscal year 2005 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$4.9 million did not significantly change over the original budget estimates of \$4.5 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005 the City had \$5,124,646 net of accumulated depreciation invested in land, improvements, infrastructure, buildings and machinery and equipment. The following table shows fiscal year 2005 and 2004 balances:

	Governmental Activities		Increase (Decrease)
	2005	2004	
Land	\$407,945	\$407,945	\$0
Construction in Progress	0	52,326	(52,326)
Land Improvements	33,100	121,950	(88,850)
Buildings and Improvements	3,459,743	2,160,425	1,299,318
Machinery and Equipment	643,020	971,591	(328,571)
Vehicles	1,922,367	1,986,709	(64,342)
Infrastructure	1,166,019	757,115	408,904
Less: Accumulated Depreciation	(2,507,548)	(2,592,974)	85,426
Totals	<u>\$5,124,646</u>	<u>\$3,865,087</u>	<u>\$1,259,559</u>

The primary increase occurred in buildings and improvements. This increase is the result of constructing a new fire station at a cost of \$1.2 million.

As of December 31, 2005, the City had contractual commitments of \$132,837. This project is the new fire station. Additional information on the City's capital assets can be found in Note 10.

CITY OF NORTHWOOD, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Debt

The following table summarizes the City's debt outstanding as of December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Governmental Activities:		
General Obligation Bonds	\$730,000	\$0
Ohio Public Works Commission	126,755	136,145
Ohio Water Development Authority	987,766	1,019,932
Compensated Absences	313,960	252,207
Total Governmental Activities	<u>\$2,158,481</u>	<u>\$1,408,284</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, 2005, 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 2005 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be 6.8% less than the actual receipts for 2005. This difference was due to increases in intergovernmental revenue and fines and forfeitures collections.

General Fund expenditures were originally budgeted at 2.2% more than 2005 actual expenditures. Department requests were reduced from original submissions and only those items that management and City Council determined necessary were appropriated.

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

REQUESTS FOR INFORMATION

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

CITY OF NORTHWOOD, OHIO

Statement of Net Assets
December 31, 2005

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 1,068,220
Cash and Cash Equivalents with Fiscal Agent	64,381
Investments	2,490,950
Receivables:	
Taxes	1,175,030
Accounts	372,343
Intergovernmental	945,510
Interest	41,509
Special Assessments	162,177
Inventory of Supplies at Cost	24,342
Prepaid Items	77,039
Capital Assets:	
Capital Assets Not Being Depreciated	407,945
Capital Assets Being Depreciated, Net	4,716,701
Total Assets	11,546,147
Liabilities:	
Accounts Payable	127,801
Accrued Wages and Benefits	378,303
Intergovernmental Payable	1,765
Claims Payable	1,682
Retainage Payable	64,381
Unearned Revenue	225,026
Accrued Interest Payable	64,121
Special Assessment Notes Payable	200,000
Long-Term Liabilities:	
Due Within One Year	228,128
Due in More Than One Year	1,930,353
Total Liabilities	3,221,560
Net Assets:	
Invested in Capital Assets, Net of Related Debt	3,280,125
Restricted For:	
Capital Projects	2,301,658
Debt Service	156,993
Street Construction, Maintenance and Repair	224,676
Water/Sewer Maintenance and Repair	645,167
Other Purposes	202,264
Unrestricted	1,513,704
Total Net Assets	\$ 8,324,587

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

**Statement of Activities
For the Year Ended December 31, 2005**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
Current:					
Security of Persons and Property	\$ 2,945,787	\$ 172,994	\$ 1,434	\$ 0	\$ (2,771,359)
Public Health and Welfare Services	6,976	0	0	0	(6,976)
Leisure Time Activities	88,266	14,705	0	0	(73,561)
Community Environment	335,915	31,198	79,068	38,350	(187,299)
Basic Utility Services	60,161	467,475	0	0	407,314
Transportation	678,071	0	357,544	79,095	(241,432)
General Government	1,448,482	635,778	0	0	(812,704)
Interest and Fiscal Charges	161,557	0	0	0	(161,557)
Total Governmental Activities	\$ 5,725,215	\$ 1,322,150	\$ 438,046	\$ 117,445	(3,847,574)
General Revenues					
Property Taxes					322,209
Municipal Income Taxes					4,062,435
Other Local Taxes					76,855
Grants and Entitlements not Restricted to Specific Programs					1,132,148
Investment Earnings					131,126
Miscellaneous					84,502
Total General Revenues					5,809,275
Change in Net Assets					1,961,701
Net Assets Beginning of Year					6,362,886
Net Assets End of Year					\$ 8,324,587

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

**Balance Sheet
Governmental Funds
December 31, 2005**

	General	General Obligation Debt Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 76,819	\$ 56,239	\$ 114,783	\$ 820,379	\$ 1,068,220
Cash and Cash Equivalents with Fiscal Agent	0	0	64,381	0	64,381
Investments	659,644	0	999,158	832,148	2,490,950
Receivables:					
Taxes	858,618	82,006	151,112	83,294	1,175,030
Accounts	162,970	0	108,363	101,010	372,343
Intergovernmental	409,486	65,725	312,684	157,615	945,510
Interest	37,358	0	0	4,151	41,509
Special Assessments	66,550	79,581	16,046	0	162,177
Interfund Loans Receivables	0	0	200,000	0	200,000
Inventory of Supplies, at Cost	4,535	0	0	19,807	24,342
Prepaid Items	74,575	0	0	2,464	77,039
Total Assets	\$ 2,350,555	\$ 283,551	\$ 1,966,527	\$ 2,020,868	\$ 6,621,501
Liabilities:					
Accounts Payable	\$ 43,017	\$ 0	\$ 78,834	\$ 5,950	\$ 127,801
Accrued Wages and Benefits Payable	361,668	0	0	16,635	378,303
Intergovernmental Payable	1,765	0	0	0	1,765
Claims Payable	1,682	0	0	0	1,682
Retainage Payable	0	0	64,381	0	64,381
Interfund Loans Payable	0	0	0	200,000	200,000
Deferred Revenue	874,222	227,312	361,493	132,384	1,595,411
Accrued Interest Payable	0	0	0	3,288	3,288
Special Assessment Notes Payable	0	0	0	200,000	200,000
Total Liabilities	1,282,354	227,312	504,708	558,257	2,572,631
Fund Balances:					
Reserved for Encumbrances	0	0	112,825	5,967	118,792
Reserved for Prepaid Items	74,575	0	0	2,464	77,039
Reserved for Supplies Inventory	4,535	0	0	19,807	24,342
Reserved for Debt Service	0	56,239	0	0	56,239
Reserved for Interfund Loans Receivable	0	0	200,000	0	200,000
Undesignated/Unreserved in:					
General Fund	989,091	0	0	0	989,091
Special Revenue Funds	0	0	0	944,798	944,798
Capital Projects Funds	0	0	1,148,994	489,575	1,638,569
Total Fund Balances	1,068,201	56,239	1,461,819	1,462,611	4,048,870
Total Liabilities and Fund Balances	\$ 2,350,555	\$ 283,551	\$ 1,966,527	\$ 2,020,868	\$ 6,621,501

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2005***

Total Governmental Fund Balances	\$ 4,048,870
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	5,124,646
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,370,385
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,219,314)</u>
<i>Net Assets of Governmental Funds</i>	<u><u>\$ 8,324,587</u></u>

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005**

	General	General Obligation Debt Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 232,820	\$ 80,526	\$ 0	\$ 0	\$ 313,346
Municipal Income Tax	2,803,514	0	850,886	425,443	4,079,843
Other Local Taxes	46,960	0	0	29,895	76,855
Intergovernmental Revenues	900,975	4,695	97,189	606,257	1,609,116
Charges for Services	14,019	0	0	375,775	389,794
Licenses and Permits	237,274	0	91,700	21,619	350,593
Investment Earnings	98,476	0	0	10,940	109,416
Special Assessments	66,822	14,415	35,100	0	116,337
Fines and Forfeitures	378,570	0	84,284	18,087	480,941
Donations	450	0	11,337	4,500	16,287
All Other Revenue	59,885	0	24,250	0	84,135
Total Revenue	4,839,765	99,636	1,194,746	1,492,516	7,626,663
Expenditures:					
Current:					
Security of Persons and Property	2,667,075	0	0	13,713	2,680,788
Public Health and Welfare Services	6,976	0	0	0	6,976
Leisure Time Activities	75,929	0	0	0	75,929
Community Environment	130,467	0	0	195,002	325,469
Basic Utility Services	1,013	0	0	50,821	51,834
Transportation	212,564	0	0	298,818	511,382
General Government	1,322,298	0	0	10,864	1,333,162
Capital Outlay	0	0	1,558,950	218,437	1,777,387
Debt Service:					
Principal Retirement	0	111,556	0	0	111,556
Interest & Fiscal Charges	0	93,018	0	7,706	100,724
Total Expenditures	4,416,322	204,574	1,558,950	795,361	6,975,207
Excess (Deficiency) of Revenues Over Expenditures	423,443	(104,938)	(364,204)	697,155	651,456
Other Financing Sources (Uses):					
General Obligation Bonds Issued	0	0	800,000	0	800,000
Transfers In	0	89,500	0	199,500	289,000
Transfers Out	0	0	(197,000)	(92,000)	(289,000)
Total Other Financing Sources (Uses)	0	89,500	603,000	107,500	800,000
Net Change in Fund Balances	423,443	(15,438)	238,796	804,655	1,451,456
Fund Balances at Beginning of Year, as Restated	645,762	71,677	1,223,023	655,489	2,595,951
Increase (Decrease) in Inventory Reserve	(1,004)	0	0	2,467	1,463
Fund Balances End of Year	\$ 1,068,201	\$ 56,239	\$ 1,461,819	\$ 1,462,611	\$ 4,048,870

See accompanying notes to the basic financial statements

***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, 2005***

Net Change in Fund Balances - Total Governmental Funds \$ 1,451,456

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 1,577,852

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (318,293)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 60,253

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (688,444)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (60,833)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (60,290)

Change in Net Assets of Governmental Activities \$ 1,961,701

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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 243,000	\$ 243,000	\$ 233,025	\$ (9,975)
Municipal Income Tax	2,750,000	2,750,000	2,742,885	(7,115)
Other Local Taxes	51,000	51,000	50,391	(609)
Intergovernmental Revenue	697,100	954,100	902,911	(51,189)
Charges for Services	12,700	12,700	7,874	(4,826)
Licenses and Permits	336,400	254,400	237,361	(17,039)
Special Assessments	76,000	76,000	66,822	(9,178)
Investment Earnings	50,100	93,100	90,431	(2,669)
Fines and Forfeitures	179,500	391,500	378,570	(12,930)
Donations	2,000	2,000	450	(1,550)
All Other Revenues	97,000	97,000	89,994	(7,006)
Total Revenues	<u>4,494,800</u>	<u>4,924,800</u>	<u>4,800,714</u>	<u>(124,086)</u>
Expenditures:				
Current:				
Security of Persons and Property	2,624,700	2,638,200	2,611,983	26,217
Public Health and Welfare Services	8,500	7,000	6,976	24
Leisure Time Activities	84,300	83,300	76,134	7,166
Community Environment	136,400	133,100	128,937	4,163
Basic Utility Services	4,000	1,100	1,013	87
Transportation	185,700	205,800	204,214	1,586
General Government	1,417,260	1,372,360	1,334,572	37,788
Total Expenditures	<u>4,460,860</u>	<u>4,440,860</u>	<u>4,363,829</u>	<u>77,031</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,940	483,940	436,885	(47,055)
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	0	(5,000)
Total Other Financing Sources (Uses):	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Net Change In Fund Balance	38,940	488,940	436,885	(52,055)
Fund Balance at Beginning of Year	308,628	308,628	308,628	0
Fund Balance at End of Year	<u>\$ 347,568</u>	<u>\$ 797,568</u>	<u>\$ 745,513</u>	<u>\$ (52,055)</u>

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2005***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 671
Total Assets	<u>671</u>
Liabilities:	
Due to Others	671
Total Liabilities	<u>\$ 671</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

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, 2005 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

B. Basis of Presentation - Fund Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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

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

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

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 assets and changes in net assets. 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 municipal court office.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each 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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2005, but which are not intended to finance 2005 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is by fund at the major object level (personal services, materials and supplies, contractual services, capital outlay, and transfers) by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the major object level for each department within each fund without the approval of City Council. Budgetary modifications above the major 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 final amended official certificate of estimated resources issued during 2005.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may be modified during the year by ordinance of the City Council. During 2005, several supplemental appropriations were necessary to budget for unanticipated expenditures. Total fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations (Continued)

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 as reservations of 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, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	<u>Net Change In Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$423,443
Increase (Decrease):	
Accrued Revenues at December 31, 2005 received during 2006	(663,834)
Accrued Revenues at December 31, 2004 received during 2005	653,566
Accrued Expenditures at December 31, 2005 paid during 2006	408,132
Accrued Expenditures at December 31, 2004 paid during 2005	(359,487)
2004 Prepays for 2005	49,640
2005 Prepays for 2006	<u>(74,575)</u>
Budget Basis	<u>\$436,885</u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and repurchase agreements. The repurchase agreements are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Pooled Cash, Cash Equivalents and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

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 2005 amounted to \$98,476, which includes \$77,903 assigned from other City funds. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 5, "Pooled Cash, Cash Equivalents and Investments."

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, 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 Assets, 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, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

2. Depreciation

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

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

K. Long-Term Obligations

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

Obligation	Fund
General Obligation Bond	General Bond Retirement Fund
Ohio Water Development Authority Loans	General Bond Retirement Fund
Ohio Public Works Commission Loan	General Bond Retirement Fund
Capital Lease	Capital Replacement Fund
Compensated Absences	General Fund

L. Compensated Absences

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

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 assets, "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 Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net assets are 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 assets are available.

N. Pensions

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

O. 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.

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for interfund loans, inventory, prepaid items, debt service and encumbered amounts that have not been accrued at year end.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Estimates

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

R. 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 2005.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

A. Changes in Accounting Principles

For fiscal year 2005, the City has implemented GASB Statement No. 40, “*Deposit and Investment Risk Disclosures*” and GASB Statement No. 42, “*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.”

GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks, credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. This statement also clarifies and establishes accounting revenues for insurance recoveries.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the City, however additional note disclosure can be found in Note 5, "Pooled Cash, Cash Equivalents and Investments." The implementation of GASB Statement No. 42 did not have an effect on the financial statements of the City.

B. Compliance Appropriation exceeding Estimated Resources

The CHIP Home Fund (special revenue fund) had appropriations exceeding estimated revenues by \$29,589 in the final budget, contrary to Ohio Revised Code Section 5705.39.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Prior Period Adjustments

During the year ended December 31, 2004, it was determined that the interfund loans receivable/payable were misstated. The adjustment had the following effect on the beginning fund balance of the following funds:

	General Fund	CHIP CDBG Fund
Fund Balance at December 31, 2004 as reported	\$657,886	(\$30,572)
Correction of Accounting Error for interfund balances	(12,124)	12,124
Fund Balance at December 31, 2004 as restated	<u>\$645,762</u>	<u>(\$18,448)</u>

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Delinquent Income Tax Revenue	\$188,890
Delinquent Property Tax Revenue	110,359
Shared Revenues	751,468
Investment Earnings	32,577
Charges for Services	124,914
Special Assessment Revenue	<u>162,177</u>
	\$1,370,385

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$730,000)
Ohio Water Development Authority Loans	(987,765)
Ohio Public Works Commission Loan	(126,756)
Accrued Interest on Long-Term Debt	(60,833)
Compensated Absences Payable	<u>(313,960)</u>
	(\$2,219,314)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

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

Capital Outlay	\$1,850,266
Depreciation Expense	<u>(272,414)</u>
	\$1,577,852

Governmental revenues not reported in the funds:

Decrease in Delinquent Income Tax Revenue	(\$17,408)
Increase in Delinquent Property Tax	8,863
Increase in Shared Revenue	78,523
Increase in Investment Earnings	18,453
Increase in Charges for Services	21,710
Decrease in Special Assessment Revenue	<u>(49,888)</u>
	\$60,253

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$61,753)
Increase in supplies inventory	<u>1,463</u>
	(\$60,290)

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits: The fund deficits at December 31, 2005 of \$14,121 in the CHIP CDBG Fund and \$3,046 in the CHIP HOME Fund (special revenue funds) were created by the recognition of expenditures on the modified accrual basis, which are greater than expenditures on a budgetary basis. The fund deficit at December 31, 2005 of \$203,288 in the Alcoa Project Fund (capital projects fund) is the result of recognizing notes payable as a liability under the modified accrual basis. Deficits do not exist under the budgetary basis of accounting. The general fund provides transfers when cash is required, not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 5 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

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

A. Deposits

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

At year end the carrying amount of the City's deposits was \$1,133,272 and the bank balance was \$1,140,360. In addition, the City had \$700 petty cash on hand. Federal depository insurance covered \$100,000 of the bank balance and \$1,040,360 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$1,040,360</u>
Total Balance	<u><u>\$1,040,360</u></u>

B. Investments

The City's investments at December 31, 2005 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
FHLB	<u>\$2,490,950</u>	AAA ¹ / Aaa ²	<u>\$2,490,950</u>	<u>\$0</u>
Total Investments	<u><u>\$2,490,950</u></u>		<u><u>\$2,490,950</u></u>	<u><u>\$0</u></u>

¹ Standard & Poor's

² 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.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

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

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Repurchase agreements are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Financial Statements	<u>\$1,133,272</u>	<u>\$2,490,950</u>
Per GASB Statement No. 3	<u>\$1,133,272</u>	<u>\$2,490,950</u>

* Includes Cash with Fiscal Agent and Petty Cash.

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2005 were levied after October 1, 2004 on assessed values as of January 1, 2004, 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 2005. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 6 – TAXES (Continued)

A. Property Taxes (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of 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, 2005 was \$1.60 per \$1,000 of assessed value. The assessed value upon which the 2005 tax receipts were based was \$141,109,588. This amount constitutes \$108,323,910 in real property assessed value, \$4,737,470 in public utility assessed value and \$28,048,208 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .16% (1.60 mills) of assessed value.

B. Income Tax

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

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

NOTE 7 - RECEIVABLES

Receivables at December 31, 2005 consisted of taxes, interest, special assessments, accounts receivable and intergovernmental receivables.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2005:

Transfers Out:	Transfers In:		
	General Obligation Debt Retirement Fund	Other Governmental Funds	Total
	Capital Improvement Fund	\$89,500	\$107,500
Other Governmental Funds	0	92,000	92,000
	\$89,500	\$199,500	\$289,000

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

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2005 consist of the following individual fund receivables and payables:

Fund	Interfund Loan	
	Receivable	Payable
Capital Improvement	\$200,000	\$0
Other Governmental Funds	0	200,000
Totals	\$200,000	\$200,000

The above internal balances are related to the Community Housing Improvement Program (CHIP) a federal program whereby the City pays to help residents make improvements to their home and properties and is in turn reimbursed by the federal government through federal grant monies.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 10 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2005:

Historical Cost:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
<i>Capital assets not being depreciated:</i>				
Land	\$407,945	\$0	\$0	\$407,945
Construction in Progress	52,326	0	(52,326)	0
	460,271	0	(52,326)	407,945
<i>Capital assets being depreciated:</i>				
Land Improvements	121,950	0	(88,850)	33,100
Buildings and Improvements	2,160,425	1,307,018	(7,700)	3,459,743
Machinery and Equipment	971,591	0	(328,571)	643,020
Vehicles	1,986,709	186,670	(251,012)	1,922,367
Infrastructure	757,115	408,904	0	1,166,019
	5,997,790	1,902,592	(676,133)	7,224,249
Total Cost	\$6,458,061	\$1,902,592	(\$728,459)	\$7,632,194

Accumulated Depreciation:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
Land Improvements	(\$121,950)	\$0	\$88,850	(\$33,100)
Buildings and Improvements	(981,368)	(42,921)	7,700	(1,016,589)
Machinery and Equipment	(493,466)	(65,238)	170,158	(388,546)
Vehicles	(993,355)	(147,617)	91,132	(1,049,840)
Infrastructure	(2,835)	(16,638)	0	(19,473)
Total Depreciation	(\$2,592,974)	(\$272,414) *	\$357,840	(\$2,507,548)
Net Value:	\$3,865,087			\$5,124,646

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$120,374
Leisure Time Activities	7,172
Community Environment	6,645
Basic Utility Services	4,841
Transportation	69,989
General Government	63,393
Total Depreciation Expense	\$272,414

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System (the “Ohio PERS”)

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2005, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2005 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2005, 2004, and 2003 were \$172,701, \$161,926 and \$154,298, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year 2005 was 4.0% of covered payroll which amounted to \$50,982.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 376,109. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2004 is \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, Ohio PERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2005, 2004, and 2003 were \$208,341, \$197,619 and \$195,547 for police and \$13,680, \$12,843 and \$12,412 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2005 covered payroll that was used to fund postemployment health care benefits was \$82,802 representing 7.75% of covered payroll for police and \$4,418 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2004, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,812 for police and 10,528 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2004 were \$102,173,796, which was net of member contributions of \$55,665,341.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 12 - COMPENSATED ABSENCES

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

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

At December 31, 2005, the City's accumulated, unpaid compensated absences amounted to \$313,960, which has recorded as a liability of the Governmental Activities.

NOTE 13 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

	Maturity Date	Balance December 31, 2004	Issued	(Retired)	Balance December 31, 2005
Special Assessment Notes:					
2.50% Street Improvements	2005	\$300,000	\$0	(\$300,000)	\$0
4.00% Street Improvements	2006	0	200,000	0	200,000
Totals		<u>\$300,000</u>	<u>\$200,000</u>	<u>(\$300,000)</u>	<u>\$200,000</u>

CITY OF NORTHWOOD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2005 is as follows:

	Issue Date	Balance December 31, 2004	Issued	(Retired)	Balance December 31, 2005	Amounts Due Within One Year
Governmental Activities:						
General Obligation Bond:						
4.20% Fire Station Improvement	2005	\$0	\$800,000	(\$70,000)	\$730,000	\$65,000
Ohio Public Works Commission Loan:						
0.00% Wales Road Pavement & Storm Drainage	1999	136,145	0	(9,390)	126,755	9,390
Ohio Water Development Authority (OWDA) Loans:						
5.88% Oregon Road Water Line	1997	712,315	0	(22,319)	689,996	23,631
5.66% Oregon Road Trunk Water Main Phase II	1998	307,617	0	(9,847)	297,770	10,405
Total OWDA Loans		1,019,932	0	(32,166)	987,766	34,036
Compensated Absences		252,207	313,960	(252,207)	313,960	119,702
Total Governmental Activities Long-Term Debt		<u>\$1,408,284</u>	<u>\$1,113,960</u>	<u>(\$363,763)</u>	<u>\$2,158,481</u>	<u>\$228,128</u>

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2005, follow:

Years	General Obligation Bond		OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$65,000	\$30,660	\$34,036	\$57,426	\$9,389	\$0
2007	75,000	27,930	36,015	55,447	9,389	0
2008	75,000	24,780	38,108	53,354	9,389	0
2009	75,000	21,630	40,326	51,138	9,389	0
2010	80,000	18,480	42,668	48,794	9,389	0
2011-2015	360,000	38,430	253,557	179,070	46,947	0
2016-2020	0	0	333,998	145,650	32,863	0
2021-2023	0	0	209,058	21,942	0	0
Totals	<u>\$730,000</u>	<u>\$161,910</u>	<u>\$987,766</u>	<u>\$612,821</u>	<u>\$126,755</u>	<u>\$0</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 15 - CONSTRUCTION COMMITMENTS

As of December 31, 2005 the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Fire Station # 1	\$132,837	2006

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City purchases insurance coverage to provide employee health benefits and pays unemployment claims to the State of Ohio as incurred.

The City contracted with Brooks Insurance Agency from January 1, 2005 through December 31, 2005 for various insurance coverages, as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Auto Fleet Liability/Physical Damage	\$5,000,000	\$250/500
Law Enforcement Liability	\$5,000,000	\$5,000
General Liability	\$5,000,000	\$0
Prior Acts Coverage	\$5,000,000	\$5,000
Real and Personal Property	\$4,622,463	\$1,000
Emergency Medical Services Liability	\$5,000,000	\$5,000
Inland Marine Equipment	\$1,603,430	\$1,000
Boiler and Machinery Property Damage	\$5,000,000	\$1,000
Demolition/Increased Cost-Construction	\$500,000	\$1,000
Public Officials Liability	\$5,000,000	\$5,000
Valuable Papers	\$250,000	\$1,000
Business Income and Extra Expense	\$100,000	\$1,000
Employee Benefit Liability	\$5,000,000	\$0

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

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 2005 were:

<u>Fiscal Year</u>	<u>Beginning of Current Year Claims and Year Liability</u>	<u>Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
2003	\$678	\$20,580	(\$19,134)	\$2,124
2004	2,124	24,817	(25,778)	1,163
2005	1,163	34,200	(33,681)	1,682

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

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

NOTE 17 - CONTINGENCIES

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

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



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

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

Motor Vehicle License Tax Fund

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

State Highway Improvement Fund

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

Northwood Waste/Environmental Fund

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

Drug Fine Fund

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

Special Law Enforcement Fund

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

Enforcement and Education Fund

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

Computerized Research Fund

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

(Continued)

Special Revenue Funds

Community Housing Improvement Program (CHIP) - CDBG Fund

To account for financial resources used by the City to undertake home/building repair, planning and implementation cost, the fair housing program and general administration costs for residents of the City.

Community Housing Improvement Program (CHIP) - HOME Fund

To account for financial resources used by the City to undertake rehabilitation of homes, down payment assistance and general administration costs for residents of the City.

Water Fund

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

Sanitary Sewer Operation, Maintenance and Repair Fund

To account for user charges collected by the City of Toledo for Northwood to be used for maintenance and repair of sanitary sewers.

Water Maintenance - Homecraft Fund

To account for water related fees used for construction, maintenance and repair of waterlines within the Homecraft area of the City.

Keep Northwood Beautiful Fund

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

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Recreation Parks Combined Fund

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

Capital Replacement Fund

To account for 10% of the City's income tax collections which are designated for planned replacement of major capital items for various departments within the City.

Alcoa Project Fund

To account for revenues and expenditures related to the construction of a public access road built for the new Alcoa Automotive Structures Plant locating in Northwood. (This fund only exists on a GAAP basis and is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

CITY OF NORTHWOOD, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 706,125	\$ 114,254	\$ 820,379
Investments	307,906	524,242	832,148
Receivables (net of allowance for doubtful accounts):			
Taxes	7,738	75,556	83,294
Accounts	101,010	0	101,010
Intergovernmental	157,615	0	157,615
Interest	4,151	0	4,151
Inventory of Supplies, at Cost	19,807	0	19,807
Prepaid Items	2,464	0	2,464
Total Assets	\$ 1,306,816	\$ 714,052	\$ 2,020,868
Liabilities:			
Accounts Payable	\$ 5,950	\$ 0	\$ 5,950
Accrued Wages and Benefits Payable	16,635	0	16,635
Interfund Loans Payable	200,000	0	200,000
Deferred Revenue	113,495	18,889	132,384
Accrued Interest Payable	0	3,288	3,288
Special Assessment Notes Payable	0	200,000	200,000
Total Liabilities	336,080	222,177	558,257
Fund Balances:			
Reserved for Encumbrances	3,667	2,300	5,967
Reserved for Prepaid Items	2,464	0	2,464
Reserved for Supplies Inventory	19,807	0	19,807
Undesignated/Unreserved in:			
Special Revenue Funds	944,798	0	944,798
Capital Projects Funds	0	489,575	489,575
Total Fund Balances	970,736	491,875	1,462,611
Total Liabilities and Fund Balances	\$ 1,306,816	\$ 714,052	\$ 2,020,868

CITY OF NORTHWOOD, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Municipal Income Tax	\$ 0	\$ 425,443	\$ 425,443
Other Local Taxes	16,395	13,500	29,895
Intergovernmental Revenues	601,257	5,000	606,257
Charges for Services	375,775	0	375,775
Licenses and Permits	21,619	0	21,619
Investment Earnings	10,940	0	10,940
Fines and Forfeitures	18,087	0	18,087
Donations	0	4,500	4,500
Total Revenue	<u>1,044,073</u>	<u>448,443</u>	<u>1,492,516</u>
Expenditures:			
Current:			
Security of Persons and Property	13,713	0	13,713
Community Environment	195,002	0	195,002
Basic Utility Services	50,821	0	50,821
Transportation	298,818	0	298,818
General Government	10,864	0	10,864
Capital Outlay	0	218,437	218,437
Debt Service:			
Interest & Fiscal Charges	0	7,706	7,706
Total Expenditures	<u>569,218</u>	<u>226,143</u>	<u>795,361</u>
Excess (Deficiency) of Revenues Over Expenditures	474,855	222,300	697,155
Other Financing Sources (Uses):			
Transfers In	92,000	107,500	199,500
Transfers Out	(92,000)	0	(92,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>107,500</u>	<u>107,500</u>
Net Change In Fund Balance	474,855	329,800	804,655
Fund Balances at Beginning of Year, as Restated	493,414	162,075	655,489
Increase in Inventory Reserve	2,467	0	2,467
Fund Balances End of Year	<u>\$ 970,736</u>	<u>\$ 491,875</u>	<u>\$ 1,462,611</u>

CITY OF NORTHWOOD, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005**

	Street Construction, Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste/ Environmental
Assets:				
Cash and Cash Equivalents	\$ 7,089	\$ 7,384	\$ 34,217	\$ 17,053
Investments	61,708	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	7,738	0	0
Accounts	0	0	0	1,522
Intergovernmental	145,794	0	11,821	0
Interest	2,076	415	415	415
Inventory of Supplies, at Cost	19,807	0	0	0
Prepaid Items	2,464	0	0	0
Total Assets	\$ 238,938	\$ 15,537	\$ 46,453	\$ 18,990
Liabilities:				
Accounts Payable	\$ 1,655	\$ 0	\$ 130	\$ 0
Accrued Wages and Benefits Payable	12,607	0	410	2,123
Interfund Loans Payable	0	0	0	0
Deferred Revenue	98,825	5,485	8,207	326
Total Liabilities	113,087	5,485	8,747	2,449
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Reserved for Prepaid Items	2,464	0	0	0
Reserved for Supplies Inventory	19,807	0	0	0
Undesignated/Unreserved	103,580	10,052	37,706	16,541
Total Fund Balances	125,851	10,052	37,706	16,541
Total Liabilities and Fund Balances	\$ 238,938	\$ 15,537	\$ 46,453	\$ 18,990

CITY OF NORTHWOOD, OHIO

<u>Drug Fine</u>	<u>Special Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Computerized Research</u>	<u>CHIP CDBG</u>	<u>CHIP HOME</u>	<u>Water</u>
\$ 8,175	\$ 666	\$ 9,288	\$ 55,638	\$ 87,842	\$ 96,954	\$ 289,811
0	5,797	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	81,577
0	0	0	0	0	0	0
0	415	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 8,175</u>	<u>\$ 6,878</u>	<u>\$ 9,288</u>	<u>\$ 55,638</u>	<u>\$ 87,842</u>	<u>\$ 96,954</u>	<u>\$ 371,388</u>
\$ 0	\$ 0	\$ 0	\$ 1,357	\$ 1,963	\$ 0	\$ 845
0	0	0	0	0	0	1,316
0	0	0	0	100,000	100,000	0
0	326	0	0	0	0	0
<u>0</u>	<u>326</u>	<u>0</u>	<u>1,357</u>	<u>101,963</u>	<u>100,000</u>	<u>2,161</u>
0	0	0	0	0	0	3,667
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>8,175</u>	<u>6,552</u>	<u>9,288</u>	<u>54,281</u>	<u>(14,121)</u>	<u>(3,046)</u>	<u>365,560</u>
<u>8,175</u>	<u>6,552</u>	<u>9,288</u>	<u>54,281</u>	<u>(14,121)</u>	<u>(3,046)</u>	<u>369,227</u>
<u>\$ 8,175</u>	<u>\$ 6,878</u>	<u>\$ 9,288</u>	<u>\$ 55,638</u>	<u>\$ 87,842</u>	<u>\$ 96,954</u>	<u>\$ 371,388</u>

(Continued)

CITY OF NORTHWOOD, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005**

	Sanitary Sewer Operation, Maintenance and Repair	Water Maintenance - Homecraft	Keep Northwood Beautiful	Total Nonmajor Special Revenue Funds
Assets:				
Cash and Cash Equivalents	\$ 27,617	\$ 9,238	\$ 55,153	\$ 706,125
Investments	240,401	0	0	307,906
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	7,738
Accounts	7,686	10,225	0	101,010
Intergovernmental	0	0	0	157,615
Interest	415	0	0	4,151
Inventory of Supplies, at Cost	0	0	0	19,807
Prepaid Items	0	0	0	2,464
Total Assets	\$ 276,119	\$ 19,463	\$ 55,153	\$ 1,306,816
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 5,950
Accrued Wages and Benefits Payable	179	0	0	16,635
Interfund Loans Payable	0	0	0	200,000
Deferred Revenue	326	0	0	113,495
Total Liabilities	505	0	0	336,080
Fund Balances:				
Reserved for Encumbrances	0	0	0	3,667
Reserved for Prepaid Items	0	0	0	2,464
Reserved for Supplies Inventory	0	0	0	19,807
Undesignated/Unreserved	275,614	19,463	55,153	944,798
Total Fund Balances	275,614	19,463	55,153	970,736
Total Liabilities and Fund Balances	\$ 276,119	\$ 19,463	\$ 55,153	\$ 1,306,816

CITY OF NORTHWOOD, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	Street Construction, Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste/ Environmental
Revenues:				
Other Local Taxes	\$ 0	\$ 16,395	\$ 0	\$ 0
Intergovernmental Revenues	300,458	0	24,361	0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	21,619
Investment Earnings	5,470	1,094	1,094	1,094
Fines and Forfeitures	0	0	0	0
Total Revenue	305,928	17,489	25,455	22,713
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Community Environment	0	0	0	22,400
Basic Utility Services	0	0	0	0
Transportation	259,354	20,000	19,464	0
General Government	0	0	0	0
Total Expenditures	259,354	20,000	19,464	22,400
Excess (Deficiency) of Revenues Over Expenditures	46,574	(2,511)	5,991	313
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change In Fund Balances	46,574	(2,511)	5,991	313
Fund Balances at Beginning of Year, as Restated	76,810	12,563	31,715	16,228
Increase in Inventory Reserve	2,467	0	0	0
Fund Balances End of Year	\$ 125,851	\$ 10,052	\$ 37,706	\$ 16,541

(Continued)

CITY OF NORTHWOOD, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	Drug Fine	Special Law Enforcement	Enforcement and Education	Computerized Research
Revenues:				
Other Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Investment Earnings	0	1,094	0	0
Fines and Forfeitures	625	1,916	842	14,704
Total Revenue	625	3,010	842	14,704
Expenditures:				
Current:				
Security of Persons and Property	2,235	11,478	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	1,390	9,474
Total Expenditures	2,235	11,478	1,390	9,474
Excess (Deficiency) of Revenues Over Expenditures	(1,610)	(8,468)	(548)	5,230
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change In Fund Balances	(1,610)	(8,468)	(548)	5,230
Fund Balances at Beginning of Year, as Restated	9,785	15,020	9,836	49,051
Increase in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 8,175	\$ 6,552	\$ 9,288	\$ 54,281

CITY OF NORTHWOOD, OHIO

<u>CHIP CDBG</u>	<u>CHIP HOME</u>	<u>Water</u>	<u>Sanitary Sewer Operation, Maintenance and Repair</u>	<u>Water Maintenance - Homecraft</u>	<u>Keep Northwood Beautiful</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,395
73,597	197,370	0	0	0	5,471	601,257
0	0	326,875	29,437	19,463	0	375,775
0	0	0	0	0	0	21,619
0	0	0	1,094	0	0	10,940
0	0	0	0	0	0	18,087
<u>73,597</u>	<u>197,370</u>	<u>326,875</u>	<u>30,531</u>	<u>19,463</u>	<u>5,471</u>	<u>1,044,073</u>
0	0	0	0	0	0	13,713
69,270	103,332	0	0	0	0	195,002
0	0	45,808	5,013	0	0	50,821
0	0	0	0	0	0	298,818
0	0	0	0	0	0	10,864
<u>69,270</u>	<u>103,332</u>	<u>45,808</u>	<u>5,013</u>	<u>0</u>	<u>0</u>	<u>569,218</u>
4,327	94,038	281,067	25,518	19,463	5,471	474,855
0	0	92,000	0	0	0	92,000
0	0	(92,000)	0	0	0	(92,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4,327	94,038	281,067	25,518	19,463	5,471	474,855
(18,448)	(97,084)	88,160	250,096	0	49,682	493,414
0	0	0	0	0	0	2,467
<u>\$ (14,121)</u>	<u>\$ (3,046)</u>	<u>\$ 369,227</u>	<u>\$ 275,614</u>	<u>\$ 19,463</u>	<u>\$ 55,153</u>	<u>\$ 970,736</u>

CITY OF NORTHWOOD, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005**

	Recreation Parks Combined	Capital Replacement	Alcoa Project	Total Nonmajor Capital Projects Funds
Assets:				
Cash and Cash Equivalents	\$ 54,030	\$ 60,224	\$ 0	\$ 114,254
Investments	0	524,242	0	524,242
Receivables (net of allowance for doubtful accounts):				
Taxes	0	75,556	0	75,556
Total Assets	<u>\$ 54,030</u>	<u>\$ 660,022</u>	<u>\$ 0</u>	<u>\$ 714,052</u>
Liabilities:				
Deferred Revenue	\$ 0	\$ 18,889	\$ 0	\$ 18,889
Accrued Interest Payable	0	0	3,288	3,288
Special Assessment Notes Payable	0	0	200,000	200,000
Total Liabilities	<u>0</u>	<u>18,889</u>	<u>203,288</u>	<u>222,177</u>
Fund Balances:				
Reserved for Encumbrances	0	2,300	0	2,300
Undesignated/Unreserved	54,030	638,833	(203,288)	489,575
Total Fund Balances	<u>54,030</u>	<u>641,133</u>	<u>(203,288)</u>	<u>491,875</u>
Total Liabilities and Fund Balances	<u>\$ 54,030</u>	<u>\$ 660,022</u>	<u>\$ 0</u>	<u>\$ 714,052</u>

CITY OF NORTHWOOD, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2005***

	Recreation Parks Combined	Capital Replacement	Alcoa Project	Total Nonmajor Capital Project Funds
Revenues:				
Municipal Income Tax	\$ 0	\$ 425,443	\$ 0	\$ 425,443
Other Local Taxes	13,500	0	0	13,500
Intergovernmental Revenues	5,000	0	0	5,000
Donations	4,500	0	0	4,500
Total Revenue	<u>23,000</u>	<u>425,443</u>	<u>0</u>	<u>448,443</u>
Expenditures:				
Capital Outlay	24,000	194,437	0	218,437
Debt Service:				
Interest & Fiscal Charges	0	0	7,706	7,706
Total Expenditures	<u>24,000</u>	<u>194,437</u>	<u>7,706</u>	<u>226,143</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,000)	231,006	(7,706)	222,300
Other Financing Sources (Uses):				
Transfers In	0	0	107,500	107,500
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>107,500</u>	<u>107,500</u>
Net Change In Fund Balances	(1,000)	231,006	99,794	329,800
Fund Balances (Deficit) at Beginning of Year	<u>55,030</u>	<u>410,127</u>	<u>(303,082)</u>	<u>162,075</u>
Fund Balances (Deficit) End of Year	<u>\$ 54,030</u>	<u>\$ 641,133</u>	<u>\$ (203,288)</u>	<u>\$ 491,875</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 243,000	\$ 243,000	\$ 233,025	\$ (9,975)
Municipal Income Taxes	2,750,000	2,750,000	2,742,885	(7,115)
Other Local Taxes	51,000	51,000	50,391	(609)
Intergovernmental Revenues	697,100	954,100	902,911	(51,189)
Charges for Services	12,700	12,700	7,874	(4,826)
Licenses and Permits	336,400	254,400	237,361	(17,039)
Investment Earnings	50,100	93,100	90,431	(2,669)
Special Assessments	76,000	76,000	66,822	(9,178)
Fines and Forfeitures	179,500	391,500	378,570	(12,930)
Donations	2,000	2,000	450	(1,550)
All Other Revenues	97,000	97,000	89,994	(7,006)
Total Revenues	<u>4,494,800</u>	<u>4,924,800</u>	<u>4,800,714</u>	<u>(124,086)</u>
Expenditures:				
Security of Persons and Property:				
Police Department:				
Personal Services	1,634,900	1,647,200	1,633,090	14,110
Materials and Supplies	69,200	74,800	73,692	1,108
Contractual Services	37,900	47,000	46,005	995
Other Expenditures	5,000	5,500	5,454	46
Capital Outlay	2,000	2,000	1,968	32
Total Police Department	<u>1,749,000</u>	<u>1,776,500</u>	<u>1,760,209</u>	<u>16,291</u>
Fire Department:				
Personal Services	422,800	397,200	395,787	1,413
Materials and Supplies	80,000	89,800	87,825	1,975
Contractual Services	29,500	30,400	29,056	1,344
Capital Outlay	0	900	827	73
Total Fire Department	<u>532,300</u>	<u>518,300</u>	<u>513,495</u>	<u>4,805</u>
Civil Defense:				
Contractual Services	2,400	2,400	2,243	157
Police and Fire Communications				
Personal Services	323,800	325,500	322,446	3,054
Materials and Supplies	2,100	1,000	841	159
Contractual Services	7,600	7,000	6,652	348
Total Police and Fire Communications	<u>333,500</u>	<u>333,500</u>	<u>329,939</u>	<u>3,561</u>

(Continued)

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Street Lighting:				
Contractual Services	3,500	3,500	2,784	716
Railroad Lighting:				
Contractual Services	4,000	4,000	3,313	687
Total Railroad Lighting	4,000	4,000	3,313	687
Total Security of Persons and Property	2,624,700	2,638,200	2,611,983	26,217
Public Health and Welfare Services:				
County Board of Health:				
Contractual Services	8,500	7,000	6,976	24
Total Public Health and Welfare Services	8,500	7,000	6,976	24
Leisure Time Activities:				
Parks and Playgrounds:				
Materials and Supplies	6,000	6,400	5,643	757
Contractual Services	29,900	25,500	21,848	3,652
Capital Outlay	2,500	5,500	4,067	1,433
Total Parks and Playgrounds	38,400	37,400	31,558	5,842
Recreation:				
Materials and Supplies	1,600	1,800	1,424	376
Contractual Services	19,000	17,800	17,799	1
Total Recreation	20,600	19,600	19,223	377
Baseball Programs:				
Personal Services	6,500	6,480	6,251	229
Materials and Supplies	8,850	10,050	9,358	692
Contractual Services	7,250	7,270	7,244	26
Other Expenditures	200	0	0	0
Total Baseball Programs	22,800	23,800	22,853	947
Special Events:				
Materials and Supplies	2,500	2,500	2,500	0
Total Leisure Time Activities	84,300	83,300	76,134	7,166

(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, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Planning and Zoning:				
Personal Services	67,700	68,500	67,961	539
Materials and Supplies	4,800	4,300	3,321	979
Contractual Services	2,000	1,700	1,370	330
Capital Outlay	300	300	209	91
Total Planning and Zoning	<u>74,800</u>	<u>74,800</u>	<u>72,861</u>	<u>1,939</u>
Weed Control and Tree Care:				
Personal Services	30,100	27,500	27,413	87
Materials and Supplies	1,400	1,400	957	443
Contractual Services	7,100	8,200	8,137	63
Capital Outlay	2,400	1,900	1,681	219
Total Weed Control and Tree Care	<u>41,000</u>	<u>39,000</u>	<u>38,188</u>	<u>812</u>
Economic Development:				
Materials and Supplies	10,000	6,700	6,034	666
Contractual Services	0	2,000	1,840	160
Total Economic Development	<u>10,000</u>	<u>8,700</u>	<u>7,874</u>	<u>826</u>
Insect Control:				
Personal Services	1,500	1,600	1,119	481
Materials and Supplies	9,000	9,000	8,895	105
Contractual Services	100	0	0	0
Total Insect Control	<u>10,600</u>	<u>10,600</u>	<u>10,014</u>	<u>586</u>
Total Community Environment	<u>136,400</u>	<u>133,100</u>	<u>128,937</u>	<u>4,163</u>
Hydrant Maintenance:				
Personal Services	3,000	700	618	82
Materials and Supplies	1,000	400	395	5
Total Hydrant Maintenance	<u>4,000</u>	<u>1,100</u>	<u>1,013</u>	<u>87</u>
Total Basic Utility Services	<u>4,000</u>	<u>1,100</u>	<u>1,013</u>	<u>87</u>

(Continued)

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Transportation:				
Street Maintenance and Repair:				
Personal Services	156,600	175,500	174,907	593
Materials and Supplies	16,800	22,400	21,942	458
Contractual Services	6,300	4,000	3,823	177
Total Street Maintenance and Repair	<u>179,700</u>	<u>201,900</u>	<u>200,672</u>	<u>1,228</u>
Sidewalks and Crossings:				
Personal Services	2,000	1,000	977	23
Traffic Signals and Signs:				
Personal Services	2,500	800	751	49
Materials and Supplies	1,000	2,100	1,814	286
Contractual Services	500	0	0	0
Total Traffic Signals and Signs	<u>4,000</u>	<u>2,900</u>	<u>2,565</u>	<u>335</u>
Total Transportation	<u>185,700</u>	<u>205,800</u>	<u>204,214</u>	<u>1,586</u>
General Government:				
Mayor:				
Personal Services	21,600	21,100	14,275	6,825
Materials and Supplies	1,800	2,300	1,709	591
Contractual Services	1,100	1,100	852	248
Total Mayor	<u>24,500</u>	<u>24,500</u>	<u>16,836</u>	<u>7,664</u>
Finance Director:				
Personal Services	263,200	254,600	253,507	1,093
Materials and Supplies	6,400	6,600	5,717	883
Contractual Services	15,200	14,600	14,090	510
Total Finance Director	<u>284,800</u>	<u>275,800</u>	<u>273,314</u>	<u>2,486</u>
City Administrator:				
Personal Services	132,500	132,870	132,579	291
Materials and Supplies	3,250	2,960	2,806	154
Contractual Services	1,100	920	818	102
Capital Outlay	1,000	1,100	1,097	3
Total City Administrator	<u>137,850</u>	<u>137,850</u>	<u>137,300</u>	<u>550</u>

(Continued)

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal Administration:				
Personal Services	9,100	8,915	8,883	32
Materials and Supplies	3,100	2,000	1,997	3
Contractual Services	37,500	36,785	36,776	9
Total Legal Administration	49,700	47,700	47,656	44
City Cars:				
Materials and Supplies	600	600	451	149
City Council:				
Personal Services	53,400	53,400	53,083	317
Materials and Supplies	2,450	2,450	536	1,914
Contractual Services	1,100	1,100	577	523
Capital Outlay	100	100	0	100
Total City Council	57,050	57,050	54,196	2,854
City Clerk:				
Personal Services	56,400	56,400	55,613	787
Materials and Supplies	800	1,000	669	331
Contractual Services	14,200	7,900	7,330	570
Capital Outlay	300	400	309	91
Total City Clerk	71,700	65,700	63,921	1,779
Mayor's Court:				
Personal Services	162,900	164,400	163,112	1,288
Materials and Supplies	16,050	24,150	22,189	1,961
Contractual Services	34,400	33,300	31,405	1,895
Total Mayor's Court	213,350	221,850	216,706	5,144
Civil Service Commission:				
Personal Services	1,600	1,600	1,538	62
Materials and Supplies	250	250	228	22
Contractual Services	2,500	2,500	1,555	945
Total Civil Service Commission	4,350	4,350	3,321	1,029

(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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Buildings and Grounds:				
Personal Services	102,700	100,250	99,077	1,173
Materials and Supplies	15,500	13,300	12,734	566
Contractual Services	29,300	21,850	20,602	1,248
Other Expenditures	500	400	374	26
Total Buildings and Grounds	<u>148,000</u>	<u>135,800</u>	<u>132,787</u>	<u>3,013</u>
General Miscellaneous:				
Contractual Services	64,100	66,900	63,454	3,446
Special Assessments:				
Personal Services	2,200	1,200	352	848
Contractual Services	68,560	61,560	56,814	4,746
Capital Outlay	3,000	0	0	0
Total Special Assessments	<u>73,760</u>	<u>62,760</u>	<u>57,166</u>	<u>5,594</u>
General Administrative:				
Personal Services	8,000	5,100	4,859	241
Materials and Supplies	7,500	9,900	9,178	722
Contractual Services	270,000	255,300	252,561	2,739
Other Expenditures	2,000	1,200	866	334
Total General Administrative	<u>287,500</u>	<u>271,500</u>	<u>267,464</u>	<u>4,036</u>
Total General Government	<u>1,417,260</u>	<u>1,372,360</u>	<u>1,334,572</u>	<u>37,788</u>
Total Expenditures	<u>4,460,860</u>	<u>4,440,860</u>	<u>4,363,829</u>	<u>77,031</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,940	483,940	436,885	(47,055)
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	0	(5,000)
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Net Change In Fund Balance	38,940	488,940	436,885	(52,055)
Fund Balance at Beginning of Year	308,628	308,628	308,628	0
Fund Balance at End of Year	<u>\$ 347,568</u>	<u>\$ 797,568</u>	<u>\$ 745,513</u>	<u>\$ (52,055)</u>

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Debt Service Fund – General Bond Retirement Fund
For the Year Ended December 31, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 90,000	\$ 90,000	\$ 80,526	\$ (9,474)
Intergovernmental Revenues	5,000	5,000	4,695	(305)
Special Assessments	18,000	18,000	14,415	(3,585)
Total Revenues	<u>113,000</u>	<u>113,000</u>	<u>99,636</u>	<u>(13,364)</u>
Expenditures:				
Debt Service:				
Principal Retirement	421,900	421,900	411,557	10,343
Interest and Fiscal Charges	110,500	110,500	100,517	9,983
Total Expenditures	<u>532,400</u>	<u>532,400</u>	<u>512,074</u>	<u>20,326</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(419,400)	(419,400)	(412,438)	6,962
Other Financing Sources (Uses):				
General Obligation Notes Issued	200,000	200,000	200,000	0
Transfers In	212,000	212,000	197,000	(15,000)
Total Other Financing Sources (Uses)	<u>412,000</u>	<u>412,000</u>	<u>397,000</u>	<u>(15,000)</u>
Net Change in Fund Balance	(7,400)	(7,400)	(15,438)	(8,038)
Fund Balance at Beginning of Year	71,677	71,677	71,677	0
Fund Balance at End of Year	<u>\$ 64,277</u>	<u>\$ 64,277</u>	<u>\$ 56,239</u>	<u>\$ (8,038)</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Capital Projects Fund – Capital Improvement Fund
For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 860,000	\$ 860,000	\$ 860,690	\$ 690
Intergovernmental Revenues	147,000	147,000	136,438	(10,562)
Licenses and Permits	50,000	140,000	33,350	(106,650)
Special Assessments	43,000	43,000	35,100	(7,900)
Fines and Forfeitures	0	100,000	67,621	(32,379)
Donations	30,000	30,000	11,337	(18,663)
All Other Revenues	30,000	30,000	24,450	(5,550)
Total Revenues	<u>1,160,000</u>	<u>1,350,000</u>	<u>1,168,986</u>	<u>(181,014)</u>
Expenditures:				
Capital Outlay:				
Security of Persons and Property	1,100,000	1,180,000	1,178,871	1,129
Leisure Time Activities	50,000	110,000	150,087	(40,087)
Transportation	988,900	823,900	229,014	594,886
General Government	130,400	155,400	150,745	4,655
Total Expenditures	<u>2,269,300</u>	<u>2,269,300</u>	<u>1,708,717</u>	<u>560,583</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,109,300)	(919,300)	(539,731)	379,569
Other Financing Sources (Uses):				
General Obligation Bonds Issued	800,000	800,000	800,000	0
Transfers Out	(212,000)	(212,000)	(197,000)	15,000
Advances In	200,000	10,000	0	(10,000)
Total Other Financing Sources (Uses)	<u>788,000</u>	<u>598,000</u>	<u>603,000</u>	<u>5,000</u>
Net Change In Fund Balance	(321,300)	(321,300)	63,269	384,569
Fund Balance at Beginning of Year	787,912	787,912	787,912	0
Prior Year Encumbrances	140,467	140,467	140,467	0
Fund Balance at End of Year	<u>\$ 607,079</u>	<u>\$ 607,079</u>	<u>\$ 991,648</u>	<u>\$ 384,569</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, 2005**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 285,000	\$ 298,500	\$ 292,897	\$ (5,603)
Investment Earnings	4,000	5,500	5,023	(477)
Total Revenues	<u>289,000</u>	<u>304,000</u>	<u>297,920</u>	<u>(6,080)</u>
Expenditures:				
Transportation:				
Street Maintenance and Repair:				
Personal Services	170,000	179,500	178,645	855
Materials and Supplies	7,000	6,300	5,420	880
Contractual Services	2,000	200	191	9
Total Street Maintenance and Repair	<u>179,000</u>	<u>186,000</u>	<u>184,256</u>	<u>1,744</u>
Snow and Ice Removal:				
Personal Services	13,000	11,500	10,109	1,391
Materials and Supplies	47,000	48,300	47,908	392
Contractual Services	5,000	3,700	3,661	39
Total Snow and Ice Removal	<u>65,000</u>	<u>63,500</u>	<u>61,678</u>	<u>1,822</u>
Traffic Signals and Signs:				
Personal Services	8,000	5,400	5,103	297
Materials and Supplies	4,000	2,700	2,604	96
Contractual Services	8,000	6,400	6,261	139
Total Traffic Signals and Signs	<u>20,000</u>	<u>14,500</u>	<u>13,968</u>	<u>532</u>
Road Striping:				
Personal Services	5,000	6,000	5,885	115
Materials and Supplies	3,000	2,000	1,693	307
Total Road Striping	<u>8,000</u>	<u>8,000</u>	<u>7,578</u>	<u>422</u>
Total Transportation	<u>272,000</u>	<u>272,000</u>	<u>267,480</u>	<u>4,520</u>
Total Expenditures	<u>272,000</u>	<u>272,000</u>	<u>267,480</u>	<u>4,520</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,000	32,000	30,440	(1,560)
Fund Balance at Beginning of Year	38,357	38,357	38,357	0
Fund Balance at End of Year	<u>\$ 55,357</u>	<u>\$ 70,357</u>	<u>\$ 68,797</u>	<u>\$ (1,560)</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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	\$ 20,000	\$ 19,900	\$ 16,405	\$ (3,495)
Investment Earnings	1,000	1,100	1,005	(95)
Total Revenues	<u>21,000</u>	<u>21,000</u>	<u>17,410</u>	<u>(3,590)</u>
Expenditures:				
Transportation:				
Materials and Supplies	5,000	5,000	5,000	0
Contractual Services	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	(2,590)	(3,590)
Fund Balance at Beginning of Year	<u>9,974</u>	<u>9,974</u>	<u>9,974</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,974</u>	<u>\$ 10,974</u>	<u>\$ 7,384</u>	<u>\$ (3,590)</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, 2005**

STATE HIGHWAY IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 25,000	\$ 24,900	\$ 23,748	\$ (1,152)
Investment Earnings	1,000	1,100	1,005	(95)
Total Revenues	<u>26,000</u>	<u>26,000</u>	<u>24,753</u>	<u>(1,247)</u>
Expenditures:				
Transportation:				
Street Maintenance and Repair:				
Personal Services	10,100	10,100	9,442	658
Snow and Ice Removal:				
Materials and Supplies	6,700	6,700	6,700	0
Traffic Signals and Signs:				
Contractual Services	<u>4,200</u>	<u>4,200</u>	<u>3,417</u>	<u>783</u>
Total Expenditures	<u>21,000</u>	<u>21,000</u>	<u>19,559</u>	<u>1,441</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	5,000	5,194	194
Fund Balance at Beginning of Year	<u>29,023</u>	<u>29,023</u>	<u>29,023</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 34,023</u></u>	<u><u>\$ 34,023</u></u>	<u><u>\$ 34,217</u></u>	<u><u>\$ 194</u></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, 2005**

NORTHWOOD WASTE/ENVIRONMENTAL FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 35,000	\$ 34,900	\$ 22,101	\$ (12,799)
Investment Earnings	1,000	1,100	1,005	(95)
Total Revenues	<u>36,000</u>	<u>36,000</u>	<u>23,106</u>	<u>(12,894)</u>
Expenditures:				
Community Environment:				
Personal Services	24,700	24,800	22,262	2,538
Materials and Supplies	2,400	2,300	86	2,214
Total Expenditures	<u>27,100</u>	<u>27,100</u>	<u>22,348</u>	<u>4,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,900	8,900	758	(8,142)
Fund Balance at Beginning of Year	16,295	16,295	16,295	0
Fund Balance at End of Year	<u>\$ 25,195</u>	<u>\$ 25,195</u>	<u>\$ 17,053</u>	<u>\$ (8,142)</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	DRUG FINE FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 625	\$ (4,375)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>625</u>	<u>(4,375)</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	1,000	1,000	236	764
Capital Outlay	<u>7,000</u>	<u>7,000</u>	<u>1,999</u>	<u>5,001</u>
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>2,235</u>	<u>5,765</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	(3,000)	(1,610)	1,390
Fund Balance at Beginning of Year	<u>9,785</u>	<u>9,785</u>	<u>9,785</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,785</u>	<u>\$ 6,785</u>	<u>\$ 8,175</u>	<u>\$ 1,390</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, 2005**

	SPECIAL LAW ENFORCEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 1,000	\$ 1,100	\$ 1,005	\$ (95)
Fines and Forfeitures	9,000	8,900	1,916	(6,984)
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>2,921</u>	<u>(7,079)</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	0	300	297	3
Capital Outlay	13,000	12,700	9,044	3,656
Total Expenditures	<u>13,000</u>	<u>13,000</u>	<u>9,341</u>	<u>3,659</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	(3,000)	(6,420)	(3,420)
Fund Balance at Beginning of Year	12,883	12,883	12,883	0
Fund Balance at End of Year	<u>\$ 9,883</u>	<u>\$ 9,883</u>	<u>\$ 6,463</u>	<u>\$ (3,420)</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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 3,000	\$ 3,000	\$ 842	\$ (2,158)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>842</u>	<u>(2,158)</u>
Expenditures:				
General Government:				
Materials and Supplies	<u>9,000</u>	<u>9,000</u>	<u>1,390</u>	<u>7,610</u>
Total Expenditures	<u>9,000</u>	<u>9,000</u>	<u>1,390</u>	<u>7,610</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,000)	(6,000)	(548)	5,452
Fund Balance at Beginning of Year	<u>9,836</u>	<u>9,836</u>	<u>9,836</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,836</u>	<u>\$ 3,836</u>	<u>\$ 9,288</u>	<u>\$ 5,452</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, 2005**

COMPUTERIZED RESEARCH FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 18,000	\$ 18,000	\$ 14,704	\$ (3,296)
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>14,704</u>	<u>(3,296)</u>
Expenditures:				
General Government:				
Materials and Supplies	5,000	5,000	0	5,000
Contractual Services	3,000	3,000	0	3,000
Capital Outlay	25,000	25,000	9,367	15,633
Total Expenditures	<u>33,000</u>	<u>33,000</u>	<u>9,367</u>	<u>23,633</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(15,000)	5,337	20,337
Fund Balance at Beginning of Year	49,051	49,051	49,051	0
Fund Balance at End of Year	<u>\$ 34,051</u>	<u>\$ 34,051</u>	<u>\$ 54,388</u>	<u>\$ 20,337</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, 2005***

	CHIP CDBG FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 111,000	\$ 111,000	\$ 73,597	\$ (37,403)
Total Revenues	<u>111,000</u>	<u>111,000</u>	<u>73,597</u>	<u>(37,403)</u>
Expenditures:				
Community Environment:				
Capital Outlay	91,000	84,217	73,077	11,140
Total Expenditures	<u>91,000</u>	<u>84,217</u>	<u>73,077</u>	<u>11,140</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	26,783	520	(26,263)
Other Financing Sources (Uses):				
Advances Out	(100,000)	(106,783)	0	106,783
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(106,783)</u>	<u>0</u>	<u>106,783</u>
Net Change in Fund Balance	(80,000)	(80,000)	520	80,520
Fund Balance at Beginning of Year	87,322	87,322	87,322	0
Fund Balance at End of Year	<u>\$ 7,322</u>	<u>\$ 7,322</u>	<u>\$ 87,842</u>	<u>\$ 80,520</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, 2005**

	CHIP HOME FUND			Variance with Final Budget Positive Negative
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Intergovernmental Revenues	\$ 332,400	\$ 332,400	\$ 197,370	\$ (135,030)
Total Revenues	<u>332,400</u>	<u>332,400</u>	<u>197,370</u>	<u>(135,030)</u>
Expenditures:				
Community Environment:				
Capital Outlay	290,000	221,325	128,427	92,898
Total Expenditures	<u>290,000</u>	<u>221,325</u>	<u>128,427</u>	<u>92,898</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,400	111,075	68,943	(42,132)
Other Financing Sources (Uses):				
Advances Out	(100,000)	(168,675)	0	168,675
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(168,675)</u>	<u>0</u>	<u>168,675</u>
Net Change in Fund Balance	(57,600)	(57,600)	68,943	126,543
Fund Balance at Beginning of Year	28,011	28,011	28,011	0
Fund Balance at End of Year	<u>\$ (29,589)</u>	<u>\$ (29,589)</u>	<u>\$ 96,954</u>	<u>\$ 126,543</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, 2005***

	WATER FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 390,000	\$ 390,000	\$ 328,080	\$ (61,920)
Total Revenues	<u>390,000</u>	<u>390,000</u>	<u>328,080</u>	<u>(61,920)</u>
Expenditures:				
Basic Utility Services:				
Personal Services	37,500	37,500	24,238	13,262
Materials and Supplies	2,000	2,000	0	2,000
Contractual Services	64,000	64,000	21,406	42,594
Capital Outlay	255,000	255,000	126,375	128,625
Total Expenditures	<u>358,500</u>	<u>358,500</u>	<u>172,019</u>	<u>186,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,500	31,500	156,061	124,561
Other Financing Sources (Uses):				
Transfers In	92,000	92,000	92,000	0
Transfers Out	(92,000)	(92,000)	(92,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	31,500	31,500	156,061	124,561
Fund Balance at Beginning of Year	130,083	130,083	130,083	0
Fund Balance at End of Year	<u>\$ 161,583</u>	<u>\$ 161,583</u>	<u>\$ 286,144</u>	<u>\$ 124,561</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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 30,000	\$ 29,900	\$ 27,340	\$ (2,560)
Investment Earnings	1,000	1,100	1,005	(95)
Total Revenues	<u>31,000</u>	<u>31,000</u>	<u>28,345</u>	<u>(2,655)</u>
Expenditures:				
Basic Utility Services:				
Personal Services	12,500	12,500	2,990	9,510
Materials and Supplies	2,500	2,500	0	2,500
Contractual Services	7,000	7,000	0	7,000
Capital Outlay	25,000	25,000	1,950	23,050
Total Expenditures	<u>47,000</u>	<u>47,000</u>	<u>4,940</u>	<u>42,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,000)	(16,000)	23,405	39,405
Fund Balance at Beginning of Year	244,613	244,613	244,613	0
Fund Balance at End of Year	<u>\$ 228,613</u>	<u>\$ 228,613</u>	<u>\$ 268,018</u>	<u>\$ 39,405</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, 2005**

WATER MAINTENANCE - HOMECRAFT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 30,000	\$ 30,000	\$ 9,238	\$ (20,762)
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>9,238</u>	<u>(20,762)</u>
Expenditures:				
Basic Utility Services:				
Personal Services	3,000	3,000	0	3,000
Contractual Services	3,000	3,000	0	3,000
Capital Outlay	6,000	6,000	0	6,000
Total Expenditures	<u>12,000</u>	<u>12,000</u>	<u>0</u>	<u>12,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,000	18,000	9,238	(8,762)
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>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 9,238</u>	<u>\$ (8,762)</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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
KEEP NORTHWOOD BEAUTIFUL FUND				
Revenues:				
Intergovernmental Revenues	\$ 6,000	\$ 6,000	\$ 5,471	\$ (529)
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>5,471</u>	<u>(529)</u>
Expenditures:				
Community Environment:				
Materials and Supplies	4,000	4,000	0	4,000
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	5,471	4,471
Fund Balance at Beginning of Year	<u>49,682</u>	<u>49,682</u>	<u>49,682</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 50,682</u>	<u>\$ 50,682</u>	<u>\$ 55,153</u>	<u>\$ 4,471</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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECREATION PARKS COMBINED FUND				
Revenues:				
Other Local Taxes	\$ 15,000	\$ 15,000	\$ 13,500	\$ (1,500)
Intergovernmental Revenues	2,500	5,000	5,000	0
Donations	0	4,500	4,500	0
Total Revenues	<u>17,500</u>	<u>24,500</u>	<u>23,000</u>	<u>(1,500)</u>
Expenditures:				
Capital Outlay	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>0</u>
Total Expenditures	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,500)	500	(1,000)	(1,500)
Fund Balance at Beginning of Year	<u>55,030</u>	<u>55,030</u>	<u>55,030</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 48,530</u>	<u>\$ 55,530</u>	<u>\$ 54,030</u>	<u>\$ (1,500)</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, 2005***

	CAPITAL REPLACEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Municipal Income Taxes	\$ 430,000	\$ 430,000	\$ 430,345	\$ 345
All Other Revenues	10,000	10,000	0	(10,000)
Total Revenues	<u>440,000</u>	<u>440,000</u>	<u>430,345</u>	<u>(9,655)</u>
Expenditures:				
Capital Outlay	426,000	426,000	200,849	225,151
Total Expenditures	<u>426,000</u>	<u>426,000</u>	<u>200,849</u>	<u>225,151</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,000	14,000	229,496	215,496
Other Financing Sources (Uses):				
Sale of Capital Assets	10,000	10,000	0	(10,000)
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Net Change in Fund Balance	24,000	24,000	229,496	205,496
Fund Balance at Beginning of Year	352,670	352,670	352,670	0
Fund Balance at End of Year	<u>\$ 376,670</u>	<u>\$ 376,670</u>	<u>\$ 582,166</u>	<u>\$ 205,496</u>

Fiduciary Fund

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

Agency Fund

Mayor's Court Fund

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

CITY OF NORTHWOOD, OHIO

***Statement Of Changes In Assets And Liabilities
Agency Fund
For the Year Ended December 31, 2005***

	Balance December 31, 2004	Additions	Deductions	Balance December 31, 2005
<u>Mayor's Court Fund</u>				
Restricted Assets:				
Cash with Fiscal Agent	\$1,534	\$233,442	(\$234,305)	\$671
Total Assets	<u>\$1,534</u>	<u>\$233,442</u>	<u>(\$234,305)</u>	<u>\$671</u>
Liabilities:				
Due to Others	\$1,534	\$233,442	(\$234,305)	\$671
Total Liabilities	<u>\$1,534</u>	<u>\$233,442</u>	<u>(\$234,305)</u>	<u>\$671</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF NORTHWOOD, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2005***

Capital Assets:

Land	\$407,945
Land Improvements	33,100
Buildings and Improvements	3,459,743
Machinery, Equipment, Furniture and Fixtures	643,020
Vehicles	1,922,367
Infrastructure	<u>1,166,019</u>
Total Capital Assets	<u><u>\$7,632,194</u></u>

Investment in Capital Assets from:

Capital Projects Funds	<u><u>\$7,632,194</u></u>
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CITY OF NORTHWOOD, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2005***

Function and Activity	Land	Land Improvements	Buildings and Improvements	Machinery, Equipment, Furniture and Fixtures
<u>General Government:</u>				
Finance	\$0	\$0	\$0	\$16,814
Administration	0	0	0	0
Public Land and Buildings	407,945	33,100	3,459,743	19,428
Total	<u>407,945</u>	<u>33,100</u>	<u>3,459,743</u>	<u>36,242</u>
<u>Security of Persons and Property:</u>				
Police	0	0	0	162,802
Fire	0	0	0	246,337
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>409,139</u>
<u>Transportation:</u>				
Street	0	0	0	90,760
<u>Basic Utility Services:</u>				
Storms, Sewers and Drains	0	0	0	0
<u>Leisure Time Activities:</u>				
Parks	0	0	0	59,149
<u>Community Environment:</u>				
Brush Pickup	0	0	0	47,730
Total Capital Assets	<u>\$407,945</u>	<u>\$33,100</u>	<u>\$3,459,743</u>	<u>\$643,020</u>

CITY OF NORTHWOOD, OHIO

<u>Vehicles</u>	<u>Infrastructure</u>	<u>Total</u>
\$0	\$0	\$16,814
18,724	0	18,724
82,247	24,500	4,026,963
<u>100,971</u>	<u>24,500</u>	<u>4,062,501</u>
279,693	0	442,495
937,204	0	1,183,541
<u>1,216,897</u>	<u>0</u>	<u>1,626,036</u>
604,499	531,716	1,226,975
0	484,066	484,066
0	125,737	184,886
<u>0</u>	<u>0</u>	<u>47,730</u>
<u>\$1,922,367</u>	<u>\$1,166,019</u>	<u>\$7,632,194</u>

CITY OF NORTHWOOD, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2005***

<u>Function and Activity</u>	<u>December 31, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2005</u>
<u>General Government:</u>				
Finance	\$33,405	\$0	(\$16,591)	\$16,814
Administration	44,866	0	(26,142)	18,724
City Clerk	13,264	0	(13,264)	0
Public Land and Buildings	2,816,495	1,307,018	(96,550)	4,026,963
Total	<u>2,908,030</u>	<u>1,307,018</u>	<u>(152,547)</u>	<u>4,062,501</u>
<u>Security of Persons and Property:</u>				
Police	628,780	0	(186,285)	442,495
Fire	1,209,261	186,670	(212,390)	1,183,541
Dispatcher	13,383	0	(13,383)	0
Total	<u>1,851,424</u>	<u>186,670</u>	<u>(412,058)</u>	<u>1,626,036</u>
<u>Transportation:</u>				
Street	1,081,654	283,167	(137,846)	1,226,975
<u>Basic Utility Services:</u>				
Storms, Sewers and Drains	484,066	0	0	484,066
<u>Leisure Time Activities:</u>				
Parks	66,657	125,737	(7,508)	184,886
<u>Community Environment:</u>				
Planning and Zoning	13,200	0	(13,200)	0
Brush Pickup	47,730	0	0	47,730
Insect Control	5,300	0	(5,300)	0
Total	<u>66,230</u>	<u>0</u>	<u>(18,500)</u>	<u>47,730</u>
Total Capital Assets	<u>\$6,458,061</u>	<u>\$1,902,592</u>	<u>(\$728,459)</u>	<u>\$7,632,194</u>

STATISTICAL SECTION



Unity thru Diversification

STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

CITY OF NORTHWOOD, OHIO

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS**

Year	Security of Persons and Property	Public Health and Welfare	Leisure Time Activities	Community Environment	Basic Utility Services	Trans- portation	General Government	Capital Outlay (2)	Debt Service	Total
1996	\$1,566,473	\$5,883	\$77,004	\$103,797	\$7,341	\$397,450	\$1,403,501	\$181,132	\$180,705	\$3,923,286
1997	1,463,463	6,387	91,410	111,295	48,200	384,845	1,180,242	0	120,644	3,406,486
1998	1,784,433	6,340	95,323	177,893	66,372	354,503	998,920	0	167,555	3,651,339
1999	1,976,336	6,200	93,451	149,643	42,194	387,917	1,158,867	0	214,120	4,028,728
2000	2,120,072	6,002	95,045	119,711	61,485	407,742	1,139,537	0	223,422	4,173,016
2001	2,149,659	6,325	75,303	146,698	48,769	406,330	1,233,798	0	220,838	4,287,720
2002	2,217,835	7,937	79,701	162,908	48,460	429,463	1,257,868	0	229,998	4,434,170
2003	2,387,311	7,923	77,602	163,911	81,488	487,007	1,281,256	0	103,788	4,590,286
2004	2,471,232	7,919	76,855	446,489	628,619	454,210	1,368,328	0	105,746	5,559,398
2005	2,680,788	6,976	75,929	325,469	51,834	511,382	1,333,162	0	204,574	5,190,114

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(2) Included in functions since 1996.

CITY OF NORTHWOOD, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS**

<u>Year</u>	<u>Taxes</u>	<u>Inter-Governmental Revenue</u>	<u>Charges for Services</u>	<u>Licenses and Permits</u>	<u>Investment Earnings</u>	<u>Fines and Forfeitures</u>	<u>(2) Miscellaneous</u>	<u>Total</u>
1996	\$2,321,869	\$776,619	\$225,851	\$55,021	\$67,280	\$239,371	\$152,970	\$3,838,981
1997	2,032,570	805,931	39,685	234,277	86,093	244,585	228,083	3,671,224
1998	2,271,957	857,314	47,145	229,021	87,354	309,574	182,399	3,984,764
1999	2,365,937	745,775	46,147	257,746	67,598	281,115	134,284	3,898,602
2000	2,477,978	994,362	205,864	231,595	119,399	208,583	132,475	4,370,256
2001	2,496,939	1,125,561	103,350	337,566	79,602	193,317	134,577	4,470,912
2002	2,702,131	912,097	143,954	326,616	51,373	202,845	153,023	4,492,039
2003	3,054,687	876,882	315,978	298,873	29,889	160,275	96,693	4,833,277
2004	3,060,656	1,078,618	356,852	408,808	36,055	183,732	171,381	5,296,102
2005	3,180,215	1,506,927	389,794	258,893	109,416	396,657	141,572	5,983,474

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(2) Includes Special Assessments, Donations and All Other Revenues

CITY OF NORTHWOOD, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</u>
1996	\$108,177	\$104,080	\$2,032	\$106,112	98.09%	\$2,065	1.91%
1997	125,373	116,947	3,617	120,564	96.16%	4,809	3.84%
1998	115,983	109,252	2,230	111,482	96.12%	4,501	3.88%
1999	150,097	142,971	5,479	148,450	98.90%	1,647	1.10%
2000	159,834	153,172	5,277	158,449	99.13%	1,383	0.87%
2001	160,624	153,927	3,873	157,800	98.24%	2,824	1.76%
2002	158,430	145,556	5,963	151,519	95.64%	1,791	1.13%
2003	174,393	163,198	6,138	169,336	97.10%	5,058	2.90%
2004	171,983	157,139	4,483	161,622	93.98%	10,361	6.02%
2005	211,020	183,005	10,044	193,049	91.48%	17,972	8.52%

Source: Wood County Auditor

**TANGIBLE TAX COLLECTED
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1996	\$28,919
1997	29,958
1998	28,989
1999	42,747
2000	46,220
2001	44,780
2002	46,733
2003	44,833
2004	44,411
2005	52,963

CITY OF NORTHWOOD, OHIO

**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS**

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1996	\$69,434,960	\$198,385,600	\$6,876,510	\$7,814,216	\$19,077,393	\$76,309,572	\$95,388,863	\$282,509,388	33.76%
1997	69,877,870	199,651,057	7,323,850	8,322,557	19,046,701	76,186,804	96,248,421	284,160,418	33.87%
1998	69,960,220	199,886,343	7,238,800	8,225,909	18,844,181	75,376,724	96,043,201	283,488,976	33.88%
1999	92,173,200	263,352,000	7,751,280	8,808,273	25,418,752	101,675,008	125,343,232	373,835,281	33.53%
2000	95,993,720	274,267,771	6,769,490	7,692,602	27,854,103	111,416,412	130,617,313	393,376,786	33.20%
2001	97,391,950	278,262,714	4,989,780	5,670,205	27,943,740	111,774,960	130,325,470	395,707,879	32.93%
2002	104,907,100	299,734,571	4,381,860	4,979,386	29,938,535	119,754,140	139,227,495	424,468,098	32.80%
2003	106,417,290	304,049,400	4,810,890	5,466,920	27,713,620	110,854,480	138,941,800	420,370,800	33.05%
2004	108,323,910	309,496,886	4,737,470	5,383,489	28,048,208	112,192,832	141,109,588	427,073,206	33.04%
2005	126,645,240	361,843,543	4,117,240	4,678,682	23,018,548	92,074,192	153,781,028	458,596,417	33.53%

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Source: Wood County Auditor

CITY OF NORTHWOOD, OHIO

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS**

Collection Year	City of Northwood		Northwood School District	Wood County	Wood County	Wood County	Total
	General Fund	Total City		Penta Joint Vocational School District	Library		
1996	1.60	1.60	55.10	2.20	n/a	11.90	70.80
1997	1.60	1.60	54.70	2.20	n/a	11.90	70.40
1998	1.60	1.60	61.20	2.20	n/a	11.90	76.90
1999	1.60	1.60	62.70	2.20	n/a	10.80	77.30
2000	1.60	1.60	62.80	2.20	n/a	12.80	79.40
2001	1.60	1.60	63.30	2.20	n/a	14.10	81.20
2002	1.60	1.60	67.90	2.20	0.24	14.40	86.34
2003	1.60	1.60	67.90	3.20	0.30	14.40	87.40
2004	1.60	1.60	72.00	3.20	0.30	14.40	91.50
2005	1.60	1.60	71.30	3.20	0.25	14.90	91.25

Source: Wood County Auditor
Wood County Treasurer

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS (1)
LAST TEN YEARS**

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1996	\$14,698	\$12,105	82.36%
1997	12,790	12,462	97.44%
1998	27,484	29,668	107.95%
1999	96,725	82,565	85.36%
2000	157,755	151,989	96.34%
2001	111,607	111,345	99.77%
2002	110,086	108,766	98.80%
2003	102,704	93,030	90.58%
2004	133,361	127,931	95.93%
2005	41,466	49,516	119.41%

(1) All assessments are for operating expenses, they are not debt related.

Source: Wood County Auditor

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2005**

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$153,781,028	\$153,781,028
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	16,147,008	8,457,957
Applicable City Debt Outstanding (2)	730,000	730,000
Less: Applicable Debt Service Fund Amounts	(56,239)	(56,239)
Net Indebtedness Subject to Limitation	673,761	673,761
Legal Debt Margin	\$15,473,247	\$7,784,196

(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 Only
Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin

CITY OF NORTHWOOD, OHIO

**RATIO OF NET GENERAL OBLIGATION DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA
LAST TEN YEARS**

Year	Population (1)	Assessed Value (2)	Gross General Obligation Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of General Obligation Debt to Assessed Valuation	Net General Obligation Debt Per Capita
1996	a 5,918	\$95,388,863	\$590,000	\$137,722	\$452,278	0.47%	\$76.42
1997	a 6,009	96,248,421	510,000	171,047	338,953	0.35%	56.41
1998	a 6,124	96,043,201	420,000	40,582	379,418	0.40%	61.96
1999	a 6,124	125,343,232	325,000	6,447	318,553	0.25%	52.02
2000	b 5,471	130,617,313	225,000	31,023	193,977	0.15%	35.46
2001	a 5,484	130,325,470	115,000	59,646	55,354	0.04%	10.09
2002	a 5,484	139,227,495	0	48,818	0	0.00%	0.00
2003	a 5,484	138,941,800	0	43,481	0	0.00%	0.00
2004	a 5,484	141,109,588	0	71,677	0	0.00%	0.00
2005	a 5,493	153,781,028	730,000	56,239	673,761	0.44%	122.66

- (1) Source: a) Ohio Department of Job and Family Services - estimated
b) U.S. Bureau of Census, Federal 2000 Census
- (2) Source: Wood County Auditor
- (3) Includes all general obligation debt supported by property taxes

CITY OF NORTHWOOD, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS**

Year	Debt Principal	Debt Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Tax Debt Service to General Governmental Expenditures
1996	\$80,000	\$37,548	\$117,548	\$3,923,286	3.00%
1997	85,000	33,108	118,108	3,406,486	3.47%
1998	90,000	28,348	118,348	3,651,339	3.24%
1999	95,000	23,218	118,218	3,933,728	3.01%
2000	100,000	18,230	118,230	4,173,016	2.83%
2001	110,000	12,830	122,830	4,287,720	2.86%
2002	115,000	12,830	127,830	4,434,170	2.88%
2003	0	0	0	4,590,286	0.00%
2004	0	0	0	5,559,398	0.00%
2005	70,000	30,800	100,800	5,190,114	1.94%

CITY OF NORTHWOOD, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
DECEMBER 31, 2005**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Northwood</u>	<u>Amount Applicable to City of Northwood</u>
Direct			
City of Northwood	\$730,000	100.00%	\$730,000
Overlapping Subdivisions			
Northwood School District	2,056,497	100.00%	2,056,497
Wood County	10,696,338	5.38%	575,463
		Subtotal	<u>2,631,960</u>
		Total	<u><u>\$3,361,960</u></u>

Source: Wood County

CITY OF NORTHWOOD, OHIO

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>		<u>City of Northwood Population (1)</u>	<u>Wood County Population (1)</u>	<u>Unemployment Rate County Area (2)</u>	<u>Per Capita Income County Area (2)</u>	<u>School Enrollment (3)</u>
1996	a	5,918	117,546	3.7%	23,027	1,009
1997	a	6,009	118,855	3.5%	N/A	988
1998	a	6,124	119,498	3.4%	N/A	988
1999	a	6,124	120,292	3.4%	N/A	1,035
2000	b	5,471	121,065	3.2%	N/A	985
2001	a	5,484	122,001	3.5%	N/A	985
2002	a	5,484	122,387	4.7%	N/A	996
2003	a	5,484	122,387	5.1%	N/A	1,008
2004	a	5,484	123,020	5.4%	N/A	1,020
2005	a	5,493	123,278	5.7%	N/A	941

Source: (1) a) Ohio Department of Job and Family Services - estimated
b) U.S. Bureau of Census, Federal 2000 Census
(2) Ohio Bureau of Employment Services
(3) Northwood School District, Board of Education

**PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS**

Year	Residential		Commercial	
	Number of Permits	Property Value	Number of Permits	Property Value
1996	32	\$2,280,885	26	\$5,944,148
1997	44	2,982,840	38	47,923,150
1998	49	3,192,030	35	12,452,527
1999	50	3,613,995	30	7,880,747
2000	33	2,297,055	18	6,381,305
2001	42	2,395,440	25	7,430,100
2002	31	1,508,805	33	18,730,700
2003	45	1,842,690	33	4,671,940
2004	33	2,086,500	17	10,734,175
2005	52	4,546,415	15	18,364,000

Source: Wood County Building Inspection Department

CITY OF NORTHWOOD, OHIO

**PRINCIPAL TAXPAYERS (REAL PROPERTY AND PUBLIC UTILITY PERSONAL PROPERTY TAX)
DECEMBER 31, 2005**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	CA New Plan Acquisitions Fund	Shopping Center	\$3,376,250	2.58%
2	TNS Intersearch Corp	Market Research	2,638,540	2.02%
3	Ohio Waste Systems	Landfill	2,173,770	1.66%
4	ALCOA Automotive	Manufacturer	1,714,370	1.31%
5	Toledo Edison	Utility - Electric	1,307,250	1.00%
6	Hirzel Canning Company	Industrial	1,177,920	0.90%
7	J6 Investment	Testing Laboratory	1,124,710	0.86%
8	Stratford Apartments LLC	Apartments	1,108,700	0.85%
9	Future Lodging Northwood	Hotel	1,039,160	0.80%
10	LOF Glass	Float Glass Manufacturer	955,100	0.73%
		Sub-Total	16,615,770	12.71%
		All Others	114,146,710	87.29%
		Total	\$130,762,480	100.00%

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Based on 2003 Property Tax Assessed Valuations
Source: Wood County Auditor - Land and Buildings

CITY OF NORTHWOOD, OHIO

**PRINCIPAL TAXPAYERS (INCOME TAX)
DECEMBER 31, 2005**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Amount of Tax Paid in 2005</u>	<u>Percentage of Total</u>
1	Norplas Industries Inc.	Automotive	\$420,976	9.78%
2	NFO Worldwide, Inc.	Market Research	385,578	8.96%
3	Interstate Brands, Inc.	Bakery and Distribution	144,716	3.36%
4	Johnson Controls, Inc.	Manufacturing	129,713	3.01%
5	Pilkington	Glass Manufacturer	122,935	2.86%
6	North American Science Association	Testing Laboratory	120,466	2.80%
7	Advance Engineering Co.	Engineering	86,494	2.01%
8	Treu House of Munch, Inc.	Beverage Distributor	74,983	1.74%
9	Northwood Local Board of Education	Education	73,978	1.72%
10	Lear Corporation	Automotive Parts Manufacturer	72,127	1.68%
		Sub-Total	1,631,966	37.92%
		All Others	2,671,487	62.08%
		Total	<u>\$4,303,453</u>	<u>100.00%</u>

Source: City of Northwood Income Tax Department

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2005**

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

Source: Finance Department

CITY OF NORTHWOOD, OHIO

**MISCELLANEOUS STATISTICS
DECEMBER 31, 2005**

Date of Incorporation - January 1, 1982

Form of Government - Council / Mayor

Facilities and Services:		Major Highways:	I-75	Location:	Northwest Ohio
Miles of Streets	40.55		I-280		Wood County
Number of Street Lights	361				
		Population:	5,493		
		Area (square miles)	8		
Police Services:				Recreation and Culture:	
Number of Stations	1			Community Room	
Community Substations	2			(square feet)	1,300
Number of Employees	33	Education:		(seating capacity)	120
Number of Patrol Units	6	Elementary Schools	2	Number of Parks	3
Criminal/Juvenile Arrests	519	Secondary Schools	2	Park Area (acres)	78
Traffic Citations Issued	1,527	Enrollment	941	Number of Ball Fields:	
Parking Tickets Written	229			Unlighted	4
Number of Calls Answered	10,601			Number of Tennis Courts:	
				Lighted	4
Fire/Emergency Medical Services:					
Number of Stations	2				
Number of Officers and					
Firefighters and Paramedics	53				
Number of Calls Answered	804				
Number of Inspections	122				



**Auditor of State
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800-282-0370

Facsimile 614-466-4490

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
AUGUST 3, 2006**